

NOVA SCOTIA SECURITIES COMMISSION

Statement of Mandate

2014 - 2015

Table of Contents

- 1. Message from the Chair 2
- 2. Department Mandate 4
- 3. Government Priorities 5
- 4. Budget Context..... 7
- 5. Outcomes and Performance Measures..... 8

1. 2014 Statement of Mandate – Chair’s message

I am pleased to present the 2014-2015 Statement of Mandate for the Nova Scotia Securities Commission, setting out our goals and objectives for the coming year.

The Commission is responsible for the oversight of Nova Scotia’s capital markets, and its principle objectives are the protection of Nova Scotia’s investors and the promotion of fair and efficient markets for raising capital in our province. This is accomplished through performance measures that ensure the effective and efficient use of our resources and encompass our core values of respect, integrity, reliability and accountability.

Investor Protection

The Commission’s primary objective is investor protection, and we fulfil this objective through our registration, compliance, enforcement, investor education and policymaking activities.

We oversee the registration of investment and mutual fund dealers and companies and carry out reviews and audits of these registrants to ensure that all regulatory requirements are met. We also monitor the public filings and other activities of Nova Scotia’s public companies and work with those companies to ensure proper compliance with Nova Scotia’s securities laws. Our registration and compliance goals for the coming year include continuing to achieve a high standard of responsiveness to the applications and filings of our registrants, conducting compliance reviews for a significant and representative group of Nova Scotia’s public companies, and ensuring that any deficiencies that are detected are corrected immediately and appropriately.

Where we detect that there has been malfeasance or a serious breach of our securities legislation, the Commission’s enforcement branch conducts investigations and brings administrative proceedings against the parties involved. In the course of their investigations, our enforcement staff also work with other law enforcement agencies, both in Nova Scotia and in other jurisdictions. In the coming year, our enforcement branch will continue to ensure that the processing of complaints, investigations and prosecutions are handled in a timely manner and in the public interest. This year, our enforcement staff will also be working towards a closer relationship with the Department of Public Prosecutions in order to ensure that criminal and quasi-criminal prosecutions arising from the breach of Nova Scotia securities laws can be brought forward in an efficient and effective manner.

The Commission’s investor protection mandate is also advanced by our investor education programs. These programs use various communication strategies, including the Commission’s blog and twitter feed, to reach as many Nova Scotia investors and small businesses as possible and inform them about responsible investing, fraud alerts and the functioning of our capital market systems. We also conduct specific outreach to the province’s youth through school programs and seniors groups through various in-person presentations.

Fair and Efficient Capital Markets

Our second key objective is the maintenance of a stable, secure regulatory environment in Nova Scotia for investors and for those seeking to access our capital markets to finance their business initiatives. In the coming year, we will continue to work cooperatively with new and established Nova Scotia companies that are seeking to raise capital in the public markets to ensure that they do so in an appropriate manner and are able to take advantage of the numerous small business capital raising exemptions available to them.

Market confidence and stability are enhanced by our compliance and enforcement activities discussed above, as well as our policy development work, which we pursue independently and in cooperation and consultation with other Canadian securities regulators. In recent years, together with our counterparts in other Canadian provinces, we have developed streamlined processes for many public company interactions with the Commission under the passport system of mutual reliance, and we continue to seek further improvements to this system.

In the coming year, the Commission will continue to participate in national policy-making through various initiatives of the Canadian Securities Administrators (the “CSA”). A number of significant projects will be pursued in 2014-2015, including the further development of a crowdfunding regime for Canada, developing further enhancements to the CSA information technology systems, further examination of the regulatory standard of conduct for investment advisers and dealers and the regulation of mutual fund fees, continuing the development of improved regulation of securitized products and derivatives, concluding the review of the accredited investor and \$150,000 prospectus exemptions, and the continued development of rules for improving the information provided to investors at the point of sale.

This year we will also be continuing to support the province’s community economic development investment funds (“CEDIFs”), through our ongoing consultation, registration, compliance and monitoring activities.

Our Team

Carrying out this mandate will not be possible without the hard work, dedication and commitment of our staff and our Commission members. I would like to acknowledge their significant efforts to aid the Commission in carrying out our goals and promote the interests of Nova Scotia investors and capital markets.

“Sarah Bradley”

Sarah P. Bradley

Chair & CEO

Nova Scotia Securities Commission

2. Department Mandate

The Commission is an independent, quasi-judicial tribunal which works to fulfill the mandate assigned to it under the Securities Act. Under 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 carries out the mandate assigned to it by Government through statute and regulation in a number of ways, including:

- Licensing of securities industry professionals;
- Reviewing prospectuses in connection with proposed public offerings of securities, and continuous disclosure from Nova Scotia's public companies;
- Reviewing offering documents prepared by issuers pursuant to the Community Economic Development Corporations Regulations ("CEDIFs");
- Carrying out targeted compliance reviews of public companies headquartered in Nova Scotia and investment industry registrants;
- Reviewing and issuing exemptions from the requirements of the Securities Act;
- Investigating complaints from the public and carrying out fair and timely enforcement of Nova Scotia securities laws;
- Overseeing the 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 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
- Ensuring timely and responsible execution of the Commission's core responsibilities.

The Commission's vision is to be an effective and responsive securities regulator that instills investor confidence in and supports fair and efficient capital markets in Nova Scotia.

3. Government Priorities

The Commission provides important contributions to several of the Government's core priorities such as:

- a) Consumer-focused energy solutions including a regulated, competitive energy market
- b) Prosperous businesses of all sizes – creating jobs across the province
- c) Responsible fiscal management

The Commission plays a key role in the Nova Scotia economy, overseeing the capital markets in order to create an environment of transparency, efficiency and fairness, and to promote faith and confidence in the investment community and Nova Scotia's financial markets. The following is a discussion of how the Commission's decision-making, strategic planning and programs align with these core priorities.

a) Consumer-focused energy solutions including a regulated, competitive energy market

The Commission's actions enable companies in the energy industry to have access to competitive capital rates which they require in order to complete their growth and energy generation plans on a cost effective basis. The lower the costs of capital are for energy projects the better off consumers and industry are as these rates are factored into the return calculations of the Utilities Review Board in setting electricity rates. There are two types of companies the Commission directly interacts with; public companies such as Emera Incorporated and Nova Scotia Power Incorporated which have head offices in Nova Scotia and Community Economic Development Investment Funds ("CEDIFs") which develop alternative energy projects such as those approved for COMFIT (Community Feed In Tariff) by the Department of Energy which include both wind and tidal energy generation. The Commission is the principal regulator and therefore the decision maker on behalf of participating jurisdictions of the CSA for public companies with head offices in Nova Scotia and is also the primary reviewer for their prospectuses and continuous disclosure filings. CEDIFs are also subject to the review, and where appropriate the non-objection of the Commission prior to accessing the local public markets for funding.

b) Prosperous businesses of all sizes – creating jobs across the province

In addition to regulating the financial services industry jobs selling mutual funds and stocks and bonds, the Commission plays a role in establishing and maintaining public faith and confidence in the capital markets. This faith and confidence, a result of the Commission's activities ensuring the reliable and accurate disclosure of businesses' activities is important to mitigate investors' concerns when investing. Companies also must have confidence in the markets and rely on the Commission to ensure that there is a level playing field in their competition to obtain the lowest cost of capital. The Nova Scotia Securities Commission ensures access to fair

and efficient capital markets for over 40 active public companies, over 50 CEDIFs and all private companies in Nova Scotia, which create employment throughout the province.

c) Responsible fiscal management

The Commission operates its programs efficiently and effectively. Monthly, each division of the Commission prepares a report of its operations to enable the Commission and its management staff to examine the programs and their outcomes to ensure that they are sustainable, essential and relevant to the needs of stakeholders. A number of the Commission's programs are developed and amended in collaboration with other members of the CSA, of which the Commission is a member. This work is accomplished primarily through email and conference calls to ensure the most efficient use of resources.

The Commission's service delivery for the review and consideration of prospectus filings, exemption applications and registration applications is coordinated with other jurisdictions pursuant to a highly efficient system of mutual reliance known as the "passport system", which was developed by the CSA in order to allow market participants to access capital markets across Canada through a single regulator.

The Commission has a progressive investor education program that relies heavily on cooperation with partners and stakeholders to leverage funds and increase our capacity to reach Nova Scotia investors. Locally, we are active participants in a coalition of police, federal and provincial government agencies and departments, and non-profit groups working to prevent fraud of all types, known as the Partners Against Fraud Committee. Through the CSA and the North American Securities Administrators Association Investor Education Committees, we are able to collaborate with some of the best minds in financial literacy and bring world class investor education programs to the Province, at a fraction of the cost of developing and delivering them on our own.

For the Fiscal Year 2012-2013, the Commission had revenues of \$15,741,000 and expenditures of \$2,634,000, thereby generating net revenue to the Province of \$13,107,000 and a net positive variance to plan of \$1,630,000.

4. Budget Context

Nova Scotia Securities Commission			
	2013-2014 Estimate	2013-2014 Forecast	2014-2015 Estimate
	(\$thousands)	(\$thousands)	(\$thousands)
Program Expenses:			
Salaries	1,874	1,871	1,894
Operating Costs	780	707	850
Total Program Expenses	2,654	2,544	2,744
Additional Information:			
Ordinary Revenue	(15,406)	(15,528)	(15,800)
Fees and Other Charges		(5)	
Ordinary Recoveries			
Provincial Funded Staff (FTEs)	19	19	19

5. Outcomes and Performance Measures

The Commission has established a number of performance measures by which we gauge our performance and our responsiveness in achieving these outcomes to the constituencies we serve. On a monthly basis, our management staff reports on these measures to the Commission. In the charts below, we set out a summary of our performance in recent years compared to our base year performance in 2008-2009.

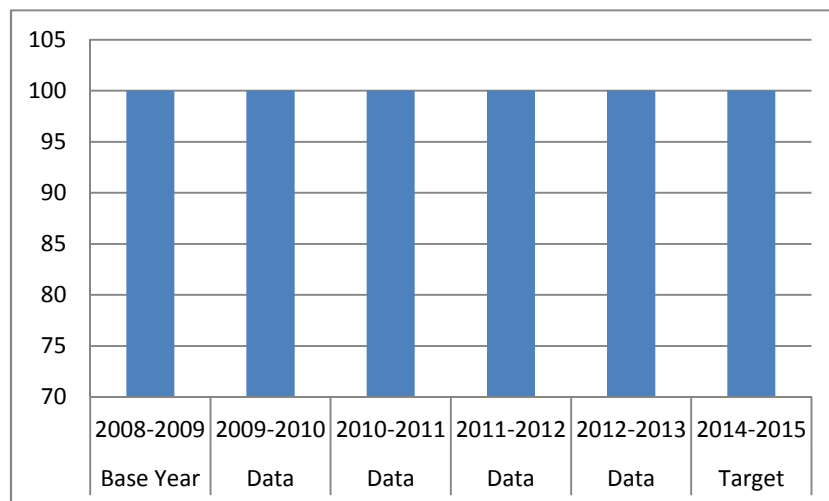
Outcome: Efficient administration of the Commission’s adjudicative and exemption granting jurisdictions

Performance Measures – Commission

It is important that the Commission respond in a timely manner when implementing new nationally-harmonized securities legislation, granting requests for exemptions from Nova Scotia securities laws and making decisions with respect to the outcome of adjudicative hearings. The Commission Secretary monitors these activities and ensures timelines are met.

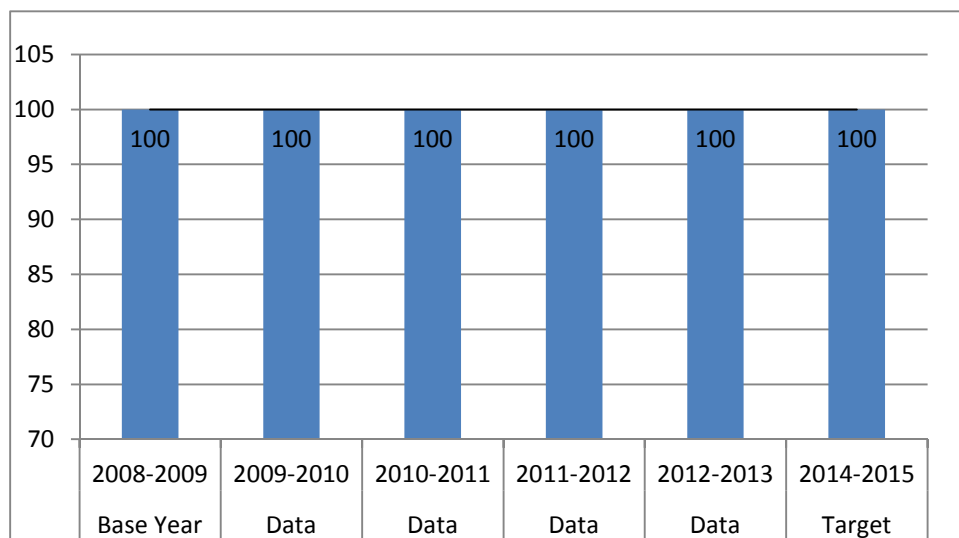
The Commission is also required to enact nationally-harmonized securities regulations efficiently in order to continue the harmonization of securities laws as contemplated in the Provincial/Territorial Memorandum of Understanding on Securities Regulation. In furtherance of this mandate, the Chair meets with the Minister and Department of Finance officials to bring forward legislation efficiently. Below, Chart 1 demonstrates that we have consistently met 100% of our set timelines for such enactments, and we have set a target of 100% again for 2014-2015.

Chart 1: Percentage of national and multilateral instruments adopted by the Commission as rules within timelines agreed upon by participating jurisdictions



For the efficient operation of capital markets, applicants require their applications for exemptive relief to be acted on without undue delay; to meet this objective the Commission meets on a weekly basis. Below, Chart 2 demonstrates that we have consistently met 100% of our set timelines for the consideration of such applications, and we have set a target of 100% again for 2014-2015.

Chart 2: Percentage of exemption applications considered within 5 business days of filing



Public confidence in the Commission’s enforcement activities and fairness to respondents in hearings before the Commission requires that orders be made on a timely basis following final submissions in hearings. Prior to 2012-2013, our goal was to have orders issued in all hearings within 10 business days.

Chart 3 demonstrates that we consistently achieved this objective in the vast majority of cases. In 2010-2011 and 2011-2012, however, we did not meet our targeted outcome, because in those years, the Commission heard a number of matters that were contested, lengthy and complex, for which the 10 day target was not realistically achievable. For 2012-2013, we amended this measure, maintaining our goal of 10 business days for matters that are concluded by a settlement hearing, and implementing a new performance measure of 90 days for contested hearings.

Below, Chart 3 demonstrates our performance for all hearings prior to 2012-2013, Chart 4 illustrates our new target for settlement hearings, and Chart 5 sets out our new target for contested hearings.

Chart 3: Percentage of orders made within 10 business days of the final submissions from the parties following the conclusion of a hearing

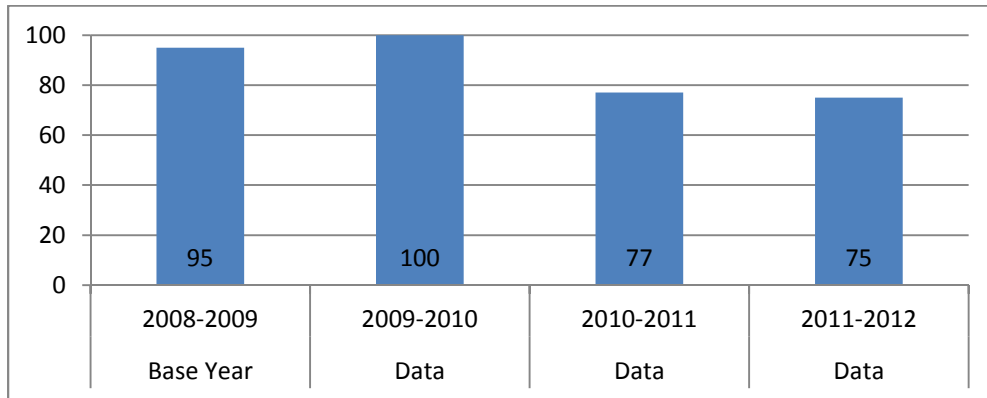


Chart 4: Percentage of orders and decisions made within 10 business days of the final submissions from parties following the conclusion of a settlement hearing (a new measure in 2012-2013)

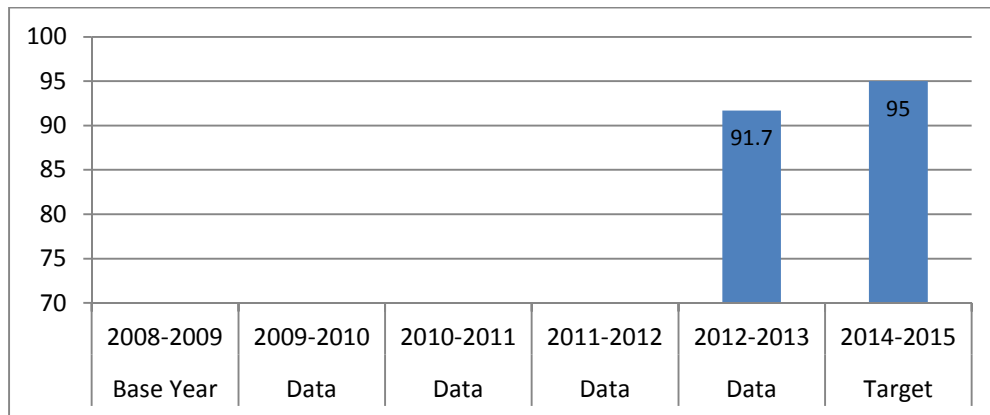
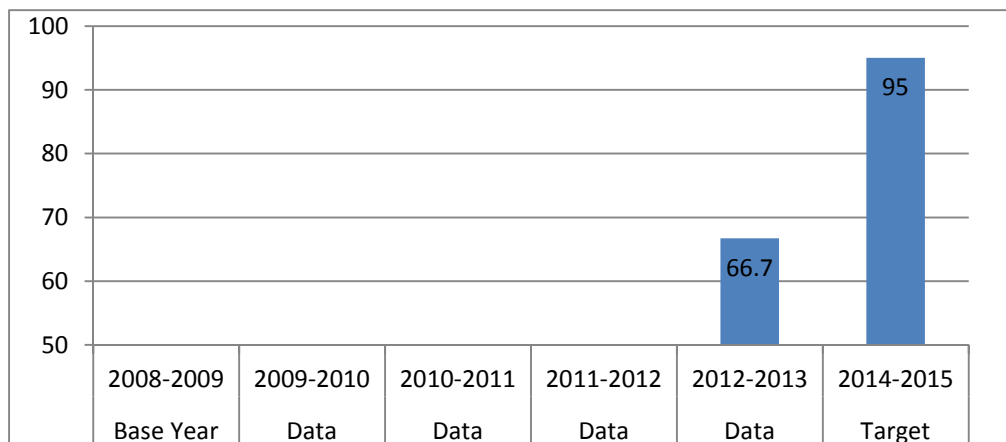


Chart 5: Percentage of orders and decisions made within 90 days of the final submissions from parties following the conclusion of a contested hearing (a new measure in 2012-2013)

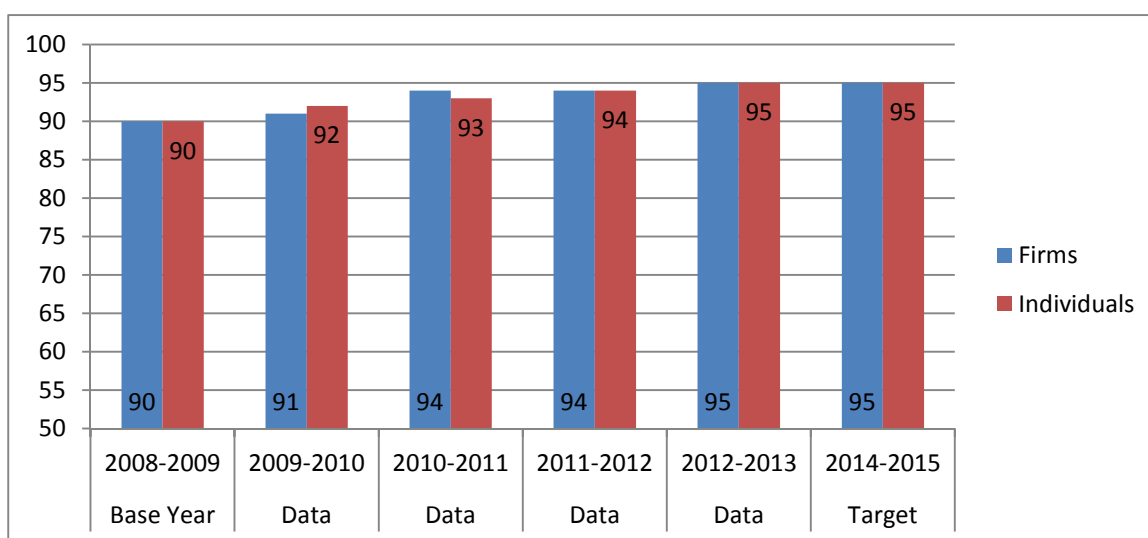


Outcome: Efficient administration of the registration system

Performance Measures – Registration

The Deputy Director of Capital Markets is responsible for a daily review and processing of registration submissions from firms and individuals. The data submitted on the National Registration Database is reviewed to ensure that individuals entering the securities industry have the necessary education and experience and that the firms entering the industry have sufficient financial resources and management to properly fulfil their roles. Below, Chart 6 demonstrates that we have consistently met over 90% of our set timelines for the processing of such applications, and we have set a target of 95% for 2014-2015.

Chart 6: Percentage of firm applicants and individual applicants, where the Commission is the principal regulator that had their applications processed within the mandated timeframes after the final submission of necessary documents



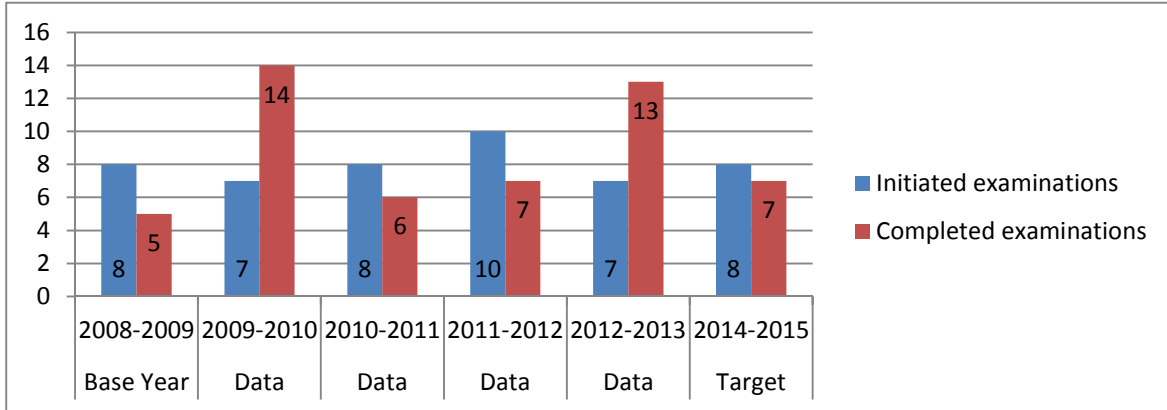
Outcome: Efficient administration of the compliance programs to deter undesirable behavior in capital markets and provide effective investor protection

Performance Measures – Compliance

The Commission's Manager of Compliance conducts compliance reviews of the securities firms registered in Nova Scotia in order to monitor whether they are complying with Nova Scotia securities laws. Reviews may be conducted on the firms' premises, may be conducted at the Commission as desk reviews, or may be part of a "sweep" that focuses on a particular issue. Some compliance reviews are frequently done in collaboration with the CSA Compliance Committee. Below, Chart 7 illustrates the number of field examinations that have been initiated and completed by the Commission, and our target for 2014-2015 of 8 initiated and 7 completed

examinations. The target is based on the number of field examinations conducted in similar CSA jurisdictions.

Chart 7: Initiated and completed field examinations of Nova Scotia registrants (one FTE)



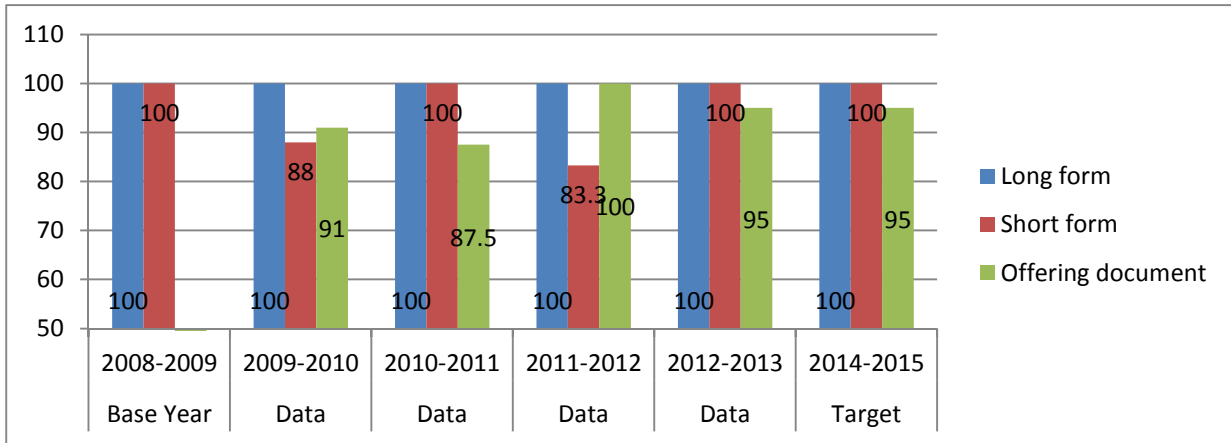
Outcome: Efficient administration of the prospectus, Community Economic Development Investment Fund and continuous disclosure review systems

Performance Measures – Corporate Finance

Businesses requiring capital need a thorough and timely review of their filings and meaningful feedback which will enable them to remedy any disclosure deficiencies so that they may sell their securities in the capital markets. For prospectuses, the disclosure standard is a national standard required by the harmonized rules of the CSA and for other offering documents, the requirements of Nova Scotia securities laws. These activities are monitored daily by the Director of Corporate Finance.

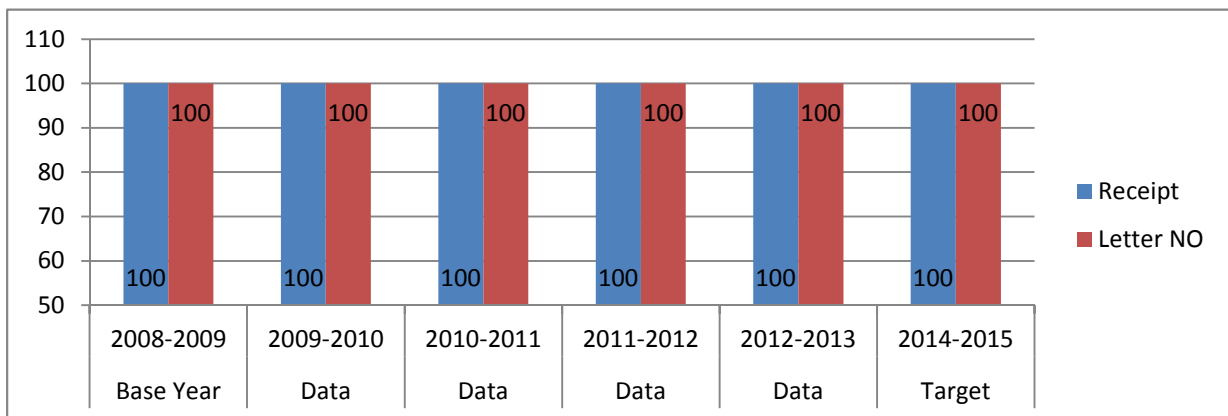
Below, Chart 8 demonstrates our past performance with respect to the percentage of issuers based in Nova Scotia who received a first comment letter for their preliminary long form prospectus, short form prospectus or offering document within mandated timeframes, and our target for 2014-2015 of 100% for short and long-form prospectuses, and 95% for offering documents.

Chart 8: Percentage of issuers based in Nova Scotia who received a first comment letter for their preliminary long form prospectus, short form prospectus or offering document within CSA mandated timeframes



Below, Chart 9 illustrates the percentage of issuers based in Nova Scotia who received their receipt for a prospectus or letter of non-objection for an offering document within the nationally and locally mandated timeframes after filing final documents and sets our target of 100% for 2014-2015.

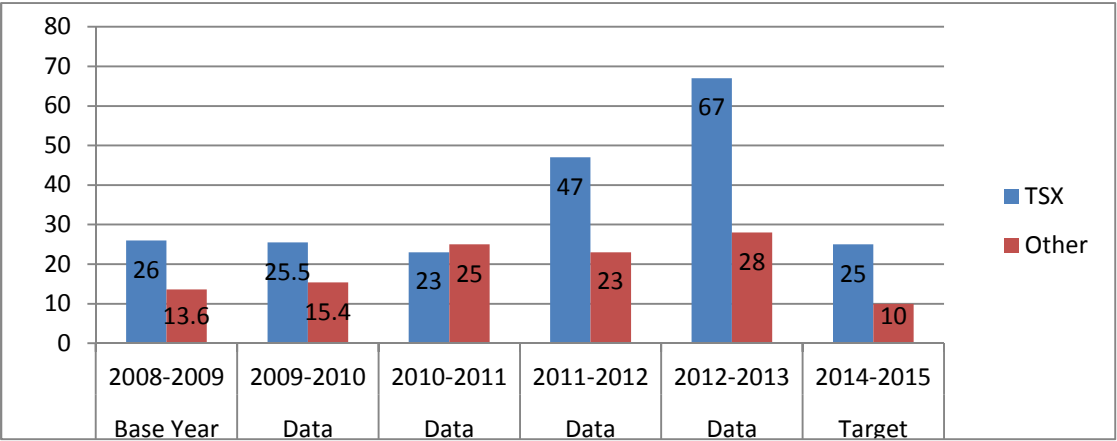
Chart 9: Percentage of issuers based in Nova Scotia who received the receipt for a prospectus or letter of non-objection for an offering document within the mandated timeframes after filing final documents



Continuous disclosure documents filed by reporting issuers are reviewed by Corporate Finance staff to ensure that the disclosure complies with securities laws. Some files in the review are also peer reviewed by other CSA jurisdictions to ensure consistency. The progress on these files is reviewed at least monthly by the Director of Corporate Finance. Chart 10 below illustrates the

percentage of reporting issuers based in Nova Scotia that had a review of their continuous disclosure filings in the year. Issuers listed on the TSX are reviewed on a percentage of market capitalization basis, others on the percentage of numbers of issuers. The targets in this category are harmonized with other CSA jurisdictions.

Chart 10: Percentage of reporting issuers based in Nova Scotia that had a review of their continuous disclosure filings in the year



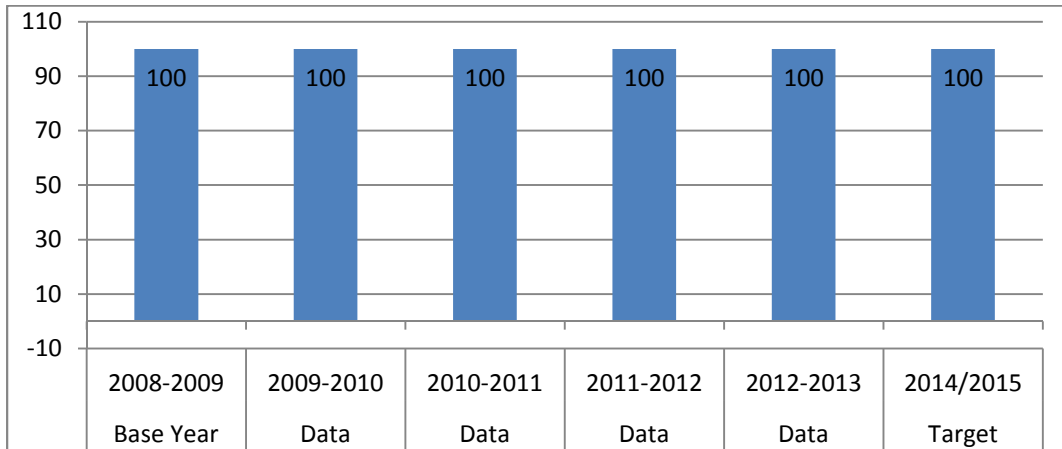
Outcome: Efficient administration of enforcement programs to deter undesirable behavior in capital markets and provide effective investor protection

Performance Measures – Enforcement

This outcome is achieved by performing an ongoing critical review of case assessment and intake procedures to assess appropriateness of responses to complainants and reported incidents of violations of Nova Scotia securities laws. Files are tracked as they are investigated and if warranted, sent to enforcement counsel to commence a hearing before the Commission. This review is conducted by the Director of Enforcement to ensure maximum effect in Nova Scotia capital markets from enforcement efforts and efficient use of scarce resources.

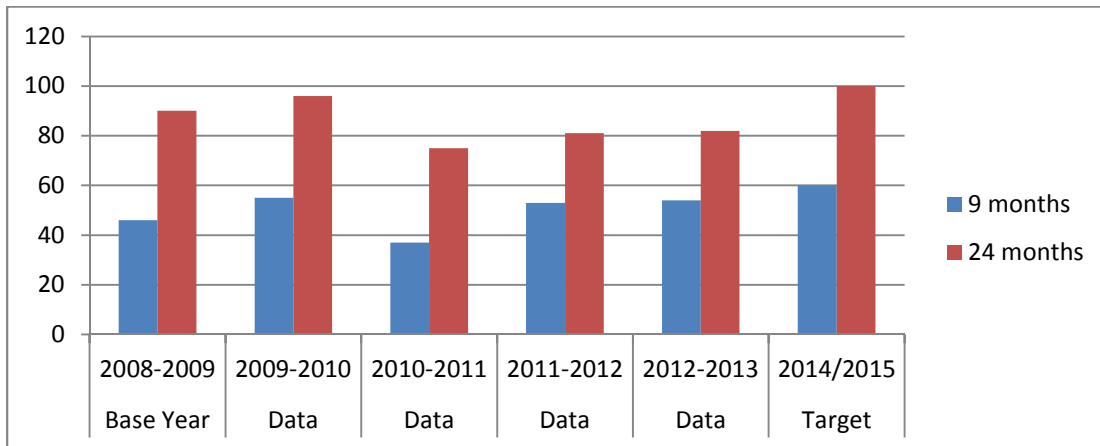
Below, Chart 11 demonstrates that we have consistently met 100% of our target of 3 days from receipt for the review and confirmation of the initial assessment of each complaint, and that we have set a target of 100% again for 2014-15.

Chart 11: Enforcement staff to refer to Director, Enforcement, for review and confirmation of initial assessment of each complaint within 3 days of receipt of complaint



Below, Chart 12 sets out our performance and goals relative to our target of concluding 60% of investigations within 9 months and concluding all investigations within 24 months.

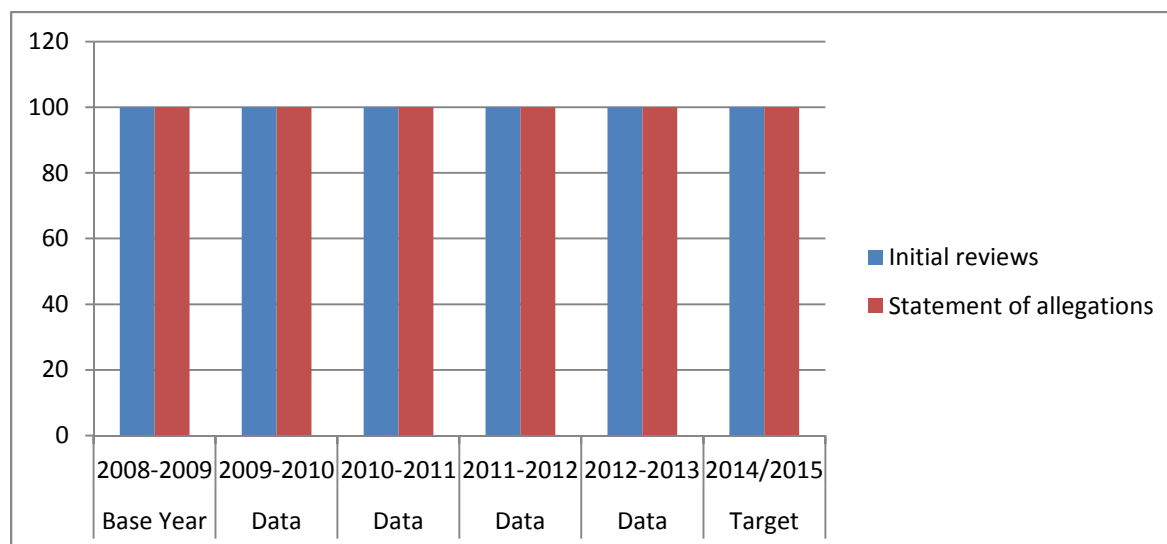
Chart 12: Enforcement staff to conclude investigation and report to Director, Enforcement, on 60% of investigations within 9 months and all investigations within 24 months



The timely conclusion of enforcement litigation files requires the achievement of two key benchmarks once a file has been referred to enforcement counsel following investigation: the completion of an initial review, and the issuance of a Statement of Allegations and Notice of Hearing. Our goal is to have the initial review completed within 30 days of receiving a referral and to have initiated the issuance of a Statement of Allegations and Notice of Hearing within 60 days of referral and the conclusion of negotiations with the respondent. Below, Chart 13

demonstrates that we have consistently met 100% of our target with respect to these two benchmarks, and that we have set a target of 100% for each again for 2014-15.

Chart 13: Percentage of files where enforcement counsel completes initial review of investigation files referred to counsel and provides a written response within 30 days; and 2) enforcement counsel initiates issuance of a Statement of Allegations and Notice of Hearing within 60 days of referral and conclusion of negotiations



Outcome: Efficient administration of the investor education programs and communication of Commission activities to promote effective investor protection

Performance Measures – Investor Education and Communications

In 2013, the Commission developed and implemented a Communications Strategy. The Strategy includes a Communications Matrix which sets out investor education measures and goals. In developing the Strategy, it was determined that the amount of participation in public education events does not necessarily measure the effectiveness of the Commission’s investor education program. Therefore, in the Statement of Mandate for 2013-2014, the public events measure that was in previous Statements of Mandate was replaced with a new measure relating to the Communications Matrix.

The Communications Strategy will be periodically reviewed to determine its effectiveness and how social media coverage can be enhanced to increase the public’s awareness of the Commission and its work to protect the public interest. New audiences are explored and new relationships with stakeholders are built to help us deliver our message as well as respond to feedback.

Below, Chart 14 illustrates our achievements and targets with respect to the percentage increase in media coverage of the Commission. We note that the increase seen in 2008-2009 is not indicative of the amount of increased coverage that can be expected on an annual basis going forward. Rather, the increase experienced that year reflected the Commission’s decision to specifically increase its dedication of work resources towards communications. For 2011-2012, the substantial average increase for all media hits resulted from a 166% increase in coverage by an industry publication (the Investment Executive) and continuing coverage of one enforcement matter that was before the Commission for several years that was completed in December 2012.

In June, 2012, there as a change in staff responsible for communications, resulting in a change of measurement for media coverage to a new computerized format. Therefore, it would be difficult to obtain accurate data to express the change between 2011-2012 and 2012-2013 as a percentage. The important point to make is that media coverage continued at a steady pace with an average of two media stories a month. We are still targeting for a 10% increase in media coverage for 2014-2015.

Chart 15 illustrates our new target relating to completing the tasks set out in our Communications Matrix.

Chart 14: Percentage increase in media coverage of the Commission in newspaper articles, radio, television and social media

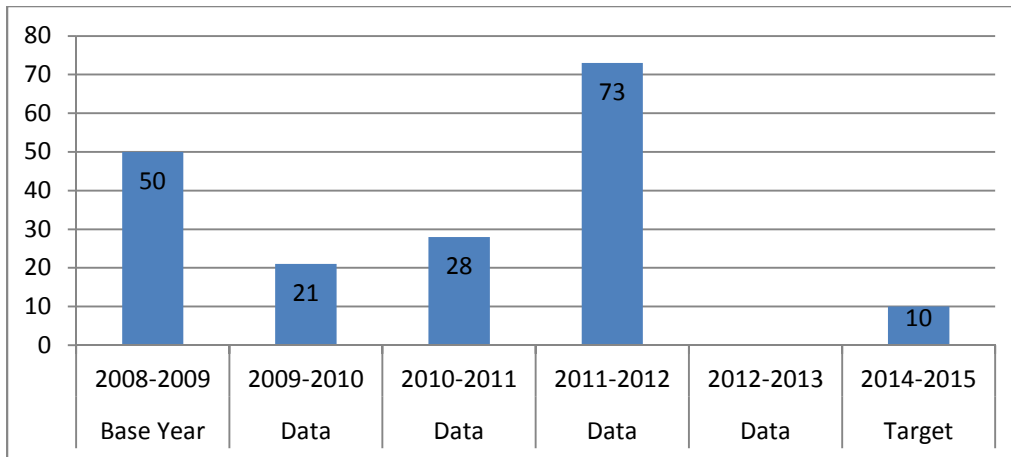
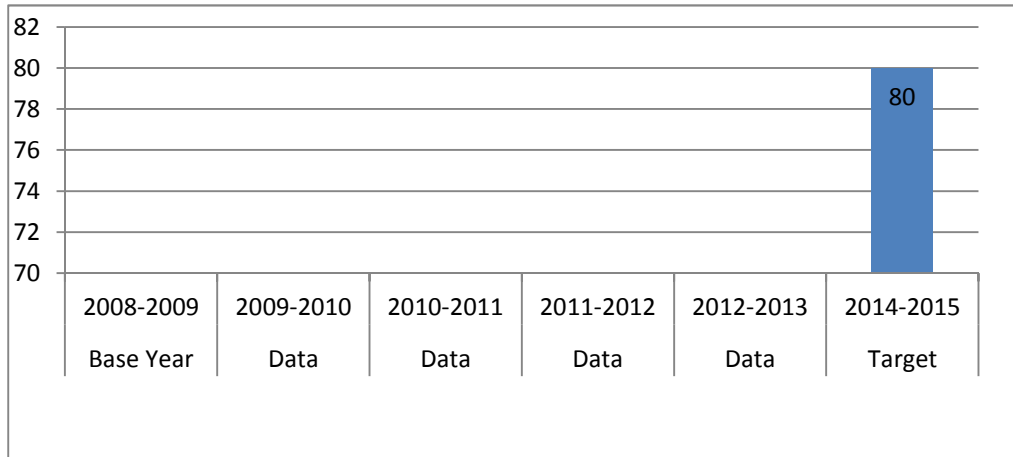


Chart 15: Completion of tasks and objectives outlined in the Communications Matrix for investor education specific goals (a new measure in 2013-2014)



Below, Chart 16 illustrates the percentage increase in hits to the Commission’s investor-oriented blog, Before You Invest, and the increase in Twitter followers for the Commission’s B4U Invest Twitter account. This was a new measure introduced in the spring of 2009. In 2009-2010, for the Before You Invest blog, there were 4900 visits and 9561 page views with an average of 13.4 visits per day.

Since the measure was introduced, the blog has seen a steady increase in visits and page views until a decrease of 5.4% in 2012-2013. The decrease is a result of dedication of resources towards a new direction in the investor education section that involves merging the blog as a page into the new Commission website. The new website is scheduled to launch in the spring of 2014. Therefore, Chart 16 will no longer be applicable for 2014-2015. Instead, we will be collecting information and reporting on the number and types of visits and page views to various parts of the Commission’s new website as well as page views specifically for the blog page.

Chart 16: Percentage increase in hits to Before You Invest blog and Twitter followers for B4U Invest Twitter account

