

**NOVA SCOTIA SECURITIES
COMMISSION
STATEMENT OF MANDATE
2011- 2012**

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1. Message from the Chairman

I am pleased to present the 2011-2012 Statement of Mandate for the Nova Scotia Securities Commission.

The Commission is an independent, quasi-judicial tribunal which works to fulfill the mandate assigned to it under the Securities Act to provide investor protection and to the extent not inconsistent therewith, to foster the process of capital formation.

The Commission has two distinct roles, one regulatory and the other more broadly administrative and performs several functions in each role. In its regulatory role the Commission functions as a policy setting, rule making and adjudicative body.

In its administrative role the Commission encompasses the Executive Director, Directors and staff who administer the core business areas. These areas are: the market regulation branch (consisting of capital markets, compliance and investor education), the corporate finance branch and the enforcement branch.

In keeping with the Government's priority to get back to balance and live within its means, the Commission operates its programs efficiently and effectively with ongoing program analysis. This includes timely review of registration applications, exemption applications and offering documents, targeted compliance reviews of registrants, fair, effective and timely enforcement proceedings, relevant investor education and participation in coordinated policy development with other statutory and self-regulatory organizations.

The capital markets continue to be uncertain with rapid and significant changes. Staff of the Commission are working with other securities regulators in Canada in the evaluation of the current regulatory framework to determine what changes may be required in the areas of derivatives, credit rating agencies, exempt markets and systemic risks to the capital markets.

In conclusion, the Commission continues to work diligently through its dedicated Commission members and staff to deliver balanced and responsive regulation that focuses on protection of investors and fosters fair and efficient capital markets in these uncertain times.



H. Leslie O'Brien, Q.C.
Chairman
Nova Scotia Securities Commission

2. Mandate/Mission/Vision

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 will carry out the mandate assigned to it by Government through statute and regulation in a number of ways, including:

- timely and responsible execution of core responsibilities;
- targeted compliance reviews of registrants;
- fair and timely enforcement proceedings;
- relevant investor education; and
- participation in coordinated policy development with other statutory and self-regulatory organizations.

The Commission's vision is to play a major role in securities regulation by being an effective and responsive securities regulator that instills investor confidence in and supports fair and efficient Canadian capital markets. This is accomplished through performance measures that ensure the effective and efficient use of resources and encompass the values of respect, integrity and accountability.

3. Government Priorities

The three core priorities of the Government for 2011-2012 are:

- A. Get back to balance and ensure government lives within its means;
- B. Make health care better for you and your family; and
- C. Create good jobs and grow the economy.

In the Nova Scotia economy, one of the Commission's roles is to oversee the capital markets to create an environment of transparency, efficiency, and fairness to promote faith and confidence in the investment community and financial markets. Following is a discussion of how the Commission's decision-making, strategic planning and programs align with each of the priorities.

A. Get back to balance and ensure government lives within its means

The Commission operates its programs in the most efficient and effective ways possible. On a monthly basis, the Commission and its management staff examine the programs and their outcomes to ensure that they are sustainable, essential and relevant to the needs of stakeholders. Much of the collaborative and policy work with other members of the Canadian Securities Administrators (CSA), of which the Commission is a member, is accomplished through email and conference calls. For example, under the auspices of the CSA, Compliance is involved in the review of examination processes with a view to streamlining and updating current procedures to ensure the most efficient use of resources.

Over the past several years, the CSA has developed and implemented the passport system for securities regulation which provides market participants with a single window of access to Canada's capital markets. This system is now fully operational and has streamlined and improved the efficiency of the Commission's service delivery for the review and consideration of prospectus filings, exemption applications and registration applications.

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 the Partners Against Fraud Committee, a coalition of police, federal and provincial government agencies and departments, and nonprofit groups working to prevent fraud of all types. 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.

The operations of the Commission contribute fiscally to the Government's priority to get back to balance. According to the Commission's Annual Accountability Report for the Fiscal Year 2009-2010, the Commission had revenues of \$13,706,000 and expenditures of \$2,079,000 for a net revenue to Government of \$11,627,000.

B. Make health care better for you and your family

In the 2007 CSA Investor Study: Understanding the Social Impact of Investment Fraud, the CSA found a direct link between financial well-being and physical well being. Specifically, victims of investment fraud, especially victims who lose \$10,000 or more, frequently experience higher stress levels and feelings of anger. They often experience depression or feelings of loss and isolation and could experience panic or anxiety attacks, increased vulnerability to physical illness or extreme weight loss or gain.

The Commission, through individual and small group contact within the Commission's available budget, provides Nova Scotia investors with information and resources to assist them in making sound financial decisions.

Capital Markets and Compliance, through the registration process and examination procedures, contribute to the psychological well being of Nova Scotia investors by ensuring that investment firms operating in Nova Scotia do so in a manner that meets the requirements of the Securities Act. These processes reduce dishonest activity which can negatively affect the finances of Nova Scotians and have a detrimental effect on the health of families.

Through its regulation of the capital markets, the Commission facilitates the capital raising activities of several companies in Nova Scotia developing new medical tests, treatments, health products and health care practices that could contribute to and enhance the provision of health care in Nova Scotia.

C. Create good jobs and grow the economy

The Commission has programs to ensure the harmonized rules of the CSA are followed in a timely manner by active reporting issuers in Nova Scotia so they can raise capital in all jurisdictions across Canada to fund their business activities and create and retain high value jobs. By working with industry stakeholders, the Commission assists thousands of Nova Scotians to gain entrance into and work in the investment industry where they can pursue fulfilling careers.

Within the Atlantic region, there is one labour sponsored venture capital fund for which the Commission acts as the principal regulator. This fund provides funding for ventures in Nova Scotia such as Origin Biomed Inc., Sampling Technologies Inc., DHX Media Ltd., and Impath Networks Canada Corp.

To support and grow local communities' economies, the Commission reviews the offering documents for Community Economic Development Investment Funds (CEDIFs) prior to the sale of their securities to the public. This review improves the quality of public disclosure of the CEDIFs so investors are better informed to make local investments. The CEDIFs cleared by the Commission include Just Us! Fair Trade Investment Co-operative Ltd., New Dawn Holdings Ltd. and Black Business Community Investment Fund Ltd. CEDIFs contribute to workforce development, environmental sustainability and growth of the economy in Nova Scotia.

These initiatives all support an environment where there is confidence in the Nova Scotia capital markets as a good place to raise capital and create jobs, resulting in the growth of Nova Scotia's economy.

4. Performance Measures

THE COMMISSION					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the framework of securities regulation in Nova Scotia and ensure the efficient administration of its adjudicative and exemption granting jurisdictions	Percentage of national/multilateral instruments adopted as rules within set timelines to continue the harmonization of securities laws as contemplated in the Provincial/Territorial MOU on Securities Regulation	100%	100%	2009-2010- 100%	Commission Secretary ensures timely adoption of rules. Also, the Chairman will meet with the Minister and Department officials to bring forward legislation in a timely manner
	Percentage of exemption applications considered within 5 business days of filing	100%	100%	2009-2010 –100%	Commission Secretary to monitor
	Percentage of orders made within 10 business days of the final submissions from the parties following the conclusion of a hearing	95%	95%	2009-2010 – 100%	

4. Performance Measures

CAPITAL MARKETS					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the level of efficiency in the administration of the registration system	Percentage of firm applicants, where the Commission was the principal regulator, that had their applications processed within 45 days of the final submission of necessary documents	90%	90%	2009-2010- 91%	Staff will submit monthly activity reports to the Director indicating whether the targets are being met and advising strategies to deal with any slowdown
	Percentage of individual applicants, where the Commission was the principal regulator, that had their applications processed within 7 days of the final submission of necessary documents	90%	90%	2009-2010- 92%	

4. Performance Measures

CORPORATE FINANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the administration of the corporate finance disclosure system in Nova Scotia	Percentage of issuers based in Nova Scotia who received a first comment letter for their preliminary long form prospectus within 10 business days of filing the preliminary long form prospectus	100%	95%	2009-2010 – 100%	Staff will report monthly to the Director on whether the target is on track to be met and if not what strategy is necessary to meet the target
	Percentage of issuers based in Nova Scotia who received a first comment letter for their preliminary short form prospectus within 3 business days of filing the preliminary short form prospectus	100%	95%	2009-2010 – 88%	
	Percentage of issuers based in Nova Scotia who received the receipt for a prospectus within 1 business day after filing final documents	100%	95%	2009-2010 -100%	

	Percentage of reporting issuers based in Nova Scotia that had a review of their continuous disclosure filings in the year	26%	25% of average capitalization of large issuers 10% of the number of other issuers	2009-2010 – 25.5%	
	Percentage of issuers who received a first comment letter on their offering document within 10 business days of filing their offering document under the community economic development fund program	94%	95%	2009-2010 – 91%	
	Percentage of issuers who received the letter of non-objection within 2 business days of filing final documents under the community economic development fund program	100%	95%	2009-2010 – 100%	

4. Performance Measures

ENFORCEMENT					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the efficiency of the programs in enforcement to deter undesirable behavior in capital markets and provide effective investor protection	Complaints and Investigations				<p>A critical review of case assessment and intake procedures is ongoing to assess appropriateness of responses to complainants and reported incidents of violations of Nova Scotia securities laws.</p> <p>This review has been undertaken to ensure maximum effect in Nova Scotia capital markets from enforcement efforts and efficient use of scarce resources.</p>
	Enforcement staff to refer to Director, Enforcement, for review and confirmation of initial assessment of each complaint within 3 days of receipt of complaint	100 %	100%	2009-2010 – 100%	
	Enforcement staff to conclude investigation and report to Director, Enforcement, on 60% of investigations within 9 months and all investigations within 24 months	<p>46 % of investigations completed within 9 months</p> <p>90% completed within 24 months. 10% remain outstanding</p>	<p>60% in 9 months</p> <p>100% in 24 months</p>	2009-2010 – 55% in 9 months; 96% in 24 months; 4% remain outstanding	
	Litigation				
	Enforcement Counsel to complete	100%	100%	2009-2010 – 100%	

	initial review of investigation files referred to Counsel and provide written response within 30 days				
	Enforcement Counsel to issue a Statement of Allegations and Notice of Hearing within 60 days of referral and conclusion of negotiations	100%	100%	2009-2010 – 100%	
	Enforcement counsel to issue Notice of Hearing and Statement of Allegations for an interim cease trade order within 3 days of referral	100% ¹	100%	2009-2010 – 100%	

¹ There were no interim cease trade orders for this period.

4. Performance Measures

COMPLIANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the efficiency of the programs in compliance to deter undesirable behavior in capital markets and provide effective investor protection	Initiate 7 field examinations of Nova Scotia registrants per fiscal year	8 ²	7	2009-2010 – 7	Staff will submit a compliance review plan to the Director at the beginning of the year and report monthly indicating whether the target is on track to be met or advising strategies to deal with any slow down
	Conclude 6 field examinations of Nova Scotia registrants per fiscal year	5	6	2009-2010 – 14 ³	
	Respond to compliance complaints and report or refer to enforcement as appropriate within 10 days	100%	100%	2009-2010 – 100%	

² This number is 8 only because the data was over a different period of time (ie. the fiscal year) than when we first started to measure (ie. the calendar year). The goal is 7 examinations per fiscal year.

³ The large number of concluded files is due to the completion of a number of contentious and complicated reviews carried over from previous years that took longer than expected to close.

4. Performance Measures

INVESTOR EDUCATION					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2011-2012	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improve the efficiency of the investor education programs to provide effective investor protection	Percentage increase in participation in the Financial Fitness Challenge (CSA contest for students between the ages of 15 and 21)	54% ⁴	10%	2009-2010 – 3.36% of Canadian participants were resident in Nova Scotia ⁵	Review the previous year's program files to establish a baseline and work to increase public contacts and dissemination of information
	Percentage increase in distribution of CSA Brochures	12%	10%	2009-2010 – 55% ⁶	Develop Nova Scotia specific education programs to deliver CSA
	Percentage increase in media hits – newspaper articles, radio and television ads	50% ⁷	10%	2009-2010 – 10% in all Nova Scotia; 21% overall	Investor Education programs and messages (as outlined in CSA Investor Education Committee's strategic plan) to the
	Participate in a	13	10 ⁸	2009-2010 - 15	

⁴ There were 619 registrants in 2008-2009, an increase of 54% over the previous year. This marked the first year of full promotion in Nova Scotia.

⁵ It is difficult to compare the participation for 2009-2010 with the base year of 2008-2009 when the Commission started focusing its efforts on increasing Nova Scotian participation in the Financial Fitness Challenge. The contest was redesigned in 2009-2010 to include contact through Facebook and Twitter.

⁶ It is difficult to compare the distribution of CSA brochures for the past 2 fiscal years as there were new brochures and flyers introduced in 2009-2010.

⁷ This percentage increase is not indicative of the amount of coverage that can be expected on an annual basis going forward. This reflects the Commission's decision to increase its dedication of work resources towards communications.

⁸ In 2010-2011, we did a cost/benefit analysis and made a decision to cut back on attendance at some events that were not worth the investment of time and booth fees. We are choosing to be more selective in attending events, and have lowered the target to 10.

	minimum of 12 public education events, such as Fall and Spring Home Shows, Seniors Expo, Family Expo, surveys and contests				appropriate sectors in Nova Scotia's capital markets
	Percentage increase in hits to <i>Before You Invest</i> Blog, subscribers to blogs, and followers on Twitter	No base year data - new in Spring 2009	10%	2009-2010 - For the <i>Before You Invest</i> Blog, there were 4900 visits and 9561 page views with an average of 13.4 visits per day	Still building baseline. Will compare in 3 month blocks to measure short term success

5. Budget Context

Budget Context Chart

Nova Scotia Securities Commission			
	2010-2011 Estimate	2010-2011 Forecast	2011-2012 Estimate
	(\$thousands)	(\$thousands)	(\$thousands)
Program Expenses:			
Salaries	1,770	1,730	1,818
Operating Costs	662	702	787
Total Program Expenses	2,432	2,432	2,605
Additional Information:			
Ordinary Revenue	(11,800)	(13,130)	(13,400)
Fees and Other Charges	0	(2)	0
Ordinary Recoveries	0	0	0
Provincial Funded Staff (FTEs)	21	21	21