

**NOVA SCOTIA SECURITIES
COMMISSION
STATEMENT OF MANDATE
2012- 2013**

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1. Message from the Chair

I am pleased to present the 2012-2013 Statement of Mandate for the Nova Scotia Securities Commission.

As most readers will be aware, the Commission has recently experienced a transition of leadership following the retirement of H. Leslie O'Brien Q.C. I was appointed Chair of the Commission effective January 1, 2012, having served as Vice Chair since 2010. As this is my first Statement of Mandate as Chair, I would like to take this opportunity to contextualize the Commission's commitments and priorities for the coming year.

Protecting Nova Scotia Investors

The Commission's highest priority is the protection of investors. This is the principal directive in the *Securities Act* and the central organizing principle of all of the Commission's work. We pursue this objective in numerous ways. For example, 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 as possible and inform them about responsible investing, fraud alerts and the functioning of our capital market systems, among other topics. We also conduct specific outreach to the province's youth through school programs and seniors groups through various in-person presentations.

Promoting Stable and Secure Capital Markets

Another key focus of the Commission 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.

Market confidence and stability is enhanced by our compliance and enforcement activities discussed above, as well as our policy development work, which we pursue independently as well as 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, 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. A number of significant projects are being considered in 2012-2013, including the development of methods for the identification and mitigation of systemic risk; the development of improved regulation of securitized products and derivatives; the development of proportionate regulation requirements for venture issuers; a 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.

I would also like to express my sincere appreciation to H. Leslie O'Brien, Q.C., who served the Commission as Chair for over 9 years, and was engaged in the administration and leadership of the Commission for almost 20 years. Under his leadership, the Commission has played a significant role in a number of important national and provincial policy initiatives and has earned a positive and well-deserved reputation as an efficient and effective capital market regulator. I look forward to continuing to build on this legacy of excellence.

“Sarah P. Bradley”

Sarah P. Bradley

Chair

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

- ensuring timely and responsible execution of the Commission's core responsibilities;
- carrying out targeted compliance reviews of public companies headquartered in Nova Scotia and investment industry registrants;
- investigating complaints from the public and carrying out fair and timely enforcement proceedings;
- conducting relevant investor education;
- participating in coordinated policy development with other Canadian securities regulators; and
- overseeing the work of self-regulatory organizations involved in the protection of Canadian investors.

The Commission's vision is to play a major role in Canadian 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 2012-2013 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. Each division of the Commission prepares a monthly 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 Canadian Securities Administrators (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.

Over the past several years, all members of the CSA, other than the Ontario Securities Commission, have developed and implemented a system of mutual reliance known as the "passport system", which allows market participants to access capital markets across Canada through a single regulator. 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 2010-2011, the Commission had revenues of \$14,224,000 and expenditures of \$2,386,000 for a net revenue to Government of \$11,838,000.

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.

The Capital Markets and Compliance branches of the Commission, which oversee 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. We have leveraged the compliance program by utilizing various types of reviews such as focused and sweep compliance examinations which will allow us to touch more firms each year.

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 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., STI Technologies Limited, DHX Media Ltd. and Impath Networks Canada Corp.

To support and grow local communities' economies, including the COMFIT initiative of the Department of Energy, 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 recently cleared by the Commission include Just Us! Fair Trade Investment Co-operative Ltd., Home Safe Living Investment Fund Ltd., Black Business Community Investment Fund Ltd., Colchester Cumberland Wind Field Inc., Watts Wind Energy Inc. and Northumberland Wind Field Inc. 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 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of the Commission's 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 Memorandum of Understanding on Securities Regulation	100%	100%	2009-2010-100% 2010-2011- 100%	Commission Secretary ensures timely adoption of rules. Also, the Chair meets with the Minister and Department of Finance 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% 2010-2011 –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 settlement hearing	95%	95%	2009-2010-100% 2010-2011 – 77% ¹	

¹ In 2010-2011, the Commission heard 13 matters, 3 of which were contested or involved more complicated issues, thereby requiring more time before a decision and order were issued. A new measure for contested hearings is being added in 2012-2013.

	Percentage of orders and decisions made within 90 days of the final submissions from parties following the conclusion of a contested hearing	No base data for 2008-2009 as measure was added in 2012-2013	95%		
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4. Performance Measures

CAPITAL MARKETS					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of the registration system	Percentage of firm applicants, where the Commission is the principal regulator, that had their applications processed within 45 days of the final submission of necessary documents	90%	90%	2009-2010- 91% 2010-2011- 94%	Daily review and processing of registration submissions on the National Registration Database
	Percentage of individual applicants, where the Commission is the principal regulator, that had their applications processed within 7 days of the final submission of necessary documents	90%	90%	2009-2010- 92% 2010-2011-93%	Participation on CSA registration committees to keep informed of new developments

4. Performance Measures

CORPORATE FINANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of the prospectus and continuous disclosure review systems	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%	100%	2009-2010 – 100% 2010-2011- 100%	Daily review and processing of submissions on the System for Electronic Document Analysis and Retrieval
	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%	100%	2009-2010 – 88% 2010-2011-100%	Participation on CSA corporate finance committees to keep informed of new developments
	Percentage of issuers based in Nova Scotia who received the receipt for a prospectus within 1 business day after filing final documents	100%	100%	2009-2010 -100% 2010-2011-100%	

	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% 2010-2011-23%	
	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	No base data for 2008-2009 as measure was added in 2009-2010	95%	2009-2010 – 91% 2010-2011-87.5% ²	
	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%	100%	2009-2010 – 100% 2010-2011-100%	

² The target was not met for 2 filings- one had an incomplete filing record and the other required clarification from the Department of Finance concerning eligibility for the program.

4. Performance Measures

ENFORCEMENT					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of enforcement programs to deter undesirable behavior in capital markets and provide effective investor protection	Complaints and Investigations				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
	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% 2010-2011-100%	
	Enforcement staff to conclude investigation and report to Director, Enforcement, on 60% of investigations within 9 months and all investigations within 24 months	46 % of investigations completed within 9 months 90% completed within 24 months 10% remain outstanding	60% in 9 months 100% in 24 months	2009-2010 – 55% in 9 months; 96% in 24 months; 4% remain outstanding 2010-2011-37% in 9 months; 75% in 24 months; 25% remain outstanding	This review is conducted to ensure maximum effect in Nova Scotia capital markets from enforcement efforts and efficient use of scarce resources

	Litigation				
	Enforcement counsel to complete initial review of investigation files referred to counsel and provide written response within 30 days	100%	100%	2009-2010 – 100% 2010-2011-100%	
	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% 2010-2011-100%	

4. Performance Measures

COMPLIANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of the compliance programs to deter undesirable behavior in capital markets and provide effective investor protection	Initiate 8 ³ field examinations of Nova Scotia registrants per fiscal year	8	8	2009-2010 – 7 2010-2011-8	Work in collaboration with CSA Compliance Committee to carry out compliance reviews of registrants Work with registrants on understanding and complying with registration requirements
	Conclude 7 field examinations of Nova Scotia registrants per fiscal year	5	7	2009-2010 – 14 ⁴ 2010-2011- 6	
	Respond to compliance complaints and report or refer to enforcement as appropriate within 10 days	100%	100%	2009-2010 – 100% 2010-2011-100%	

³ Additional resources have been requested but have not been provided for the compliance program. In order to meet the demands of an appropriate compliance oversight program within the Province, we have implemented various types of compliance reviews in coordination with other members of the CSA, including sweeps and focused examination. This has enabled us to touch more firms each year and has led to an increase in the number of examinations for fiscal year 2012-2013.

⁴ 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 2012-2013	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Efficient administration of the investor education programs to provide effective investor protection	Percentage increase in media hits – newspaper articles, radio and television ads	50% ⁵	10%	2009-2010 – 10% in Nova Scotia; 21% overall 2010-2011- 28% ⁶	Review the previous year’s program files to determine effectiveness and work to increase public contacts and awareness and dissemination of information Develop Nova Scotia specific education programs to deliver CSA Investor Education programs and messages to the appropriate sectors in Nova Scotia’s capital markets
	Participate in a minimum of 12 public education events, such as Fall and Spring Home Shows, Seniors Expo, Family Expo, surveys and contests	13	10	2009-2010 - 15 2010-2011-10 ⁷	
	Percentage increase in hits to <i>Before You Invest</i> blog	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 2010-2011-30% with 6410 visits	

⁵ 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 in the reported year.

⁶ There was a notable increase in broadcast media coverage, particularly in the *Investment Executive*.

⁷ 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 chose to be more selective in attending events and lowered the target to 10.

5. Budget Context

Budget Context Chart

Nova Scotia Securities Commission			
	2011-2012 Estimate	2011-2012 Forecast	2012-2013 Estimate
	(\$thousands)	(\$thousands)	(\$thousands)
Program Expenses:			
Salaries	1,818	1,875	1,835
Operating Costs	787	700	825
Total Program Expenses	2,605	2,575	2,660
Additional Information:			
Ordinary Revenue	(13,400)	(14,053)	(14,137)
Fees and Other Charges	0	(2)	0
Ordinary Recoveries	0	0	0
Provincial Funded Staff (FTEs)	21	20	20