



SECURITIES  
COMMISSION

Business Plan 2016-2017

## **Mandate**

The Nova Scotia Securities Commission (the “Commission”) is an independent, 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 fulfillment of its mandate through licensing securities industry professionals and reviewing prospectuses and offering documents for the public offerings of securities. The Commission also carries out compliance reviews of market participants headquartered in Nova Scotia, investigates complaints from the public, enforces Nova Scotia securities laws and educates Nova Scotians through a variety of investor education programs.

## **Government Priorities**

### **Priorities, Goals and Outcomes**

The core activities of the Commission (in Appendix A) directly support the Government’s Innovation priority and the goal of “Creating the climate for private-sector and social-enterprise economic growth to support the ONE NS economic goals.” Specifically the outcome of fair and efficient formation of capital is integral to the development of private sector businesses and their growth.

### **Actions**

In 2016-17 the Commission, in addition to acting independently where warranted, will continue to pursue harmonized rules and programs developed and amended in collaboration with other members of the Canadian Securities Administrators (“CSA”) to facilitate capital formation while providing investor protection. In 2016-2017 harmonized work and development will continue regarding regulation of crowdfunding,

derivatives and revising standards for investment professionals. Collaboration is accomplished primarily through email and conference calls to ensure the efficient use of resources and to result in an efficient, fair and effective environment for Nova Scotia businesses and investors. To continue this work, the Commission must develop an interface with the proposed national co-operative Capital Markets Regulatory Authority.

### **Inputs**

The Commission, with a staff of nineteen full time equivalents (FTE), being a small contingent compared to securities regulatory authorities of comparable sized provinces, and an annual budget of \$2.6 million, participates in numerous CSA activities to advance the regulatory needs of Nova Scotia investors and businesses in fulfilling the Commission's mandate.

### **Performance Measures**

The Commission has established a number of performance measures set out below by which it gauges its performance and responsiveness in achieving these outcomes to the constituencies it serves. Generally, on a monthly basis, management staff report to the Commission on such measures.

1. Commission (proper) - The adoption of national, multilateral and local instruments and policies by the Commission in accordance with the Commission's commitment to its mandate and the needs of the Province balanced against the desire for harmonization of Nova Scotia securities laws with the securities legislation in the other Canadian jurisdictions. In addition, the Commission considers exemption applications and makes coordinated decisions within time frames agreed to by the members of the CSA.

Staff report at year end on the issuance of adjudicative decisions by the Commission within time frames set by the Commission following final submissions in hearings, namely within 10 business days following submissions in settlement hearings and within 90 days following final submissions in contested hearings, to ensure public confidence in the Commission's enforcement activities and fairness to respondents in hearings before the Commission.

2. Capital markets (registration) - To review and make a decision regarding individual registration within two weeks and corporate registration applications within six weeks when the applications are from Nova Scotia resident individuals or firms. Applications that are received via the Passport system are entirely controlled by the principal regulator of the applicant and are out of the control of the Commission's Capital Markets staff.
3. Compliance reviews – To initiate eight compliance examinations and complete seven based on the number of field examinations conducted in similar sized jurisdictions.
4. Corporate Finance – Reporting issuers' prospectus, continuous disclosure and exemption applications are reviewed comprehensively and in the time frames agreed to by members of CSA. Community Economic Development Investment Funds are reviewed based on time frames established by the Commission, namely ten days to issue a first comment letter.
5. Investigations – To review and make an initial assessment of each complaint of potential violations of securities laws within three days of receipt of complaint. Continued critical review and assessment of appropriateness of response to prevent harm and respond to complainants and reported incidents of violations of Nova Scotia securities laws. Enforcement staff to conclude investigation and report to the Director of Enforcement on 60% of investigations within 9 months and all investigations within 24 months.
6. Enforcement Counsel – Litigation files require the achievement of two key benchmarks once a file has been referred to enforcement counsel following an investigation: the completion of an initial review and the issuance of a Statement of Allegations and Notice of Hearing. The initial review to be completed within 30 days of receiving the referral and the issuance of a Statement of Allegations and Notice of Hearing within 60 days of referral and the conclusion of negotiations with the respondent.
7. Investor education – To provide continuous investor education to Nova Scotians by engaging them through community outreach and online channels. To measure the effectiveness of reaching audiences,

analytic software is used to monitor and report on the Commission's website and social platforms, and monthly activities as well as participant surveys conducted after community outreach events. National and international investor education campaigns are executed and measured through participation on project committees with the CSA and North American Securities Administrators Association (NASAA).

8. Communications - To achieve all items outlined in the Communications Strategy, annual goals are created which set quarterly measures and objectives for each section of the Commission. The status of measures and objectives are reported monthly to ensure proper planning and allocation of resources. Media monitoring is also measured monthly to ensure reporting accuracy and coverage on securities and financial matters that directly affect investing and raising capital in Nova Scotia.

## Appendix A

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

Proactive:

- Licensing of securities industry professionals (2873 in 2014-15)<sup>1</sup>;
- Reviewing prospectuses in connection with proposed public offerings of securities (6 in 2014-15)<sup>2</sup> and continuous disclosure (10 in 2014-15)<sup>2</sup> from Nova Scotia's public companies;
- Reviewing offering documents (20 in 2014-15)<sup>2</sup> prepared by issuers pursuant to the Community Economic Development Corporations Regulations;
- Carrying out targeted compliance reviews (6 in 2014-15) of public companies headquartered in Nova Scotia and investment industry registrants;
- Overseeing the in Nova Scotia work of self-regulatory organizations involved in the protection of Canadian investors;
- 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; and

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<sup>1</sup> Number of Nova Scotia resident professionals 2014-15.

<sup>2</sup> Where Nova Scotia is the principal regulator

- Ensuring timely and responsible execution of the Commission's core responsibilities.

Reactive:

- Reviewing and adjudicating on exemption applications from the requirements of Nova Scotia securities laws (4<sup>3</sup> and 55<sup>4</sup> in 2014-15);
- Investigating complaints from the public (53 in 2014-15) 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> Where Nova Scotia was the principal regulator.

<sup>4</sup> Where Nova Scotia was not the principal regulator.