



Annual Accountability Report  
for the Fiscal Year 2023 – 2024

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## Accountability Statement

The Accountability Report of the Nova Scotia Securities Commission (the Commission) for the year ended March 31, 2024, is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Commission's Business Plan for the fiscal year just ended. The reporting of the Commission's outcomes necessarily includes estimates, judgments, and opinions by Commission management.

We acknowledge that this Accountability Report is the responsibility of Commission management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Commission's 2023-2024 Business Plan.

(signed) "Paul E. Radford"

Paul E. Radford, K.C.  
Chair

(signed) "H. Jane Anderson"

H. Jane Anderson, K.C.  
Executive Director

## Message from the Chair

The principal mission of the Commission, as set out in the *Securities Act*, is to protect investors in Nova Scotia while fostering fair and efficient capital markets in the province. The Commission fulfils this mission through its activities in four core business areas: (i) the regulatory, administrative, and adjudicative activities of the Commission board; (ii) the policy development, registration, compliance, self-regulatory organization (SRO) oversight, and investor education activities of the Policy and Market Regulation Branch; (iii) the offering document review and continuous disclosure review activities of the Corporate Finance Branch; and (iv) the investigation and enforcement activities of the Enforcement Branch.

This report describes the Commission's significant activities and accomplishments in each of these business areas during the past year, with reference to the progress we have made in achieving the goals and priorities set out in the Commission's 2023-2024 Business Plan, which is available on the [Commission's website](#).

The dominant investor protection issue this past year has been the increasing crypto fraud perpetrated against Nova Scotia investors through social media advertisements and other electronic channels by actors unreachable in offshore jurisdictions. The Enforcement branch received 97 complaints, a large percentage of which were crypto-related.

Thus, front-end prevention, rather than retroactive enforcement by prohibition orders and administrative monetary penalties, is needed to reduce crypto-related fraud. The Commission, in collaboration with other Canadian Provincial and Territorial securities regulators through the auspices of the Canadian Securities Administrators (CSA), used disruption actions described in this report to combat such fraud. Increased investor education activities included the Commission's creation of a fake crypto site to inform investors to recognize potential fraud. Finally, publishing investor alerts and cautions, searchable on the internet, provided warnings to investors who conduct some due diligence before they invest. However fraudsters continuously change names and addresses, so it is a continuous game of catch up for the Commission and investors.

A significant milestone in a long standing CSA policy development project was the publishing of a proposal for binding decisions by the Ombudsman for Banking Services and Investments (OBSI) to provide a fair and cost effective resolution of investor complaints against registered dealers.

There is frequently tension between innovation by capital market participants and investor protection. An example of this tension is in the regulation of crypto trading platforms, in which Canadian regulators from an early date have applied and customized the fundamentals of securities regulation, such as registration, by treating offerings by such platforms as investment contracts or derivatives. While many crypto-related businesses have requested and continue to seek a less rigorous regulatory approach, the instances over the past couple of years of crypto trading platforms and crypto firms becoming insolvent resulting in substantial investor losses, including by management misappropriating investors funds, suggests continued and focused regulation of such entities on a substance over form basis is warranted. Work is ongoing in this area.

This past year saw capital market initiatives advance, including proposals published for enhanced disclosure by issuers of diversity beyond gender and continued work on developing climate-related

disclosure requirements, both of which are important and difficult policy initiatives that seek a balance of certain investor needs and avoidance of undue new burdens on reporting issuers. Examples of reduced burden on issuers were development of an alternate electronic delivery model for non investment fund issuers, publishing a proposal to facilitate equity offerings by well known seasoned issuers, and increasing the amount of capital that Nova Scotia Community Economic Development Investment Funds (CEDIF) may raise with certain additional investor protections.

Innovation in technology and environmental, social and governance (ESG) trends such as the movement towards greater do-it-yourself investing by retail traders on order execution only platforms (discount brokers) and non-qualified social media influencers in financial matters (finfluencers), “greenwashing” and “socialwashing” are current examples of challenges to the adequacy of current regulatory rules that are actively under consideration for potential revision.

Our revenues are affected by the level of activity in licensing of firms and individuals and in capital markets filings, and thus are largely beyond the control of the Commission. Our revenues for 2023-2024 decreased by 4.14% or \$0.948 million, from the prior year to \$21.934 million. This decrease in our revenues is attributable to fewer filings by issuers. Our total expenditures for 2023-2024 increased by 6.58% or \$0.184 million, over the prior year to \$2.980 million. This increase of expenditures relates to lower vacancies, higher salaries and benefits, and higher office rent costs. Our total expenditures for the year were \$0.126 million under our approved budget of \$3.106 million. In carrying out our mandate we keep attuned to the fiscal responsibility of meeting our budget, although on occasion some costs such as enforcement costs and hearing costs are subject to change based on the level of activities in those areas.

(signed) “Paul E. Radford”  
Paul E. Radford, K.C.  
Chair

## Financial Results

<b>Core Business (All)</b>	<b>2023-2024 Estimate (\$ thousands)</b>	<b>2023-2024 Actual (\$ thousands)</b>	<b>Variance (\$ thousands)</b>
Revenues	22,419	21,934	-485
Expenditures			
Salaries and Benefits	2,420	2,370	-50
Operating Costs	686	610	-76
Cost Recoveries	-	-	-
Total Expenditures	3,106	2,980	-126
Net Revenue	19,313	18,954	-359
FTEs	19.0	18.5	-0.5

## Priorities and Measuring Our Performance

The Commission set the following priorities in its Business Plan for 2023-2024:

- enhance protection of Nova Scotian investors,
- address changes in the capital markets and regulatory regime in a timely manner, and
- reduce regulatory burden on securities industry participants.

The Commission's performance measures are focused on achieving these priorities through the efficient administration of the Commission's core business areas and its 2023-2024 goals of

- enhancing front-end investor protection initiatives to reduce the need for enforcement action after irreversible losses occur;
- identifying and investigating securities market violations and taking enforcement action to terminate and deter unlawful conduct in Nova Scotia;
- using its expertise in addressing market developments and other changes that affect Nova Scotians; and
- working with the Canadian Securities Administrators (CSA) to reduce regulatory burden and ensure requirements continue to be appropriate, necessary and relevant to capital market participants.

The Commission pursued these goals through activities in the Commission's four core business areas: the Commission board and its adjudicative function, the Policy and Market Regulation Branch, the Corporate Finance Branch, and the Enforcement Branch.

All data used in the following performance measurements is gathered from internal sources and is presented to the Commission via monthly operating reports.

### *Core Area 1 – The Commission*

***Outcomes: Enhanced protection of investors resident in Nova Scotia - Changes in the capital markets and regulatory regime addressed in a timely manner - Reduction of regulatory burden on securities industry participants***

The Commission achieved the above-noted outcomes through its policy development activities, its timely response to applications from capital market participants for exemptive relief from securities law requirements, and its adjudicative activities.

### *Policy Development*

The Commission met its target for the timely adoption of national and multilateral instruments following the review, analysis and development of instruments and amendments in collaboration with CSA members, adopting 100% of national/multilateral instruments as rules within set timelines. The

Commission's commitment is to harmonize the securities laws of Nova Scotia with the securities laws in the other Canadian jurisdictions, unless there is good reason to do otherwise.

In support of protecting investors, addressing changes in the capital markets in a timely manner and reducing regulatory burden, the Commission participated in the development of the below-noted major policy initiatives with the other CSA members. Other major policy initiatives were aimed at addressing developments and other changes in the securities markets that affect Nova Scotians.

- Implementing changes to improve the transparency of total fees and costs to holders of investment funds and segregated funds.
- Adopting a rule and related policies that set out a comprehensive regime for regulating the business conduct of dealers and advisers in the over-the-counter derivatives market, in order to help protect market participants by improving transparency, increasing accountability, and promoting responsible business conduct.
- Implementing an access model for prospectuses of non-investment fund reporting issuers.
- Amending the national instrument relating to designated benchmarks and benchmark administrators to enhance the accuracy, integrity and reliability of designated commodity benchmarks and their administrators.
- Implementing Blanket Order amendments to increase the amount of capital that certain Community Economic Development Investment Funds (CEDIFs) may raise, so long as they provide additional protections for investors.
- Approving a coordinated Blanket Order relating to transitional trade reporting for certain derivatives relating to the U.S. Dollar London Interbank Offered Rate (LIBOR).
- Repealing a national instrument relating to alternative mutual funds because its requirements have been moved to other instruments.
- Publishing a proposal to make the decisions of the Ombudsman for Banking Services and Investments (OBSI) binding.
- Requesting comments on proposed amendments relating to:
  - diversity disclosure by reporting issuers
  - investment funds' holdings of crypto assets
  - distributions by well-known seasoned issuers
  - settlement cycles for investments funds in connection with the transition to T+1 settlement for equity and long-term debt market trades.



### ***Exemptive Relief Applications***

The Commission board's authority to grant discretionary exemptions from securities regulatory requirements provides flexibility to address changes in the capital markets, including for the regulation of new and emerging investment products and business models that may not fit squarely within the traditional regulatory regime, while at the same time ensuring that investor protections are maintained and the fairness and efficiency of the capital markets is fostered. The Commission board met its target of considering 100% of 21 exemption applications (for which the Commission was either the Principal Regulator or was participating in a coordinated review) within five business days of the applications being filed with the Commission.

### ***Adjudication***

The Commission's adjudication of enforcement proceedings in a timely manner is aimed at enhancing investor protection. The Commission exceeded its target this year relating to the timely issuance of orders following settlement hearings. The Commission held three hearings to consider the approval of settlement agreements and made the orders approving each of them within 10 business days of final submissions in the hearing, surpassing our target rate of 95%.

During the same period, the Commission exceeded its target relating to the timely issuance of orders following contested hearings (95% of orders made within 90 days of the final submissions from the parties following the conclusion of a contested hearing). The Commission issued its order in one contested matter within 90 days of the final submissions from the parties.

### ***Core Area 2 – Policy and Market Regulation Branch***

#### ***Outcomes: Enhanced protection of investors resident in Nova Scotia - Changes in the capital markets and regulatory regime addressed in a timely manner - Reduction of regulatory burden on securities industry participants***

The Policy and Market Regulation branch has four main areas of responsibility:

- registration, which relates to the registration of investment professionals and firms in Nova Scotia;
- compliance, which relates to the review and oversight of the activities of investment professionals and firms in Nova Scotia;
- SRO oversight, which relates to the supervision and oversight of self-regulatory organizations; and
- investor education, which relates to the Commission's work to improve investors' understanding of sound investment practices, ability to recognize questionable products and practices, and awareness of the role of the Commission.

## Registration

Firms and individuals must satisfy certain requirements to be registered and to maintain their registration. By requiring that registrants meet established standards of proficiency, solvency and integrity, upfront investor protection is provided through the registration gatekeeper function.

In 2023-2024, the Commission met its target for individual and firm registrations (95% of firm applicants and individual applications, where the Commission is the principal regulator, processed within the mandated timeframes after the final submission of necessary documents).

Many crypto-asset trading platforms (CTPs) are now registered as Restricted Dealers and are operating under the same requirements as traditional securities dealers, with some exemptions to accommodate their unique nature. The registration requirements are an upfront investor protection mechanism and help to safeguard a rapidly growing area of the investment industry. CTPs that are in the process of becoming registered must file a Pre-Registration Undertaking (PRU) to be permitted to continue to operate in Canada. The PRU is an enforceable promise that the applicant will abide by certain terms and conditions for the conduct of the business and operations of the CTP, including with respect to appropriateness assessments, investment limits, know-your-client obligations, conflicts of interest, custody requirements, and reporting requirements, among others. Registered CTPs are engaged in the process of becoming registered as investment dealers and dealer members of the Canadian Investment Regulatory Organization (CIRO).

The Commission's Registration staff also continue to work on several committees of the CSA to provide a voice for stakeholders in Nova Scotia with respect to the formation of new rules and amendments to current rules. The investment industry is constantly evolving, including new products and client service models. By monitoring these developments, we can escalate to the CSA Registration Steering Committee for any required regulatory changes, including policies and guidance.

## Compliance

The efficient administration of the Commission's compliance programs assesses whether registrants are conducting their activities in accordance with Nova Scotia securities laws and deters undesirable behavior thereby providing front-end investor protection. Compliance is proactive in nature and, given the appropriate resources and support, can provide a significant return in increased confidence in the Nova Scotia capital market, reduce some of the risks of investing, and reduce the number of enforcement proceedings.

Our performance measures reflect the efficiency of the compliance program and the Commission's effectiveness in requiring registered firms that have been the subject of compliance examinations to correct identified deficiencies. This ensures that the firm's business practices and procedures create a safe environment for meeting their clients' investment needs and objectives. The number of opened examinations met our target (six) in 2023-2024. The number of closed examinations (four) was below our target (five) because some files were part of a nationally-coordinated review that began later than originally scheduled.

Ongoing CSA initiatives regarding client focused reforms (CFRs), advance commission and chargeback models, and the use of registrant titles, will all enhance investor protection. The

examination results from the second phase of a CSA-wide review of specific areas of the CFRs will guide CSA staff in determining best practices and identifying areas where registrants require additional guidance. Additionally, in early 2024, a CSA working group began testing controls that a firm implemented in connection with a new compensation model that resulted in an inherent conflict of interest for the firm's clients. Compensation models that create an incentive for registrants to act against a client's best interest are a serious concern for the Commission in fulfilling its investor protection mandate.

### *Self-Regulatory Organization Oversight*

On January 1, 2023 the amalgamation of IIROC and the MFDA (SROs recognized in Nova Scotia) came into effect with the creation of CIRO. CIRO oversight is an integral part of the Commission's compliance work to ensure that CIRO provides appropriate supervision of their members located in Nova Scotia. As the investment industry in Nova Scotia mostly comprises branch offices of registered firms that are members of CIRO, resources have been directed to CIRO oversight to ensure members are complying with Nova Scotia securities laws. While this results in fewer direct examinations by Commission staff, the diligent oversight of CIRO has resulted in higher numbers of firms being examined in Nova Scotia by CIRO and better supervision of the many branch offices located in this jurisdiction.

Market Regulation staff, together with CIRO, continued to work on several CSA committees providing jurisdictional input to protect local investor interests, providing a voice for the stakeholders of Nova Scotia, and contributing to policy development and harmonization.

### *Investor Education*

The Commission's Investor Education (IE) office delivers engaging and relevant investor education presentations and content to connect with Nova Scotians to increase investor protection by educating Nova Scotians on sound investment practices and sharing the knowledge and skills they need to recognize and identify securities fraud and questionable investment products and practices.

The IE office reached more Nova Scotians through IE presentations in 2023-2024 than ever before. Year-over-year presentations were up 51%, reaching every demographic in Nova Scotia, including a heavy concentration of young people and seniors.

Our Student Connections program continued to reach students in high schools and post-secondary schools. Some of the schools visited last year include C.P. Allen High School, Halifax West High School, NSSC Ivany Campus, Saint Mary's University, and Mount Saint Vincent University.

Outreach to seniors' organizations also increased with presentations on financial elder abuse and investment fraud delivered throughout Nova Scotia. This included presentations in Halifax at Chebucto Links and the Halifax Regional Police Seniors' Home Safety Program, Chester at the Lunenburg County Senior Safety Academy, in Bridgewater at the Flourish 55+ Seniors Centre, and in Baddeck at the BOLD Centre. IE staff were also invited to speak at CARP Nova Scotia's Fraud Prevention Month webinar, which was available online to all Nova Scotia CARP members.

We also expanded our presentation series at the Halifax Central Library with 11 presentations last year. Those presentations will continue into 2024/2025, with 10 presentations already scheduled. The

popularity of the Central Library presentations led to a new partnership with South Shore Public Libraries.

The IE office's largest campaign last year was run during Fraud Prevention Month in March to address a large increase in crypto-related frauds and use of fraudulent crypto websites. The Commission has issued several alerts on crypto fraud, including one in December, 2024 partnering with Halifax Police and the RCMP. Despite these alerts and warnings, reports and losses to crypto-related fraud continue to increase. To raise more awareness of fraudulent crypto trading websites, the Commission created its own fraudulent trading website: [NovoCrypto.ca](https://NovoCrypto.ca). NovoCrypto.ca mimics the fraudulent trading sites the Commission has issued alerts about. Anyone who visits NovoCrypto.ca and clicks on any link to create an account, deposit money, or download an app is sent to the Commission website for fraud prevention information.

We launched NovoCrypto in mid-February and began a month-long province-wide advertising campaign at the same time. We publicly revealed our involvement on our website and social media channels on March 18, 2024, receiving strong attention from local media and the public. NovoCrypto will remain active until 2025 and has been added to the Commission's fraud presentations.

The IE office was also active during two other theme months – Investor Education Month in October, and Financial Literacy Month in November. During Investor Education Month, the Commission released blog posts and videos on gamification of online trading platforms and high interest savings account exchange-traded funds. During Financial Literacy Month, a blog series on basic investments was shared as well as new short videos on stock splits and compound interest. During both months, Commission staff made presentations at the Halifax Central Library and the Flourish 55+ Seniors' Centre.

Several updates and enhancements were made to the NSSC website, including to the investor alerts and cautions section. The Before You Invest Blog was updated weekly with relevant and timely topics including posts on first-home savings accounts, single-stock ETFs, a series on no frill investing, SEDAR+, HISA ETFs, covered call ETFs, romance scams, impersonation scams, and Binance exiting the Canadian market.

The IE office works closely with other CSA jurisdictions on committees focusing on communications and investor education. The IE office is also active in committees of the North American Securities Administrators Association (NASAA – comprising members from each of the securities regulators in Canada, the United States and Mexico) relating to investor education and investor alerts.

### ***Core Area 3 – Corporate Finance Branch***

#### ***Outcomes: Changes in the capital markets and regulatory regime are addressed in a timely manner - Reduction of regulatory burden on securities industry participants***

The operations of the Corporate Finance Branch help to promote an efficient capital market and economy while maintaining investor protection. In pursuit of the Commission's goal set out in the 2023-2024 Business Plan to use its expertise to address market developments and changes that affect Nova Scotians, staff of the Corporate Finance Branch continued to review the regulatory framework applicable to Community Economic Development Corporations in Nova Scotia for the purposes of

updating and modernizing the rules and harmonizing them with regulatory requirements applicable to other capital raising exemptions. Corporate Finance staff also continued their CSA committee work on the reduction of regulatory burden initiatives, venture issuer regulation, derivatives, investment funds, and prospectus exemptions and regulation of fin-tech to address developments and make necessary regulatory changes. Staff pursued, when possible, harmonization with other CSA jurisdictions of policies and procedures to continue to streamline Corporate Finance operations, including:

- training on the use and launch of SEDAR+;
- publishing the CSA Systemic Risk Report for 2023;
- publishing CSA Staff Notice 45-330 – *Frequently Asked Questions about the Listed Issuer Financing Exemption*;
- publishing CSA Staff Notice 81-334 (Revised) *ESG-Related Investment Fund Disclosure*;
- publishing CSA Staff Notice 81-336 *Guidance on Crypto Asset Investment Funds that are Reporting Issuers*; and
- publishing data from the ninth annual review of women on boards in Canada.

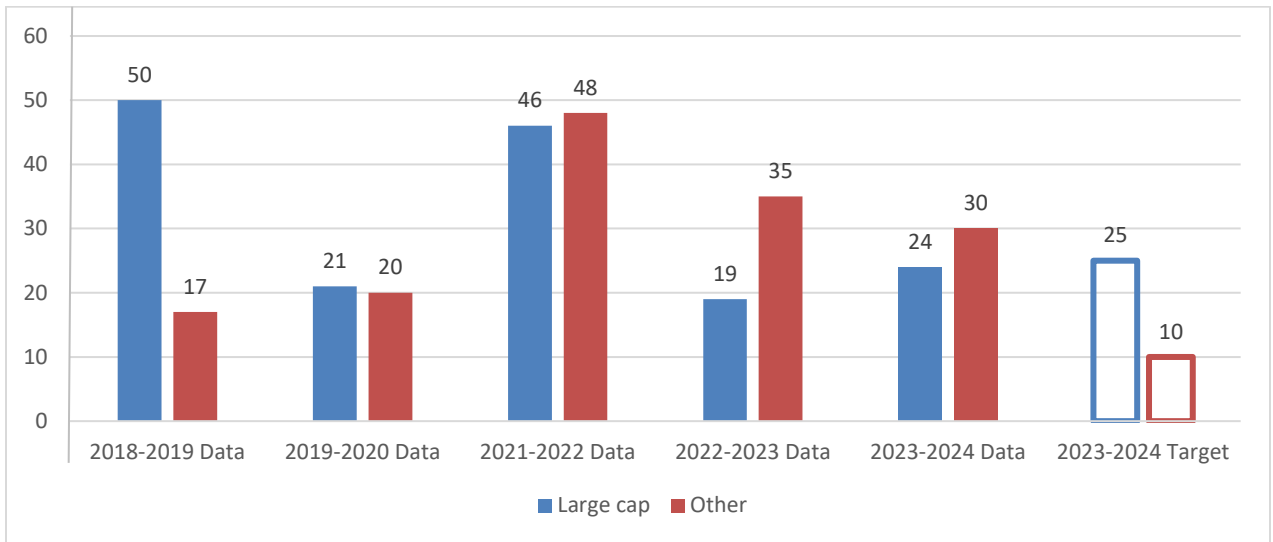
Performance measures demonstrate how efficiently the Corporate Finance Branch reviews and processes prospectuses and other offering documents filed with the Commission as the principal regulator when capital is raised by issuers. In particular, they reflect that the issuance of comment letters, non-objection letters and receipts were well within the target timelines. When the Director of Corporate Finance issues a receipt for a prospectus or non-objection letter for an offering document, an issuer can proceed to offer its securities to the public. During 2023-2024, Corporate Finance issued comment letters within three business days to three out of three (100%) short form prospectus filers. There was one long form prospectus filed during the year, with the comment letter issued within the targeted timeframe of ten business days. Corporate Finance staff reviewed one short-form prospectus and issued the comment letter and receipt within the three and one business day requirements. Staff reviewed one base-shelf prospectus under the well-known seasoned issuer exemption and met the required timeline of issuing a receipt within one business day. Staff reviewed nine Community Economic Development Corporations' (CEDIF issuers) offering documents. All the comment and non-objection letters were issued to CEDIFs within the ten and one business day timeline, respectively.

Prospectus issuers with head offices in Nova Scotia raised \$17.4 million in 2023-2024, while CEDIFs raised \$0.50 million.

The Commission's Corporate Finance staff review public companies' filings to ensure compliance with securities laws and consistency and uniformity in the information disseminated to the public so that members of the public make informed investment decisions based upon that information. In 2023-2024, staff completed reviews of Nova Scotia based public companies' continuous disclosure in two streams, separated by market capitalization: 1) large capital; and 2) other or small capital sized firms. Each of these streams review the public companies' compliance with its filing requirements.

As illustrated in the chart below, the Commission’s targets to complete continuous disclosure reviews is 25% of Nova Scotia’s large cap public companies, based on a market capitalization of \$27.5 billion, and 10% of its other or small capital reporting issuers, based on 20 other issuers. The large capital firms were just under the targets in 2023-2024. Commission staff completed reviews for \$6.6 billion out of the \$27.1 billion (24.4%) of Nova Scotia’s large cap public companies (five out of 14 large cap reporting issuers) and 6 out of 20 (30%) of the other or small cap reporting issuers. While large cap public company reviews are based on market capitalization, other issuer reviews are based on the number of public companies due to market price volatility.

*Percentage of reporting issuers based in Nova Scotia that had a review of their continuous disclosure filings in the year*



The Director of Corporate Finance has the delegated authority to issue cease trade orders in certain limited situations where a reporting issuer or a CEDIF issuer has failed to file its financial statements as required by securities laws. In 2023-2024, the Director of Corporate Finance issued three cease trade orders for failure to file financial and associated disclosure within mandated timeframes and revoked one cease trade order.

**Core Area 4 – Enforcement Branch**

**Outcomes: Enhanced protection of investors resident in Nova Scotia**

The Commission’s Enforcement Branch helps identify, stop and deter illegal activity in the capital markets to provide effective investor protection and instill confidence in the integrity of the capital markets.

Front-end investor protection is provided by the Enforcement Branch through disruptive measures, including the issuance of investor alerts and cautions to warn the public about people and entities that may be violating securities laws or operating securities or derivatives-related scams; active monitoring and surveillance for questionable securities or derivatives-related activities; and working with various financial entities, social media, and other platforms to remove advertisements and otherwise disrupt

illegal securities or derivatives-related activities. More formal front-end disruptive measures include seeking Commission issuance of various temporary orders and freeze directions against entities and individuals and over accounts and assets of the targets of investigations.

During 2023-2024, the Enforcement Branch arranged for a number of illegal online investment solicitations to be removed to protect the investing public, as well as issued or contributed to the issuance of 15 local/national investor alerts and press releases, and 23 local cautions to notify the public of suspected scams. These local cautions are also added to the CSA's national investor alert database.

The Enforcement Branch also protects investors through regulatory prosecutions for violations of securities laws. A successful prosecution allows the Commission to impose administrative monetary penalties and sanctions and prohibition orders against entities and individuals perpetrating such violations. Issuance of orders of this nature cultivates specific and general deterrence objectives against like-minded entities and individuals.

Performance measures indicate that the Enforcement Branch decisively detects and disrupts market practices and misconduct that pose a danger to the investing public, and brings cases for prosecution at hearings before the Commission when such actions are appropriate and in the public interest.

During the 2023-2024 fiscal year, the Enforcement Branch consistently met its three-day target for the provision of an initial response to each complainant.

In 2023-2024, the Enforcement Branch received 97 complaints<sup>1</sup>, of which 57 were opened as investigation files. The remaining 40 complaints were determined to be unactionable inquiries and/or were referred to other regulatory agencies as applicable. A significant amount of Enforcement Branch time and resources are spent assessing and responding to all complaints, including those that do not result in investigative or enforcement action.

With each complaint, the preliminary facts must be assessed to determine if the Enforcement Branch has jurisdiction to initiate an investigation. Enforcement jurisdiction only exists where there is a locational nexus to a "distribution" or "trade" in a "security" or "derivative."

72 investigation files were concluded in 2023-2024. Of those 72 files, 54 files (75%) were concluded within the first nine months of commencing the investigation. 14 files (19%) took between nine and 24 months to conclude. 94% of all investigative files that were closed within the fiscal year were concluded within two years of file opening.

The chart below shows that Enforcement Staff exceeded the target of concluding 60% of all investigations within the nine-month target. Enforcement Staff came close to concluding 100% of all investigations within the 24-month target, falling short by less than 6%.

The exponential growth in the number of digital transactions during the pandemic brought a new reality for Canadians. The increase in the scope and scale of these transactions created new opportunities

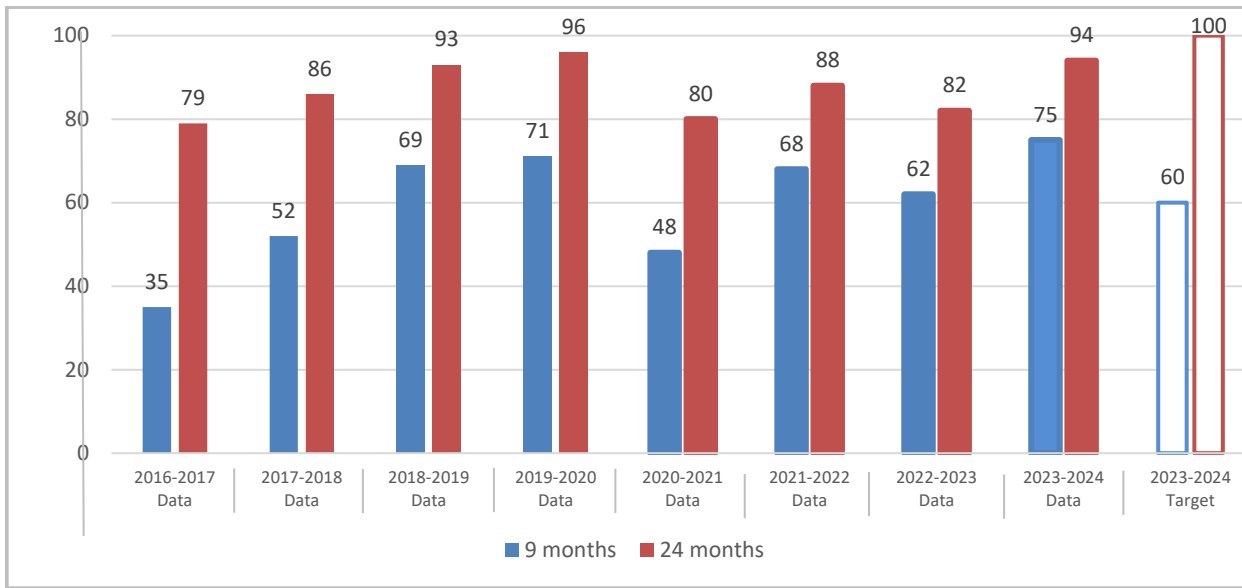
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<sup>1</sup> "Complaints" in this report include public complaints; public inquiries; referrals from SROs and other regulatory authorities, both inside and outside of Canada; self reporting; internal departmental referrals; internal surveillance efforts and monitoring of online sources, media, social media, civil court actions and criminal conviction searches.

for fraudsters and online investment fraud as Canadians put more of their personal and financial information online and may have become less vigilant in the process.

Due to the substantially increased volume of complaints since the pandemic, online fraud, and the growing complexity of investigation files as a result of both traditional and new financial instruments, coupled with the growing volume of available records and extensive use of the plethora of available online and social media platforms, investigations are more complex and more time consuming, and require extensive legal, investigative, technological, and supporting resources to advance.

*Percentage of investigations concluded by Enforcement Staff based on: 1) 60% of investigations within nine months; and 2) all investigations within 24 months*



The timely conclusion of Enforcement Branch litigation files requires the achievement of two key benchmarks once a file has been referred to enforcement counsel following investigation: 1) the completion of a initial review within 30 days; and 2) the initiation of issuance of the Statement of Allegations and Notice of Hearing within 60 days of referral or conclusion of any negotiations. The Enforcement Branch continues to meet its target with respect to these two benchmarks.

In 2023-2024, the Enforcement Branch concluded three administrative enforcement proceedings. These proceedings resulted in the imposition of regulatory sanctions, \$65,000 in administrative penalties, and \$3,500 in costs.

The Enforcement Branch also successfully went to a hearing on the merits of allegations in a proceeding in January 2024. The merits decision was issued on April 2, 2024. The sanctions and penalty phase of the proceeding is ongoing.

The Enforcement Branch continues to participate in CSA committee work to develop and harmonize investigative and litigation methods, to streamline and standardize procedures to better utilize resources, share intelligence as applicable and permissible by law, and to expedite complaint resolution.



Given the increasingly complex securities and derivatives landscape and evolving nature of threats, enforcement demands a highly collaborative approach to protect investors located in Nova Scotia and elsewhere within and outside of Canada. The Enforcement Branch routinely collaborates with and/or assists other regulatory authorities with investigations and prosecutions spanning multiple jurisdictions through the CSA, NASAA and other groups.

## Appendix A

### *Annual Report under Section 18 of the Public Interest Disclosure of Wrongdoing Act*

The *Public Interest Disclosure of Wrongdoing Act* (the Act) was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labor Board.

A wrongdoing for the purposes of the Act is:

- a) a contravention of provincial or federal laws or regulations,
- b) a misuse or gross mismanagement of public funds or assets,
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health, or safety of persons or the environment, or
- d) directing or counselling someone to commit a wrongdoing.

#### **Table A.1**

The following is a summary of disclosures received by the Commission

<b>Information Required under Section 18 of the Act</b>	<b>Fiscal Year 2023-2024</b>
The number of disclosures received	Nil
The number of findings of wrongdoing	Nil
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A