



## **SECURITIES COMMISSION**

Annual Business Plan 2025-2026

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## MESSAGE FROM THE CHAIR AND CEO

The upcoming year promises to be another exceptionally busy one for the Nova Scotia Securities Commission (the Commission).

Investor misinformation and frauds continue to proliferate and harm innocent investors. The Commission, together with the other members of the Canadian Securities Administrators (CSA), intends to intensify efforts to counteract fraudulent activities by developing stronger relationships with other law enforcement agencies, improving inter-agency information sharing and investing in new technology that assists with identifying and shutting down bad actors.

Jurisdictional limitations (for example, many of the perpetrators reside outside Canada, beyond the reach of law enforcement and securities regulators) make it difficult to eliminate these threats entirely. Awareness and vigilance are therefore key to minimizing harm to investors. We will continue to provide warnings and cautions about known fraudulent activities. In addition, we will look for new ways to engage the public in understanding and identifying capital market risks. Since crypto assets are particularly vulnerable to fraudulent activities, in 2023/24 we developed a broad public campaign inviting engagement with our “Nova Crypto” website – designed specifically to educate the public about the hallmarks of fraudulent crypto asset investment opportunities. The campaign was well received and we are exploring other options for expanding the reach of these important efforts. In addition, we’ll continue our investor education efforts in basic capital market information and financial and investing literacy.

The Commission’s mandate includes fostering capital formation (when not inconsistent with investor protection) and we work regularly with the CSA to harmonize the securities regulatory landscape across Canada as much as possible. Canadian capital markets interact closely with those in other jurisdictions, particularly the United States. Recent political changes in the United States, together with market and economic uncertainty, mean that regulatory initiatives currently underway will need to be assessed against international developments. Any changes to the Canadian regulatory landscape should not place Canadian issuers, and the Canadian capital markets, at a competitive disadvantage vis-à-vis their international peers.

The Commission leverages its annual budget of \$3.4 million to generate approximately \$23 million in revenue. The increasing complexity of capital market regulation, including the potential impact of artificial intelligence, increased sophistication of fraudulent actors and rising political and economic uncertainty means that we will take specific and targeted action in those areas where we can most effectively protect investors while encouraging an efficient and fair capital market.

Valerie Seager  
Chair and Chief Executive Officer

## MANDATE

The Commission is an independent regulatory authority and quasi-judicial tribunal created by the *Securities Act*. The Commission's mandate is to provide investors with protection from practices and activities that tend to undermine investor confidence in the fairness and efficiency of capital markets and, to the extent not inconsistent with an adequate level of investor protection, to foster the process of capital formation.

The Commission undertakes the oversight of Nova Scotia's capital markets and the fulfillment of its mandate by:

- establishing rules and policies relating to the regulation of the securities industry in Nova Scotia, including participating in coordinated policy development with other Canadian securities regulators;
- licensing securities industry professionals and conducting compliance reviews of market participants registered in Nova Scotia;
- reviewing prospectuses and offering documents in connection with public offerings of securities;
- monitoring local media and social media platforms for evidence of potential fraud and other illegal activities;
- investigating complaints from the public and from Canadian and international regulators and enforcing Nova Scotia securities laws; and
- educating Nova Scotians through a variety of investor education programs.

## CORE RESPONSIBILITIES / SERVICES

With a staff of 20 and a budget of \$3.4 million, the Commission performs the "Core Responsibilities and Services" outlined in Appendix A using strategies to advance the regulatory needs of Nova Scotia investors and businesses effectively and efficiently.

The Commission acts independently and, where warranted, pursues harmonized rules and programs in collaboration with other members of the Canadian Securities Administrators (CSA) to facilitate capital formation while, at the same time, providing investor protection. The CSA is an umbrella organization under which the provincial and territorial securities regulators work together to foster national harmonization, investor protection, effective enforcement, and regulatory burden reduction.

## PRIORITIES FOR 2025-2026

**Goal #1:** Enhance front-end initiatives to reduce the need for taking enforcement action after irreversible losses occur.

**Goal #2:** Monitor for, identify and investigate securities market violations and take enforcement action to terminate and deter unlawful conduct in Nova Scotia.

**Outcome:** Enhanced protection of Nova Scotia investors.

## Actions:

- Promote and employ investor education initiatives aimed at targeted audiences (including young investors and seniors), and focus on emerging issues affecting retail investors that include:
  - advocating for financial literacy programs;
  - an increased interest in “DIY” investing;
  - online securities and derivative-related fraud, pump-and-dump schemes, and unreliable solicitations and stock market promotion in social media; and
  - a proliferation of scams involving crypto assets, including those involving access to crypto wallets and remote access to victims’ computers.
  
- In collaboration with the CSA, work to improve the client-registrant relationship by:
  - ensuring rule amendments relating to conflicts of interest, know-your-client (KYC), know your product (KYP), suitability and relationship disclosure information (the Client Focused Reforms) are followed by registrants;
  - amending National Instrument 81-105 *Mutual Fund Sales Practices* to clarify the circumstances in which a principal distributor model should be available; and
  - strengthening the Ombudsman for Banking Services and Investments as an independent dispute resolution service provider by developing and recommending a binding authority framework that is fair, efficient, and accessible for investors and firms.
  
- Enhance information and intelligence sharing by advocating for greater sharing among government and regulatory agencies of information about investor losses, and coordinate enforcement activities to enhance enforcement effectiveness against crypto asset fraud, insider trading and market manipulation.
  
- Monitor and track behaviors in the Nova Scotia market and publish cautions and alerts to notify Nova Scotians about improbable high-return and no-risk investment schemes, activities in violation of registration requirements and potentially fraudulent activities and seek expanded online audiences through social media platforms.
  
- Pursue front-end disruption of activities that violate Nova Scotia securities laws, including disabling infringing websites, and seeking the removal of online public solicitations for investments through social media and other advertising services.
  
- Pursue efforts to collaborate with border authorities and other government law enforcement agencies, such as the Nova Scotia Public Prosecution Service and the RCMP, relating to the Commission’s enforcement activities.

- Explore and adopt technology and virtual tools to assist in the advancement of investigations and hearings to ensure enforcement matters are effectively and efficiently advanced.
- Support efforts to amend the federal *Bankruptcy and Insolvency Act* to ensure that financial sanctions of securities commissions and related administrative tribunals are exempt from bankruptcy discharge, in light of the Supreme Court of Canada's decision in *Poonian vs British Columbia Securities Commission*.

**Goal #3:** Address emerging issues and trends that affect Nova Scotians.

**Outcome:** Changes in the capital markets and regulatory regime are addressed in a timely manner.

- Actions:**
- Explore and implement technological tools to monitor emerging trends and improve efficiencies and evidence gathering and analysis.
  - Ensure that continued expertise and analytical capacity is available by hiring and retaining professional staff with specialized skills and experience, through training and professional development.
  - Plan *Nova Scotia Capital Markets 2026*, a bi-annual public forum to explore the latest trends, challenges and developments within Nova Scotia's capital markets.
  - Collaborate with the CSA jurisdictions by:
    - identifying and responding to emerging issues and threats, including those likely to develop from artificial intelligence, and coordinating efforts and expertise to minimize and deter threats to capital markets and investors;
    - considering new disclosure requirements for reporting issuers on environmental, social and governance disclosures and practices, including sustainability standards for climate related matters and diversity on boards and in executive management, including carefully considering developments in the United States;
    - investigating and developing rules and policies regarding reporting issuers' and promoters' conduct and promotional activities;
    - reviewing the early warning reporting regime to determine if amendments are necessary, including regarding the appropriate scope and timing of disclosure requirements concerning equity derivatives, acquirers' plans and future intentions, and the five percent market purchase rule for bidders while a take-over bid is outstanding;
    - participating on the CSA Task Force that oversees the registration of crypto asset trading platforms in Canada, including developing rules and policies for safe custody of digital assets, strengthening bankruptcy protection, stablecoin requirements, insurance and proficiency and trustworthiness measures for ownership and management; and

- monitoring regulatory developments in other jurisdictions to ensure Canadian capital markets remain protective yet function harmoniously with other global regulatory trends.
- Incorporate Indigenous issues and perspective in policy and rule development in coordination with other CSA members.
- Continue to review and seek comments on the rules applicable to Community Economic Development Corporations in Nova Scotia and update the regulatory requirements to be consistent with policy developments and in harmonization with other securities requirements applicable to capital raising exemptions.

**Goal #4:**

Continue to work with the CSA to reduce regulatory burden for market participants and ensure requirements are appropriate, necessary, and relevant to capital market participants in Nova Scotia.

**Outcome:**

Regulatory burden on securities industry participants is reduced.

**Actions:**

- Develop and implement changes to certain capital raising and continuous disclosure rules to reduce duplication and regulatory burden, including:
  - amendments to the shelf prospectus system for large well-known seasoned reporting issues; and
  - alternative forms of delivery of prospectus and continuous disclosure documents.

Dated: March 27, 2025

## Appendix A

Core Responsibilities and Services of the Commission include the following proactive and reactive activities:

### Proactive:<sup>1</sup>

- Licensing of securities industry professionals (2,490 in 2023-24);
- Reviewing prospectuses in connection with proposed public offerings of securities (3 in 2023-24) and continuous disclosure (10 in 2023-24)<sup>2</sup> by Nova Scotia's public companies;
- Reviewing offering documents (9 in 2023-24) prepared by issuers pursuant to the Community Economic Development Corporations Regulations;
- Carrying out targeted compliance reviews (6 in 2023-24) of investment industry firms registered in Nova Scotia and investment industry professionals;
- Overseeing the work of the Canadian Investment Regulatory Organization involved in the protection of Canadian investors in Nova Scotia;
- Educating Nova Scotia investors and potential investors through a variety of investor education programs;
- Educating Nova Scotia small businesses about the programs and exemptions available to them to raise capital and the functioning of the Province's capital markets;
- Establishing rules and policies relating to the regulation of the securities industry in Nova Scotia;
- Participating in coordinated policy development with other Canadian securities regulators through participation in the work of the CSA;
- Engaging in early disruption efforts and information sharing on a local, national and global level;
- Publishing alerts and cautions to warn investors about issuers and promoters known to be or suspected of offering unlawful investment schemes to Nova Scotia residents;
- Monitoring media and social media content available to Nova Scotians for potential fraudulent and other illegal investment solicitation activities;
- Ensuring timely and responsible execution of the Commission's core responsibilities; and
- Researching and surveying needs and priorities to adjust regulation to new developments and technologies.

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<sup>1</sup> As the 2024-25 fiscal year has not yet ended, statistics relate to fiscal 2023-24.

<sup>2</sup> Where the Commission is the principal regulator.



Reactive:<sup>3</sup>

- Reviewing and adjudicating exemption applications from the requirements of Nova Scotia securities laws where the Commission was the principal regulator (2 in 2023-24) and where the Commission was part of a coordinated review but was not the principal regulator (19 in 2023-24);
- Issuing cease trade orders for failure to comply with Nova Scotia securities laws' continuous disclosure requirements (3 in 2023-24); and
- Responding to and investigating complaints from various sources (160 in 2023-24)<sup>4</sup> and carrying out fair and timely enforcement of Nova Scotia securities laws to prevent and deter unlawful activities.

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<sup>3</sup> As the 2024-25 fiscal year has not yet ended, statistics relate to fiscal 2023-24.

<sup>4</sup> The fiscal year opened with 63 active investigations. 97 new matters were responded to and investigated.

## BUDGET CONTEXT

<b>Nova Scotia Securities Commission</b>			
	<b>2024-25 Estimate</b>	<b>2024-25 Forecast</b>	<b>2025-26 Estimate</b>
<b>Programs Expenses</b>	(\$thousands)	(\$thousands)	(\$thousands)
Administration	3,271	3,271	3,429
<b>Total Program Expenses</b>	<b>3,271</b>	<b>3,271</b>	<b>3,429</b>
<b>Additional Information:</b>			
Ordinary Revenue	22,643	22,678	22,998
Fees and Other Charges	0	0	0
Ordinary Recoveries	0	0	0
<b>Provincial Funded Staff (FTEs) Net</b>	<b>20.0</b>	<b>18.4</b>	<b>20.0</b>