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FINANCIAL POST

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Ex-DBRS president Huston Loke set to join OSC as director of corporate finance branch

By Barry Critchley

Huston Loke replaces Leslie Byberg who is moving to a new position at the OSC. He will report to Maureen Jensen, the OSC's executive director

Huston Loke, the former president of rating agency, DBRS Inc., is set to become the director of corporate finance at the Ontario Securities Commission.

Loke, who left DBRS in mid-May after a long career at DBRS, starts on Nov. 5. At DBRS, Loke, who started at DBRS in 1995, was replaced by Dan Curry, who at the time was head of the firm's U.S. operations. At the time, DBRS said that the "reorganization is intended to more fully integrate DBRS senior management and staff to assist in ensuring global regulatory, business and market alignment."

Loke replaces Leslie Byberg who is moving to a new position at the OSC. He will report to Maureen Jensen, the OSC's executive director.

On its web site, the OSC said the corporate finance branch "administers the regulation of companies that offer their securities for sale to the public in Ontario. It also leads OSC policy initiatives related to the regulation of public companies and plays an active role in policy initiatives of the Canadian Securities Administrators."

The web site notes that corporate finance branch monitors compliance with the regulatory framework laid down for securities offerings in Ontario's public and exempt markets. "In general, Branch staff review prospectuses, other offering documents and applications for exemptive relief from Ontario securities laws filed by issuers. Certain filings are selected for review and reviews are conducted by Branch staff using a risk-based approach," added the web site.

In addition to covering all issuers of securities (be it debt, common equity or preferred shares which typically file a prospectus and which is then reviewed) in Ontario, it also covers the exempt market (that part of the capital raising process dealing with accredited investors) disclosure around mergers and acquisitions, corporate and securitization disclosure and rating agencies.

"I am looking forward to working with Howard [Weston, the OSC chair] and the team. The opportunity matches very well with my interests, background and experience."

Asked for the difference between his former position, of running the country's only domestically owned rating agency, an agency that rates all sorts of debt and structured products, and his new position, Loke mentioned "disclosure rules and mergers and acquisitions."

Loke added that while the business environment is different, "in terms of the nature of the work and who the stakeholders are there are lots of similarities."

Diane Urquhart, an independent financial analyst, said she was "surprised by the OSC decision to hire the former president of DBRS to become the gate-keeper for corporate new issues and regulation of the credit rating agencies." Indeed Urquhart wonders "why the OSC hired a person from the agency which gave the top credit rating to the about \$35 billion of non-bank asset backed commercial paper market which froze more than five years ago. It's a strange decision by the OSC," she said.

Urquhart is of the view that "all credit rating agencies, both here and abroad, failed to protect investors from the unsafe investment products prior to the global financial crisis. The Canadian-style liquidity agreements, didn't protect issuers and investors, but were given the highest credit rating by DBRS. Both S&P and Moody's were unwilling to give the paper an investment grade rating."

Calls to the OSC, which hasn't yet made the announcement, seeking a comment weren't returned.

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