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Thank you Rick.

Thank you, everyone, for letting me share this evening.

This is an important time for the mining industry. I sense a readiness for the upturn in the fortunes of the industry after a unusually long downturn.

And certainly the signs are there that an upturn is coming, uneven as it may prove to be. New discoveries have spurred new gold exploration in this province for the first time in a while.

The extraordinary emergence of our northern diamond mines has added to this country's inventory of resources and the expertise it offers the world. Ashton, for example, is drawing new and exciting interest to the sector as a whole.
These are good and positive signs that change is in the wind.
Change is in the wind for the securities industry, too.

Two short decades ago, our industry was cocooned in the protection of a paper-based system that kept, not just the world, but even our closest neighbours at bay.

Like the mining industry, we now face increasingly fierce global competition for investor dollars.

And new technologies, from electronic trading to the Internet to Alternative Trading Systems, have transformed us from the most local of industries to the most global.

As industries we share other qualities. I'd like to talk about some of these tonight, and make a few suggestions as to how we might proceed together.

I take as a starting point a couple of simple facts.

One is that the two exchanges that I lead – the TSE and the CDNX – have more than 1,000 listed mining companies between them, from the most junior of the juniors to the biggest miners in the world.

And those 1,000 companies represent half of the world's public mining companies.

Think of that.

It is easy to forget in times like these, just how important Canadian mining is as a force in the mining industry world-wide, and how important the CDNX and the TSE have been in financing not just at home but world-wide.

So our two industries are inextricably intertwined, in the history of B.C. and the Yukon, certainly.

But even more important we are inextricably intertwined in terms of the history of world mining, your success fuelling our success and vice versa over many long decades, through good times and bad.

Because our interests are so close, it is not surprising that we find ourselves like peas in a pod on certain matters.

One, to which I will return in a few minutes, involves our fragmented system of provincial securities regulation.

We can both see the damage being done by unnecessary cost, overlap, duplication and complexity.

We can both see the dangers looming if a simpler, less costly system is not found and soon.

This we share.

We also share, however, some failings.

One is that we do not see enough of each other, despite all the concerns we share and all the years we have spent working together.

We have not talked enough about how we see the future, the possibilities, the problems, the solutions.

We have not tried hard enough to cut away the underbrush of misunderstandings.

This is something we can remedy, together. And it is high time that we started.

I have in mind doing some work on our communications with each other. We need to widen old lines of communication. We need to open new lines.

The reason we should do that is simple.

We are in this for the long haul. And we are in it together.

We are, in the case of CDNX, especially in it for the long haul. I know there have been some doubts about this.

A few Cassandras question the future of the CDNX. These naysayers are mistaking short-term volumes for long-term prospects. They are mistaking changes in people for changes in commitment.

We see something entirely different. We see the CDNX as a natural complement to the TSE — but one that must remain unique to the market it serves.

Indeed, in a sense, the CDNX *is* the TSE at a much earlier stage, when the TSE was by far the junior to the Montreal Stock Exchange – when Bay Street bowed to St. James Street.

Back then, the TSE niche was in financing the miners then scratching for funds to open up Northern Ontario. Over time we found a broader role, just as the CDNX is already deeply involved not just in traditional resources such as mining and energy but in cutting edge technology companies.

So we have some idea of the vital role to be played by a junior exchange with ambition. We know because, in the vernacular, we “was one”.

Now, in our role as both the country's senior and junior equity exchanges, we know how important it is for junior companies to be able to make the transition into the ranks of major companies with access, not just to this country's capital, but the world's.

But as we work to integrate the CDNX and the TSE, some unexpected advantages are beginning to appear.

Let me give you an example.

Earlier this month, a group of senior members of the Prospectors and Developers' Association of Canada – PDAC – sat down with a group of us from the TSE and CDNX – and I say, sat down in a virtual sense, since we were using teleconference to include some of my CDNX colleagues from Vancouver and Calgary.

We spent a couple of hours sharing perspectives with each other, and how we see the problems of our two industries.

This meeting was a first in itself. And it was a valuable experience for both sides.

We didn't solve anything. Base metal prices did not miraculously climb out of the basement. And investors did not come rushing back into the market.

But we found that the old warhorses of PDAC didn't have any horns. And they found ours smaller than they expected. We cleared away some misunderstandings; we deflated some myths; we shot down some shibboleths.

And we went away convinced we should do it again. I don't think it was just the sandwiches.

But from our perspective as exchanges, we found the meeting had another value. We realized that, as a result of integrating the two exchanges, we were seeing the mining industry in a different way.

It was no longer a matter of sorting out what was a TSE problem, and what was a CDNX problem.

Rather, it was a matter of how we could bring the resources of both exchanges to bear on the problems of access to capital for the mining industry.

We were looking at the mining industry, really for the first time, from an integrated perspective, as an industry and not as a series of problems.

Let me suggest tonight that our meeting with PDAC should serve as a model for further improving the relations between the B.C. Yukon Chamber of Mines and the two exchanges, the TSE and the CDNX.

We'll bring together our mining specialists and executives here in Vancouver to spend some time with the Chamber's senior people and work through some of the issues so that we can find common ground.

Your place or ours, sandwiches at twenty paces.

Certainly, we're aware of the industry's concerns.

Our own analysis tells us that the costs of maintaining a listing have risen dramatically in the past five years.

Yet, frankly, a junior with a good resource but the worst prices in decades doesn't care much why costs have risen. What the company needs is relief.

This said, it's important to identify what's rising and why, where the cost pressures are coming from, and what can be done about them, because that's the only way change is going to come about.

And the costs can be considerable. The fees to maintain a listing on the CDNX are now about $2,000 a year – not chicken feed if you can't find $100 to keep the lights on in the office, but a far cry from regulatory compliance costs borne internally or paid to regulators, lawyers and accountants.
Regulatory compliance costs have soared dramatically, from a range of $35,000 for a typical small issuer to more than double that in five years.

That's the kind of information we can share in face-to-face meetings. And certainly we're anxious to hear the industry's take on these problems and their cause, just as I believe the industry wants to know our take.

Certainly, it's not a gripe session that we need. It's only a shared sense of what devil lies in what detail that will lead us to knocking on the right doors for the right solutions.

The Chamber of Mines, I know, has an extraordinary capability of tackling hard problems like this, and not just to the benefit of its members and the industry.

For example, it's playing a critical role in ensuring that the Provincial Government understands the serious implications attached to further cutting a Ministry of Mines that has suffered repeated cuts over the past six years.

And it's pushing on the policy front, urging government to adopt the 2-Zone Land Use Policy, clearly the best way of saying for all to hear that British Columbia is open for exploration.

And it played a critical role in the Mining Standards Task Force. Some 64 of 66 recommendations of the task force have been implemented.

But one in particular, on research analysts, had a broad impact. It led to the so-called Crawford Report after its chair, Purdy Crawford, on analysts' standards that came out last fall.

So we have a lot of respect for the Chamber's work, and believe that putting our heads together on critical issues facing the Chamber and its members can only help.

Certainly I believe that, once we've been through a few of these sessions, we'll find that we have a lot more in common than we have differences.

For our part, what we're trying to do is to build two strong national exchanges that can provide liquid markets for junior and senior issuers alike for investors to access.

Clearly we have some work to do in getting our message through.

I notice, for example, that it has become fairly standard hereabouts to talk nostalgically about losing the VSE, first to the CDNX and then to the TSE.

Well you haven't lost a CDNX. You've gained a TSE.
The TSE used to have one representative here. We have beefed up that representation, not just for mining but for other industries as well.

The TSE and the CDNX have joint offices that speak, not of leaving, but of growing and expanding the integrated work of the two exchanges. We have set up joint business teams, for example, to help young companies list their shares.

In Montreal, they worried about losing the Montreal Exchange to the TSE. In fact, they've gained a much more robust presence from both the TSE and the CDNX. As we've done here, we've opened joint offices there.

There is, in fact, a whole country to be opened up in this way to faster, cheaper, better access to risk capital.

In a time when it is so difficult to raise risk capital for exploration and development, it is vitally important that there be access to the *whole* national market, not just a few provinces that are nearby or affordable for a new company.

In similar fashion, investors should have access to the opportunities of the whole market, not just the issues that happen to be registered in their province.

This, of course, touches on the regulatory impediments to companies getting affordable access to the whole of the Canadian market for risk capital and to investors having equal access to opportunities, wherever they live.

Before dealing with that, however, let me also say that a very important part of building strong national exchanges involves increasing the transparency of markets, and building the reputation for integrity of both the CDNX and the TSE.

In that task, we have not found that the wild and woolly reputation of the old VSE has been of great collateral value – however good the good old days may look in these darker times.

But it has been of some help to give the CDNX a new, independent index from Standard and Poor's. Investors all over the country have embraced the new index as more accurately reflecting what's happening on the exchange.

We've also installed entirely new trading technology on the CDNX to match the TSE's technology. The technological integration of the two exchanges is virtually complete, less than half a year since we combined the two exchanges.

This has been done without a nanosecond of downtime, which is a good thing because after some of the TSE's crashes with our old technology we, too, had some reputation problems to live down.

Also in the works is the separation of an important self-regulatory function from the CDNX — the function of regulating the market.

We've already done this at the TSE, spinning off this function to a new arms-length provider of market regulation services – RS Inc., which is 50 per cent owned by the Investment Dealers of Canada.

The purpose of this exercise is to ensure that, as new competition arrives from alternative trading systems allowing them to act as exchanges if they choose, the TSE and the CDNX are not put in the position of regulating our competitors or *appearing* to regulate them in our interest.

This, in our way of thinking, is an essential part of building a reputation for integrity.

It is also, I suggest, not something you do if you're thinking of packing up and leaving.

Let me turn now from self-regulation of the markets to the broader problem of regulation in this country. Regulation of reporting issuers and exchanges.

The industry has been strong and articulate on this issue. We have sought to make the issue of regulatory fragmentation a broader priority throughout the country.

Indeed, we consider it one of the key strategic problems facing Canadian capital markets.

It is a problem that shows up in many ways – in too much local regulation, on the one hand, or in our having no common Canadian position whatsoever in the international forums shaping future global rules.

At the International Organization of Securities Commissions – IOSCO – for example, just about every country in the world is represented. Albania, Papua New Guinea, Zambia. But no Canada. We are the only major industrial country, and maybe the only country of any kind, without a national securities commission.

Twenty years ago, when securities was largely a local in industry, that might not have mattered. Now, with securities having become the most global of industries, it may be vital to maintain dynamic Canadian capital markets, not just for mining but for every industry.

At the local level, on the other hand, regulation very quickly developed in the 1970s as a huge generator of costs, in every province.

More recently, however, securities commissions have been trying to cut fees and complexity. This province has led the way on this.

The B.C. securities commission's chair, Douglas Hyndman, long ago set out to reduce the regulatory over-burden in this province by 30 per cent.

And I see that in its spending cut program, the new government has followed that approach.

By and large, this is healthy. I might just add a caution that there are devils in these details, too.

For example, we are watching, across the border, the spectacle of Enron Corporation. This father of all bankruptcies is proving to represent a failure of regulation at all levels. A congressional bill, for example, exempted Enron's energy traders from review by the energy regulatory commission. That still left Enron subject to the scrutiny of the U.S. SEC. But nobody took more than a cursory look at the company from 1997 until it collapsed last fall.

Effective regulation is essential to maintaining investor confidence in markets. When securities commissions are stretched too thin, when government mining inspectors are stretched too thin, Enrons can happen, Walkertons can happen. And the opportunities of the future, particularly those promised by geoscience are missed.

I personally would not want to see B.C. unable, for want of adequate resources, to be able to enforce some of the much-needed provisions developed by the Mining Standards Task Force, for example. We need no more Bre-X's. We have not yet fully recovered from the last one.

So we need to reduce the costs of regulation and the complexities, and that is true of every province.

But if we were able to do that, we would still face the national problem that is of growing concern, to the Chamber and to the TSE and the CDNX.

As PDAC's brief to Mines Ministers last fall put it, with our fragmented system it will be "increasingly difficult for Canada to attract commercial activity to its capital markets at the level it needs to."

The Chamber's follow-up was even sharper. It said the existing provincial regulatory system has "become unworkable in serving the needs of both the investing public and the companies reliant on venture capital."

One particularly important point made by the Chamber involved compliance. "Without a connection between compliance and the ability of appropriate agencies to act in criminal enforcement, the whole exercise will simply fail," the Chamber said.

A point extremely well made. You will recall how the Ontario Securities Commission could not win court approval to require a former premier of this province, Bill Bennett, to testify in Ontario about insider trading. And the OSC has had similar problems with Bre-X witnesses.

Even beyond this, however, is the simple reality that some provinces put a lot of resources into regulatory surveillance and compliance and others put in less. This opens the way to at least a degree of regulatory arbitrage and certainly to the uneven enforcement of securities regulations.

More immediately, however, is the reality that 13 different regulators in 13 different jurisdictions each giving their own interpretations to 13 different sets of laws, rules and regulations is a wall of complexity we cannot afford.

It is unfair to investors, costly to issuing companies, and confusing to potential domestic and foreign issuers alike.

What the exchanges in this country have done in the last four years to consolidate five exchanges into the CDNX and the TSE and to reduce the market fragmentation that threatened all exchanges with a critical loss of liquidity is, in essence, being reversed by our regulatory complexities.

The borders are disappearing for securities markets, in other words, but not for securities commissions.

I should note that securities commissions are themselves acutely aware of regulatory fragmentation and its impact. But as is often the case, every province has its own idea of what to do about it.

Ontario wants a pan-Canadian commission. Quebec wants a regulator dealing with all financial services, not just securities. Alberta thinks the idea of a single national regulator is hard to oppose but not a single regulator dominated by Ontario.

B.C. is working with Alberta to produce a Uniform Securities Act which could apply in all provinces and, incidentally, would produce leaner, simpler regulation.

For our part at the TSE, our efforts since last August have been directed at increasing public and governmental awareness of the importance of this issue.

I think we have had some success in putting the issue on the national radar screen.

In the coming weeks, I hope it will become more than a blip.

On March 8, through our Canadian Foundation for Investor Education we are co-sponsoring a national symposium on the regulatory issue.

We will bring together some of the foremost thinkers in the world to deal with our national regulatory situation and try to develop a short list of solutions and agree on some concrete next steps to take.

Included in those participating will be representatives of provincial commissions that represent the full range of Canadian options – including Doug Hyndman from B.C., as well as representatives from Quebec, Ontario and Alberta.

I hope the Chamber and its members and others in the industry will take the opportunity to observe the discussion or review the papers on the TSE website.

And once the symposium has provided a clear sense of the options for change, I hope the Chamber and its members will be in the forefront of those urging on provincial and federal governments the best kind of change.

The time has truly arrived for action on an issue that can sink us as dynamic, respected competitors in world capital markets, and as a good place to raise money for global industries like mining.

What will be needed as we work our way through this is a long-term view. There are no guarantees of success. We've been trying for a system of national securities regulation since 1935.

Most recently, our governments tried and failed to establish a national securities commission in 1996 when, for the usual reasons, the chance for an agreement wound up in the pet cemetery of co-operative federalism.

So long-term views are not easy to come by.

But if there is anything that marks the mining industry and mining people, it is their long view and how important the health of the mining industry is not just to those in the industry but to whole communities, whole regions and now the whole world.

So let me conclude with a little story on how truly long term this industry's thinking can really be.

Probably everyone here knows the history of the Sullivan mine.

The Sullivan is one of the great success stories of B.C. It's one we've been involved with for decades, through listed companies like the Canadian Pacific, Cominco and Teck Cominco.

Nearly a century ago, they began to mine the Sullivan's ore, putting it on the trains at night for the long trip west to Trail where, just before dawn, the long lonely whistle of the train would signal its arrival in the smelter town.

And just in the last year, after a century of mining, the Sullivan mine had lived out its life.

But the Sullivan mine produced more than ore for the world's largest lead-zinc smelter, more than the $20 billion in direct benefit, and $40 billion in indirect benefit it provided for the B.C. economy and for the shareholders, more than the roads, bridges, power downs and community infrastructure.

It also produced a couple of hockey teams – the Kimberley Dynamiters and the Trail Smoke Eaters.

The Smokies' sweaters reflected the reality of the Trail Smelter, sitting on its black slag hill above The Gulch, its smoke billowing forth laden with such things as nitric acid.

There, on the Smokies' sweaters, were full stacks billowing as if in full sail. And these were famous sweaters, as the Smoke Eaters won championship after world championship. They fetched more than a few cartons of cigarettes in prisoner of war camps in Germany. Great advertising for Cominco, in other words, worth the cost of the Cominco Arena.

This smoke, however, got to be a bit much for the Americans because it blew downstream and killed virtually every living plant in the Columbia Valley.

They complained in the 30s to the International Joint Commission. Some 20 years later, after an inconvenience called the Second World War, they won a very famous case, the Trail Smelter Case.

The smelter, soon after, cleaned up its act.

With the scrubbings from the smokestacks, in fact, Cominco produced a totally new product, nitrates for fertilizers, and for a time Elephant Brand was one of its most profitable products.
But if the smoke stopped coming from the stacks, it just kept on pouring out on the front of those hockey sweaters.

Until last year.

Last year, as the Sullivan mine gave up the last of its ore, they changed those sweaters.

Now the sweaters have smokestacks, but no smoke, just like all the new pictures of the real Cominco stacks.

It is a very long perspective indeed that can wait a half a century to take the smoke off hockey sweaters.

Keep thinking like that. It's thinking in half centuries that keeps your industry going. And ours.

Thank you, and enjoy your evening.