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## **Official Report of Debates (Hansard)**

**Wednesday 23 March 2011**

**Select Committee on  
the proposed transaction  
of the TMX Group and the  
London Stock Exchange Group**

Subcommittee report

## **Journal des débats (Hansard)**

**Mercredi 23 mars 2011**

**Comité spécial sur la  
transaction proposée  
entre le Groupe TMX et le  
London Stock Exchange Group**

Rapport du sous-comité

Chair: Hon. Gerry Phillips  
Clerk: Trevor Day

Président : L'hon. Gerry Phillips  
Greffier : Trevor Day

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**SELECT COMMITTEE ON  
THE PROPOSED TRANSACTION  
OF THE TMX GROUP AND THE  
LONDON STOCK EXCHANGE GROUP**

**COMITÉ SPÉCIAL SUR LA  
TRANSACTION PROPOSÉE  
ENTRE LE GROUPE TMX ET LE  
LONDON STOCK EXCHANGE GROUP**

Wednesday 23 March 2011

Mercredi 23 mars 2011

*The committee met at 1524 in room 151, following a closed session.*

**SUBCOMMITTEE REPORT**

**The Chair (Hon. Gerry Phillips):** Does somebody want to move the subcommittee report?

**Mr. Michael A. Brown:** (1) Pursuant to the order of the House dated Wednesday, February 23, 2011, the committee [will] meet in closed session on Wednesday, March 23, 2011, at 2:30 p.m. for the purpose of report writing.

(2) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

**The Chair (Hon. Gerry Phillips):** Discussion on that report?

**Mr. Gilles Bisson:** I just want to say on the public record what I've said on the closed record. I recognize there's a difference of opinion, and I think we need to respect that there is a difference of opinion.

I believe that the writing of this particular report should be done in open session. Let me lay out why, and members can speak to that afterwards.

There's nothing at this point that I can see that has been brought before this committee that is not already part of the public record. We've heard from a number of deputants who have come forward, who have made presentations to this committee and who, in a very public way, have made it known what their feelings are, pro or con, about this particular deal.

This committee is now asked to pronounce itself on what we think should be done, based on what people have said on the public record. I don't believe our conversations, in the end, are going to have an effect in regard to what happens on the stock market, based on what I say, pro or con, or what any other member says, pro or con, on this particular issue.

If it was a question where we were dealing with information above and beyond what has already been tabled on the public record by way of presentation, then I think there's an argument to go into closed session. If the OSC, the TSX or the LSM said, "Here's a bunch of financial

information; here's a bunch of details as far as the transaction that are not part of the public record and that we think are crucial to your decision," then I think there's an argument for closed session. I say that openly and freely. But at this point, I don't see that.

What I see is that we have a report back from legislative research, which is very well written, by the way. I must say congratulations to research. But basically, it's a gleaning of what we've heard from various people, putting together the various opinions in document format, that gives us a good sense of what people had to say. As far as recommendations at this point, this document is blank, and it's up to this committee to decide if and what we're going to recommend. I don't think those deliberations, in any way, shape or form, are going to affect what happens on the TSX or the LSM.

I know I'm in the minority on this committee on this point. I know that other members of the committee feel strongly otherwise. I ask, as I respect your opinions, that you please respect mine. I'm not doing this because I'm trying to grandstand. It's because I truly feel there's nothing that is in this discussion we're about to have that is anything above and beyond what has already been said publicly.

I don't want to speak to this longer than we have to. My final point is this: This is one of those issues that come along every so often where the public knows that there's going to be a major decision made. There was the free trade debate back in the 1980s. There was the CPR debate way back when. It may not be as big as those, but it's a pretty big one.

We're talking about who's going to control the Toronto stock market, which is essentially our national stock market. I think that is a matter of public interest, and I think the public needs to see how this committee gets to where it's going so that they understand clearly why it is that this committee is going to report whatever it's going to report. To do it in closed session, I think, leaves people with the impression that there were closed-door discussions where people came to accommodations. I'm not saying this, because I know deals won't be made here—I already know that—but people will feel that.

For the sake of the public to have some understanding of why we come to the decision that we do and to have

some confidence in what we have to say, I believe this should be done in open session.

**The Chair (Hon. Gerry Phillips):** Mr. Shurman.

**Mr. Peter Shurman:** On behalf of our party, I'd like to say that while I do respect the opinion of my colleague, I don't agree with the opinion of my colleague. He said that there wouldn't be anything said that hasn't been said in public already, and that's where the disagreement occurs.

Everything that has been said in public has been said by deputants to this body. We've heard in hearings from a variety of people who are on all sides of this equation. What we haven't heard is parties' positions. I can say, on behalf of our party, that we hadn't taken a position going into these hearings because we felt that the hearings were of that import that we should listen to what various deputants had to say, and we have.

We come to this session with a view to writing a report that represents the views of a select committee, not three different views of three different parties, because if that's what we wind up doing, then there really wasn't any reason to have this select committee appointed in the first place.

1530

The idea of meeting in private carries a very simple reason with it, and that reason is that we affect the markets. With all respect, I say that if you don't believe that, you're somewhat naive about how the markets work. I say that both as a party guy and as an investor.

If it's believed, for example, that the Liberal Party will be re-elected in the fall session, the NDP will be elected on October 6 or the Progressive Conservative Party will be elected on October 6, then the position that those individual parties might take in discussion may be interpreted in some particular way as being what will happen going forward and, therefore, influence at the very least the value of the shares of the TMX and the LSE.

I don't want to be party to that because if I am party to that by doing so in public, then it restricts the kind of conversation I can have, and for that reason, without hesitation, I say that this should be entirely conducted in private with, obviously, the conclusions of the committee to be public on a particular day at a particular time.

**The Chair (Hon. Gerry Phillips):** Thank you, Mr. Shurman. Mr. Brown.

**Mr. Michael A. Brown:** It seems to me that the reason for a select committee is to make recommendations, not Mike Brown's recommendations, Mr. Bisson's or Mr. Shurman's, but to speak as one, if we can do that. How you are able to do that is to work together to form a consensus, if that's possible, on the opinions. If not, then we need to flesh that out. But that's very difficult to do in a public forum, as we all know.

I came to this without a preconceived opinion on the matter. I think all my colleagues have come with the same view. So what I want to do is to go through the information that's been provided to us in an intelligent, prudent way to come to a consensus, hopefully, of the committee so that the committee can speak as one. If

that's not possible, we'll know at some point, I suppose, but that's what we're really here to do and that's why the committee was struck.

I think it's not only in the interests of the province but perhaps the country to make sure that we do this in a considered way. So I will be supporting the subcommittee's recommendation.

**The Chair (Hon. Gerry Phillips):** Okay, I think we've had—

**Mr. Gilles Bisson:** Just one last thing, Chair. Obviously, I'm in a minority and I'll respect the views of the majority, but I just want to strenuously say on the record that I disagree, and let me just give you a very brief why.

First of all, to the point of consensus, wherever possible in committee we try to come to a consensus, and there are very good examples of where that's happened. The Select Committee on Mental Health and Addictions is one that I think of. On the other hand, there have been many occasions in this House where there has not been consensus, and that's not the end of the world. It's what we call democracy. Different points of view on key issues I think is healthy for debate and what democracy is all about.

We've had all kinds of discussions in open session on issues that would affect the market or would affect an industry. I think of just two: Recently, we did amendments to the Mining Act. How the amendments to the Mining Act would shape out was going to affect junior mining exploration companies and major mining companies in this province. We had all of those discussions, not only public hearings but basically the clause-by-clause, which is kind of report writing, in open session. Did the markets go crazy in regard to mining because we were opening up or we were closing up parts of the Mining Act or we were being pro-First Nations or anti-First Nations or whatever it might be? The market didn't make a change.

I hearken back to the changes—and I think Mr. Brown was on the committee in regard to the original drafting of the sustainable forests redevelopment act. It was the same thing. We completely changed forest tenure back in 1993, 1994 or 1995, whenever it was, and we're about to do it again, and that will entirely be done in a public forum. Industry obviously has an interest because they're the ones that have tenure on the wood, so the position of the company on the market when it comes to the value of what they hold as to whether there's tenure, secure or not secure, back in 1993 or now, in this particular year as we go through forest tenure reform, is kind of the same issue.

I respect Mr. Shurman's point of view; I respect Mr. Brown's point of view. But I just want to say I disagree wholeheartedly because I don't believe there's anything here that's going to affect the market in any large way. I think what's more important is, the public needs to see how we came to our decision. I don't know what that decision is going to be. I'm going to be quite blunt, I'm going to say upfront—do I think there are some good

things about merging the market? Absolutely. I think the merger of the Toronto Stock Market with the London Stock Market has some advantages, but depending on who controls the holding companies, it could mean something quite different. That's going to be the central issue of what we have to talk about, and I think the public needs to know how we came to those decisions.

So I would urge members to reconsider and allow this discussion to happen in camera. If we end up in a situation where there's additional information being provided that's above and beyond and is of a sensitive issue to the markets, then I would understand why we'd have to go to closed session, but until then, I strongly oppose the idea of doing this in closed session.

**The Chair (Hon. Gerry Phillips):** I think we've had a good discussion on it. All in favour of the subcommittee report?

**Mr. Gilles Bisson:** Recorded vote.

**Ayes**

Albanese, Brown, Klees, Leal, Shurman, Van Bommel, Zimmer.

**Nays**

Bisson.

**The Chair (Hon. Gerry Phillips):** Thank you. I think the next step is we now move into closed session.

*The committee continued in closed session at 1536.*





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