WHY IS THIS TAKING SO LONG?

THE MOVE TOWARDS A NATIONAL SECURITIES REGULATOR[*]

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ABSTRACT

Why are Canadian provinces so opposed to a national regulator? Cooperative and non-cooperative game theory provide a number of models for analyzing decision making in this decentralized context. We deploy several models in seeking to render more transparent the strategies and payoffs that are motivating provinces to support or resist the introduction of a single national securities regulator. We argue that game theoretical analysis can be useful in contexts such as the Canadian securities regulatory regime where multiple decision makers act unilaterally but also potentially reap benefits from cooperation. Our game theoretical analysis suggests that the reason that consensus has not been reached regarding a national securities regulator is not only a lack of cooperation but also a lack of coordination. Indeed, it seems plausible both that (a) the provinces recognize the benefit of adopting a common standardized regulatory model; and (b) that the source of disagreement surrounds the precise regulatory content of that common standardized model. This paper explores the implications of this insight. Understanding securities regulatory issues as involving coordination concerns allows us to examine the attributes and motivations of the relevant actors and decision-makers.