



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

NEWS RELEASE

For immediate release

INVESTMENT INDUSTRY ASSOCIATION SAYS INVESTMENT ENVIRONMENT REMAINS STRONG

Correction to be expected in such a strong market, says industry association CEO

TORONTO, August 17, 2007 – The Investment Industry Association of Canada (IIAC) today commented on the market decline of the past month. Ian Russell, IIAC's President and CEO said, "Although the markets in the short-term have been more turbulent than usual, this volatility reflects the normal functioning of healthy, expanding capital markets."

Mr. Russell notes that "Since the beginning of 2003 the average value of Canadian stocks, as reflected in the S&P/TSX index, has more than doubled. Since the end of 2005 they have increased by 30 percent. The Dow has made similar gains. Those numbers include the corrections of the past month. In short, we're in a period of remarkably strong growth. And no investor should feel unduly concerned about corrections in such a strong market."

"Economists in our member companies," Russell notes, "are consistent in emphasizing that the fundamentals remain strong. If this correction leads some investors in the US and Canada to examine more closely their levels of risk, that too is beneficial."

The Investment Industry Association of Canada has taken steps to ensure short-term market stability. The Association works closely with the Bank of Canada. It has kept the Bank of Canada informed of the industry's perspective on recent market developments. It has also collaborated with the Canadian Depository for Securities (CDS) on issuing CDS clarification to its participants on its rules and procedures for the clearing and settlement of securities. These changes, which have been welcomed by market participants, facilitate more stable and well-functioning commercial paper markets.

In addition, the Investment Industry Association of Canada is working on longer term initiatives to make Canadian equity markets more efficient. These initiatives will improve regulatory procedures across the country, making them more cost-effective, uniform and transparent.

About the Investment Industry Association of Canada (IIAC)

The IIAC, formerly the industry association arm of the Investment Dealers Association of Canada (IDA), advances the position of the Canadian investment industry on regulatory and public policy issues. As the professional association for the industry, the IIAC has a mandate to promote efficient, fair and competitive capital markets for Canada while helping its member firms across the country succeed in the industry.

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