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## Letter from Minister Manley to Mr. Phelps

March 4, 2003

Michael Phelps  
Chairman  
Dornoch Capital Inc.  
Suite 1850 Commerce Place  
400 Burrard Street  
Vancouver, B.C.  
Dear Mr. Phelps:

I am very pleased that you have agreed to serve as Chair of the Wise Persons' Committee to review and make recommendations on how to significantly improve Canada's securities regulatory system.

As you know, I attach great importance to this initiative. Strong, well-regulated capital markets are essential to the vitality of the Canadian economy as we strive to compete in an increasingly global marketplace. Quite simply, we need to ensure that Canada's system of securities regulation is of the highest quality – that it allows our companies to efficiently access the financing they need to grow and create jobs and wealth, and inspires confidence among investors in the integrity of the Canadian market.

There is a broad consensus among governments and market participants that significant improvements are needed. I believe the Wise Persons' Committee process will bring a new perspective on securities regulation by providing an independent forum in which well-respected and knowledgeable Canadians take a fresh look at the issue and recommend a solution that is best for Canada.

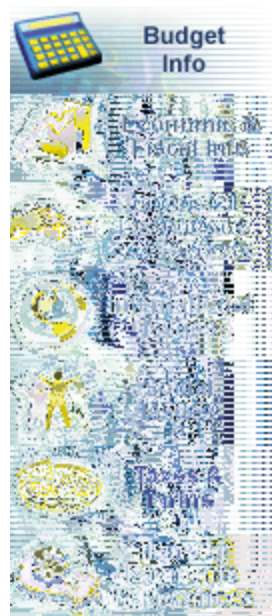
The Committee has been provided with Terms of Reference that I believe provide it with the flexibility to undertake a robust analysis of a broad range of issues and options. The federal government will make available the necessary resources to allow the Committee to carry out its mandate thoroughly, supported by an independent and expert staff.

I also encourage the Committee to undertake extensive consultations with market participants, who have the most experience to draw upon and the most at stake in the quality of Canada's securities regulatory system. Many market participants expect and want the opportunity to comment on an appropriate regulatory system for Canada.

It is also important that, to the extent possible, the Committee consult with the provincial governments and securities regulators. In particular, the Committee will need to carefully consider ongoing provincial initiatives to improve securities regulation. As you know, a provincial ministerial committee has recently been established to develop a concrete action plan to address key securities regulatory issues. I encourage the Committee to work with this complementary process.

I believe that we have a window of opportunity to make significant improvements in securities regulation in Canada. This Committee will serve to help focus the debate among market participants and provide direction to move this issue forward. Again, let me thank you for your willingness to contribute to the national debate on securities regulation by taking on this important role.

Sincerely,



John Manley

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