NOVA SCOTIA

SECURITIES COMMISSION

Annual Business Plan 2026-2027

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MESSAGE FROM THE CHAIR AND CEO

Canadian investors and Canadian capital markets face unprecedented challenges. Frauds and scams directed at investors are on the rise and increasing in sophistication and complexity. Canadian companies struggle against global headwinds, including political uncertainty and rising protectionism. Artificial intelligence (AI) is affecting all areas of the capital markets, including the manner in which clients are advised, the development of new and innovative scams and the realignment of many established corporations. Social media is now, to many, the principal source of news and investment advice, much of which cannot be verified. It is in this environment that we at the Nova Scotia Securities Commission work to fulfil our mandate of investor protection and capital market efficiency. To ensure success, we need to use new tools, new technology and new ways of thinking.

Ideally, when investor harm occurs in the province, we can rely on our enforcement powers to take specific action against bad actors, impose penalties and seek disgorgement of profits. Often, however, particularly in the case of fraud, the complaint is made after the harm is done and the victim's funds have left the country. Our regulatory remedies are of little help in those cases, since we have limited ability to effectively recover the assets or to bring actions against the perpetrators. We believe, therefore, that the best offence against investor fraud is a good defence. In 2026-27, we plan to strengthen our defensive arsenal and focus on disruption techniques – that is, disrupting the fraud before the harm occurs. We intend to do this in two main ways. First, we are expanding our technology tools to enhance our ability to disrupt a fraudulent scheme before it occurs. We are investing, with the Canadian Securities Administrators (CSA), in takedown tools that enable us to identify fraudulent websites and remove them from the internet as quickly as possible. We are also using tracing technology to locate digital wallets attributable to bad actors, which can assist with future investigations and enforcement actions. We will continue to explore other opportunities to use technological tools to maximize investor protection.

Our second line of defence is investor education. In 2026-27 we will reach out to all areas of the province to provide information, in a variety of formats, on investing, money management and fraud avoidance. We will also expand our efforts to ensure all high school students in the province are equipped with the tools necessary to make sound financial decisions. We will continue to explore innovative ways to educate Nova Scotians on their rights and remedies as investors and the need to develop healthy scepticism towards "too good to be true" investing opportunities.

Our mandate requires us to promote fair and efficient capital markets when not inconsistent with investor protection. In 2026-27 we will continue to work with the CSA to develop policy initiatives that decrease regulatory burden and improve efficiency. We will also monitor global developments to ensure those policies do not compromise the competitiveness of Canadian issuers. At the local level, we will be holding our second annual Capital Markets Forum, focusing on opportunities and resources available to those seeking to raise capital in the province.

The Nova Scotia Securities Commission generates approximately $23 million in revenue for the province and operates with a budget of $3.6 million. We have a broad mandate and a limited budget. Nevertheless, our dedicated professionals are committed to making Nova Scotia a safe and attractive place to invest, both for investors and companies.

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, as well as overseeing the self-regulatory organization for investment dealers and mutual fund dealers;
- reviewing prospectuses and offering documents in connection with public offerings of securities and public disclosures by Nova Scotia issuers;
- monitoring the internet, local media and social media platforms for evidence of potential fraud and other illegal activities;
- investigating complaints from the public, Canadian and international regulators and law enforcement agencies 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 $3.6 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 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 2026-2027

Goal #1: Enhance front-end initiatives to reduce the need for 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:
  - a continued increase in investors interested in "DIY" investing;
  - AI-powered deepfake videos offering Nova Scotians fraudulent investment opportunities;
  - pump and dump scams targeting investors through email, social media and messaging apps; and
  - a proliferation of online scams involving unregistered investment trading platforms and crypto assets, including those involving access to crypto wallets and remote access to victims' computers.

- Advocate for financial literacy programs in Nova Scotia schools to provide students with basic financial and investment knowledge that will serve as a foundation for making informed financial decisions when they reach adulthood.

- Enhance our website to better communicate with Nova Scotians.

- In collaboration with the CSA, work to improve the client-registrant relationship by:
  - monitoring and supporting registrants' ongoing implementation of the Client-Focused Reforms;
  - amending National Instrument 81-105 *Mutual Fund Sales Practices* to clarify the circumstances in which a principal distributor model should be available;
  - amending National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to ban chargebacks in the distribution of investment fund securities to protect the interests of retail investors;
  - strengthening the Ombudsman for Banking Services and Investments as an independent dispute resolution service provider by implementing a binding authority framework that is fair, efficient and accessible for investors and firms;
  - adopting a promotional activities disclosure framework to address concerns related to problematic promotions that have the potential to mislead investors and harm market integrity; and
  - evaluating the efficacy of the amendments implemented to enhance protections of older and vulnerable clients and determining whether any modifications or other regulatory initiatives are required.

- Enhance information and intelligence sharing by advocating for greater sharing of information among government and regulatory agencies, and coordinate enforcement activities to enhance enforcement effectiveness against online fraud, insider trading and market manipulation.

- Monitor 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, as well as 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.

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 help 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.

- Present *Nova Scotia Capital Markets 2026*, a bi-annual public forum to explore the latest developments and challenges within Nova Scotia's capital markets and to enhance the Commission's public profile and highlight its activities.

- Collaborate with the CSA jurisdictions by:
  - identifying and responding to emerging issues and threats, including those likely to develop from AI, and coordinating efforts and expertise to minimize and deter threats to capital markets and investors;
  - 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;
  - consulting with stakeholders on the exchange-traded fund (ETF) regulatory framework;
  - participating on the CSA Task Force that oversees the registration of crypto asset trading platforms in Canada;

- providing input on matters of federal jurisdiction that impact Nova Scotia investors and capital markets, such as working with the federal government to implement a coordinated regulatory scheme for stablecoins;
- monitoring regulatory developments in other jurisdictions to ensure Canadian capital markets remain protective yet function harmoniously with other global regulatory trends; and
- implementing, with the support of the CSA Information Technology Systems Office, a CSA technology and data strategy involving harmonized policies, business processes, data and technology design.

- Incorporate Indigenous issues and perspective in policy and rule development in coordination with other CSA members.

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:
  - piloting semi-annual continuous disclosures for certain venture issuers;
  - reducing regulatory burden for investment fund issuers by reducing duplicative disclosures;
  - developing a prospectus exemption to allow certain individuals to self-certify as a type of accredited investor to facilitate capital raising;
  - expanding the listed issuer financing exemption for issuers to raise additional capital; and
  - allowing alternative forms of delivery of prospectus and continuous disclosure documents.

Dated: March 19, 2026.

Appendix A

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

Proactive:[1]

- Licensing of securities industry professionals (2,189 in 2024-2025);
- Reviewing prospectuses in connection with proposed public offerings of securities (6 in 2024-2025 and continuous disclosure (10 in 2024-2025) by Nova Scotia's public companies[2];
- Reviewing offering documents (3 in 2024-2025) prepared by issuers pursuant to the Community Economic Development Corporations Regulations;
- Conducting targeted compliance reviews (4 in 2024-2025) of investment industry firms registered in Nova Scotia and investment industry professionals;
- Overseeing the work of the Canadian Investment Regulatory Organization (CIRO) involved in the protection of Canadian investors in Nova Scotia;
- Educating Nova Scotia investors and potential investors through a variety of investor education programs (65 presentations in 2024-2025), as well as blog posts, social media, videos and other resources on our website;
- 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 internet, media and social media content available to Nova Scotians for potential fraudulent and other illegal investment solicitation activities and removing the offensive websites and media content;
- Participating in coordinated operations and sweeps with other regulators and law enforcement agencies to prevent financial loss and warn Nova Scotians of threats of fraud;

[1] As the 2025-26 fiscal year has not yet ended, statistics relate to fiscal 2024-25.
[2] Where the Commission is the principal regulator.

- 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.

Reactive: [3]

- Reviewing and adjudicating exemption applications from the requirements of Nova Scotia securities laws where the Commission was the principal regulator (0 in 2024-25) and where the Commission was part of a coordinated review but was not the principal regulator (5 in 2024-25);

- Issuing cease trade orders for failure to comply with Nova Scotia securities laws' continuous disclosure requirements (4 in 2024-2025); and

- Responding to and investigating complaints from various sources (148 in 2024-25)[4] and conducting fair and timely enforcement of Nova Scotia securities laws to prevent and deter unlawful activities.

[3] As the 2025-26 fiscal year has not yet ended, statistics relate to fiscal 2024-25.
[4] The fiscal year opened with 48 active investigations. 100 new matters were responded to and investigated.

BUDGET CONTEXT

Nova Scotia Securities Commission			
(in thousands, except FTEs)	**2025-26 Estimate**	**2025-26 Forecast**	**2026-27 Estimate**
Programs Expenses			
Administration	3,429	3,429	3,580
Total Program Expenses	3,429	3,429	3,580
Additional Information:			
Ordinary Revenue	22,998	23,050	22,622
Fees and Other Charges	0	0	0
Ordinary Recoveries	0	0	0
Provincial Funded Staff (FTEs) Net	**20.0**	19.2	**20.0**