

**NOVA SCOTIA SECURITIES  
COMMISSION  
STATEMENT OF MANDATE  
2010- 2011**

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## **1. Message from the Chairman**

I am pleased to present the 2010-2011 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 with an adequate level of investor protection, 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 body and as an adjudicative body.

In its administrative role the Commission also 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.

The responsibilities include timely review of registration 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.

Over the last few years, the markets have experienced significant volatility, undermining the confidence in markets of many investors and market participants in Nova Scotia, Canada and around the world. In this environment, the role of the Commission is particularly important in fostering confidence in the integrity of the capital markets.

The Commission has and will continue to work diligently to deliver balanced and responsive regulation that provides protection to investors and fosters confidence in the capital markets through its programs, policies and procedures.

“H. Leslie O’Brien”

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

## **2. 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.

## **3. Vision**

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.

## **4. Mission**

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.

## 5. Performance Measures

THE COMMISSION					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	Trends – Subsequent Year Data	Strategic Actions to Achieve Target
Improving the framework of securities regulation in Nova Scotia and ensuring 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- target is 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 – target is 95%*	
	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 – target is 95%*	

\* It is currently expected that this target will likely be met or exceeded. The actual results will be reported in the Commission's Accountability Report for 2009-2010.

## 5. Performance Measures

CAPITAL MARKETS					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	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- target is 90%*	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- target is 90%*	

\* It is currently expected that this target will likely be met or exceeded. The actual results will be reported in the Commission's Accountability Report for 2009-2010.

## 5. Performance Measures

CORPORATE FINANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	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 - target is 95%*	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 - target is 95%*	
	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 - target is 95%*	

	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 - target is 25% of average capitalization of large issuers  10% of the number of other issuers *	
	Percentage of issuers who have 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 – target is 95%*	
	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 – target is 95%*	

\* It is currently expected that this target will likely be met or exceeded. The actual results will be reported in the Commission’s Accountability Report for 2009-2010.



## 5. Performance Measures

ENFORCEMENT						
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	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				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.	
	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 – target is 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%	100%	2009-2010 – target is 60% of investigations within 9 months and 100% of investigations within 24 months*	This review has been undertaken to ensure maximum effect in Nova Scotia capital markets from enforcement efforts and efficient use of scarce resources.
	Litigation					
	Enforcement Counsel to complete	100%	100%	2009-2010 – target is 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 – target is 100% *	
	Enforcement counsel to issue Notice of Hearing and Statement of Allegations for an interim cease trade order within 3 days of referral	100% <sup>1</sup>	100%	2009-2010 – target is 100% *	

\* It is currently expected that this target will likely be met. The actual results will be reported in the Commission’s Accountability Report for 2009-2010.

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<sup>1</sup> There were no interim cease trade orders for this period.

## 5. Performance Measures

COMPLIANCE					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	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 <sup>2</sup>	7	2009-2010 – target is 8*	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 – target is 8*	
	Respond to compliance complaints and report or refer to enforcement as appropriate within 10 days	100%	100%	2009-2010 – target is 100%*	

\* The actual results will be reported in the Commission's Accountability Report for 2009-2010.

<sup>2</sup> 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.

## 5. Performance Measures

INVESTOR EDUCATION					
Outcome	Measure	Data Base Year 2008-2009	Annual Target 2010-2011	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%	10%	2009-2010 – target is 10%  Participation in the contest has been down across Canada. The contest is being redesigned for 2010	-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 – target is 10% *	-Develop Nova Scotia specific education programs to deliver CSA
	Percentage increase in media hits – newspaper articles, radio and television ads	50% <sup>3</sup>	20%	2009-2010 – target is 20%  There are constraints on the amount of media coverage including limited funds to access media,	Investor Education programs and messages (as outlined in CSA Investor Education Committee’s strategic plan) to the appropriate sectors in Nova

<sup>3</sup> 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.

				restraints on the issuance of timely press releases and ability to attract media attention	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	12	2009-2010 – target is 12*	
	Percentage increase in hits to <i>Before You Invest</i> Blog, subscribers to blogs, and followers on Twitter	To be determined-new in Spring 2009	10%	2009-2010 - Since created March 12, 2009, there have been 2,139 visits. Since blogging began June 29, 2009, there have been 1,782 visits and an average of 13.3 visits per day	Still building baseline. Will compare in 3 month blocks to measure short term success

\* It is currently expected that this target will likely be met or exceeded. The actual results will be reported in the Commission's Accountability Report for 2009-2010.

6. Financial Context and Budget

**Budget Context Chart**

<b>Nova Scotia Securities Commission</b>			
	<b>2009-2010 Estimate</b>	<b>2009-2010 Forecast</b>	<b>2010-2011 Estimate</b>
	<b>(\$thousands)</b>	<b>(\$thousands)</b>	<b>(\$thousands)</b>
<b>Program Expenses:</b>			
Salaries	1,741	1,589	1,770
Operating Costs	722	774	662
<b>Total Program Expenses</b>	<b>2,463</b>	<b>2,363</b>	<b>2,432</b>
<b>Additional Information:</b>			
Ordinary Revenue	(10,300)	(11,500)	(11,800)
<b>Fees and Other Charges</b>	<b>0</b>	<b>(50)</b>	<b>0</b>
<b>Ordinary Recoveries</b>	<b>0</b>	<b>(10)</b>	<b>0</b>
<b>Provincial Funded Staff (FTEs)</b>	<b>21</b>	<b>19</b>	<b>21</b>