

CP SHIPS

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VIA FACSIMILE (604) 661-9349

Mr. Michael Phelps (Chair)
WPC Committee to Review the Structure
of Securities Regulation in Canada
P.O. Box 10026
700 West Georgia Street
Vancouver, B.C.
Canada V7Y 1B3

Dear Mr. Phelps:

Re: Securities Regulation in Canada

Thank you for your letter and attachment dated 8th May 2003 to our Chairman, Lord Weir. This letter is the response of CP Ships to your request for submissions.

To put this in perspective, CP Ships is listed on the Toronto and New York stock exchanges. We deal with the Canadian securities commissions and the SEC. However, we have been a public company for a short period only, since October 2001. Thus, while we have comments of a general nature, specific comments are based on our limited direct experience with Canadian securities regulators.

Our involvement with Canadian securities regulators over the past 20 months as a public company has been generally positive. We raised \$300 million of debt and equity in the Canadian and US public markets in 2002. All provincial securities regulators responded in a timely and reasonable manner throughout and costs were acceptable. However, we were concerned during the process that we might have questions or delays from one or more jurisdictions which would slow down the whole process and possibly affect our ability to access the public markets at an optimum time. This did not happen but, with the current structure of provincial regulators applying somewhat different rules and regulations and possibly differing levels of scrutiny, it could have happened and will continue to be a concern for us as we review our options to access capital markets in the future.

We have a number of general observations. Issuers would like to deal with a regulatory environment which is entirely consistent and, to a degree, predictable. It is difficult to see how this can be achieved absolutely with thirteen separate securities regulators (in Canada) compared to one in (the United States). Issuers such as ourselves need to be able to raise capital, for example, in jurisdictions which are, amongst other things, competitive in terms of time and cost involved in regulatory review and compliance. Clearly issuers need to be able to access capital markets as easily in Canada as in the US or they will go to the US markets. Obviously there is an inherent risk, however comprehensive any co-ordination, that with thirteen regulatory jurisdictions the Canadian system will be unpredictable, cumbersome, costly and generally not competitive with a one regulator system such as in the US. There is a danger that Canadian capital markets and the Canadian economy will suffer as capital is raised elsewhere and/or potential registrants not select Canada due to the perceived complex regulatory environment. It is crucial that Canada has its own efficient capital market as a key instrument to economic development.

We do not think that the view that local regulators are better able to foster local or regional companies is correct. We believe that the same end can be accomplished by having regional offices of one Canada-wide regulator applying one set of rules and regulations but with each office being sensitive to local issues and concerns. In addition, the US has one securities regulator for 50 states and their system appears to work well. There is no particular economic or regulatory reason that Canada should have a separate securities regulator for each Canadian jurisdiction.

Because this issue has been discussed for so many years everyone has a good sense of the solutions available. The challenge is for the Canadian jurisdictions to exercise the political will to adopt and implement the best solution. If Canadians were starting with a "clean sheet of paper" setting out to design and implement the most attractive, user-friendly, competitive, easily understood, predictable and efficient regulatory system, we would surely have a single regulator, maybe with offices in major Canadian cities. It is also important that Canada speak with one voice on securities regulatory reform and a public authority should assume that role.

Canadians now have an opportunity to get rid of the patchwork quilt of securities regulation in Canada. We should do this correctly rather than develop a typically Canadian compromise that all can agree on such as a more "harmonized" system of thirteen regulators. That would be a mistake. We believe that Canada should have one securities regulator.

Yours truly,



John Irving

cc: Board of Directors of CP Ships Limited