

BC Securities Commission

2025/26 – 2027/28 Service Plan

March 2025



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Board Chair's Accountability Statement

The 2025/26 – 2027/28 BC Securities Commission Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.



All significant assumptions, policy decisions, events and identified risks, as of February 19, 2025 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Securities

Commission's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Securities Commission's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'B. Leong'.

Brenda M. Leong
Board Chair, BC Securities Commission
February 19, 2025

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Strategic Direction

In 2025/26, public sector organizations will continue to prioritize delivering the services and infrastructure needed for people to build good lives in strong communities.

To support this objective public sector organizations will support Government's focus on growing the economy, responding to the threat of tariffs, creating good paying jobs, improving affordability, strengthening health care and education, and making communities safer.

Public sector organizations will also continue to work as directed to support the implementation of the Declaration on the Rights of Indigenous Peoples Act Action Plan.

This 2025/26 Service Plan outlines how the BC Securities Commission (BCSC or Commission) will support the government's priorities and selected action items identified in the most recent BCSC [Mandate Letter](#).

Purpose of the Organization and Alignment with Government Priorities

The BCSC is the independent provincial government agency responsible for regulating capital markets in British Columbia (B.C.). Our enabling legislation is the *Securities Act*, RSBC 1996, c. 418, and our mission is to protect and promote the public interest by fostering:

- A capital market that is fair and warrants public confidence.
- A dynamic and competitive securities industry that provides investment opportunities and access to capital.

The BCSC benefits the public by protecting investors and the integrity of B.C.'s capital markets. We aim to deliver effective regulation of markets that are rapidly evolving. We:

- Review businesses' offering documents and continuous disclosure, so investors have the information they need to make informed investment decisions.
- Review applications for registration from those that trade securities, provide advice, or manage portfolios or investment funds, to ensure they are qualified, ethical, and solvent.
- Take action against those who contravene securities laws to deter misconduct and mitigate investor losses.
- Educate investors to protect themselves and industry participants to understand how to comply with securities law requirements.
- Advance regulatory policy initiatives to support capital formation and innovation and mitigate risk to B.C.'s capital markets and investors.

Operating Environment

We work collaboratively with other Canadian securities regulators to protect investors from unfair, improper, or fraudulent practices and to foster fair and efficient capital markets under the umbrella of the Canadian Securities Administrators (CSA). Operating under a national and largely harmonized system influences and impacts how we approach securities regulation. While we endeavour to achieve highly harmonized regulations within the CSA, in some cases, local priorities and imperatives may lead to the adoption of different regulations or approaches to regulatory decisions in the jurisdictions.

Capital markets and the wealth management industry are rapidly evolving. Innovation and technology are continually presenting new opportunities and new challenges for the BCSC and other financial regulators. To keep up with this rapid pace of change, we are focused on four areas: building capacity, enhancing investor protection, calibrating regulation to innovation, and modernizing the regulatory framework.

- **Building Capacity** – The evolution of capital markets, including the proliferation of new investment products, new platforms for trading investment products, and new channels for disseminating investment-related communications, is generating billions of data points. To manage and optimize our use of this information, the BCSC has embarked on a digital transformation of its internal information systems, which we view as critical to regulatory responsiveness. This digital transformation is foundational to the BCSC’s ability to manage and analyze information, improve the efficiency and effectiveness of regulatory processes, and continually deliver value to the capital markets we regulate and to the investing public. These specialized regulatory systems require considerable human and financial resources to develop and maintain, drawing on significant BCSC resources in the 2025/26-2027/28 fiscal years.

- **Enhancing Investor Protection** – The BCSC continues to focus significant resources on combatting market misconduct, including complex multi-party schemes that are abusive to the capital markets, and brazen frauds perpetrated on unsuspecting investors. Rapid changes in technology, including the increasing prevalence of artificial intelligence, and the proliferation of the use of social media heightens the risk for investors, as many of these investment schemes originate outside Canada and target B.C. investors online. We are seeing increasing complaints from victims of online investment frauds perpetrated by offshore organized crime. This type of egregious conduct can impact the integrity of our capital markets.

To aid our enforcement efforts against market misconduct, the BCSC’s whistleblower program provides the BCSC with more actionable intelligence about misconduct that would otherwise be difficult to obtain. We are actively seeking innovative methods to identify, prevent, and analyze improper activity carried out on the internet, including social media platforms. The BCSC is also leading a CSA task force that is identifying regulatory and technological impediments to addressing abusive promotions and trading and examining ways of overcoming those obstacles.

To strengthen investor redress, we are co-leading a CSA effort to strengthen the Ombudsman for Banking Services and Investments (OBSI) – an independent dispute resolution service –

with the authority to make binding investor compensation awards in resolving disputes between investment firms and clients.

The BCSC has also been vigorously pursuing sanctioned individuals for unpaid penalties, including using the tools in the 2020 *Securities Act* amendments. Our efforts are being met with multiple legal challenges in the courts, which is resulting in delays and the diversion of litigation resources from other enforcement efforts.

Efforts to collect financial sanctions by the BCSC and other securities regulators were set back by a July 2024 ruling by the Supreme Court of Canada, which held that the federal *Bankruptcy and Insolvency Act* does not allow for survival of securities regulators' administrative penalties once a person is discharged from bankruptcy. On behalf of the CSA, the BCSC is engaging with the federal government to seek an amendment to that law that would add securities regulators' financial sanctions to the list of debts that survive bankruptcy.

• **Calibrating Regulation to Innovation** – Applications of decentralized ledger technology are constantly evolving, introducing new products and business models at an unprecedented pace. New forms of crypto assets are trading over a growing number of novel trading platforms, with heightened risk to investors. To mitigate these risks, we are working with the CSA to regulate certain platforms as they relate to securities and derivatives legislation. We are also working with the CSA on implementing an interim approach to regulating value-referenced crypto assets, also known as stablecoins.

In addition, traditional investment services are being transformed by technology, including mobile trading applications and the prospect of artificial intelligence-based trading advice. We are closely monitoring these innovations to determine an appropriate securities regulatory framework that would support innovations and investor protection.

• **Modernizing the Regulatory Framework** – Investors are increasingly considering environmental, social and governance (ESG) matters alongside traditional finance metrics when making investment decisions. Working with the CSA, the BCSC is developing new governance and disclosure requirements for public companies regarding climate change and board and executive diversity.

The new Canadian Investment Regulatory Organization (CIRO) continues its work to bring together the operations of its predecessor self-regulatory organizations. The BCSC jointly co-ordinated the CSA's oversight of CIRO in its first two years, a period that included consolidating member rules, integrating enforcement teams and procedures, implementing governance policies, and considering expanding its membership to other types of firms.

We continue to consider meaningful ways to include the issues affecting Indigenous peoples, as well as their perspectives, in our policy and operational work. We have begun this work through the creation of a CSA Task Force on Indigenous Peoples in the Capital Markets and local engagement with B.C. Indigenous peoples and organizations.

The environment in which we operate is dynamic, and we work diligently to meet the demands of this rapidly changing environment. Capital-raising in B.C. declined in each of the fiscal years

2022/23 and 2023/24 compared to the preceding year. Despite fee changes that took effect in April 2024, expenses are forecast to exceed revenue in the fiscal year 2025/26 due to continued volatility in capital-raising market conditions, and increased costs for compensation, information management, and shared national systems.

Performance Planning

Goal 1: Support fair, efficient, and innovative Canadian capital markets

We work to ensure that B.C. companies listed on stock markets and public investment funds provide accurate and complete information about their finances, strategy, and operations, so investors can make sound decisions. We require private companies and investment funds to abide by rules on how they raise money and who they raise it from. We expect investment firms to meet standards for professional knowledge and integrity, emphasizing that they treat clients honestly and fairly.

Objective 1.1: Promote a culture of compliance

Investors expect that the firms and individuals that trade or advise in securities will treat them honestly and fairly. Investors also expect the businesses and investment funds raising money in the capital markets to provide accurate and transparent information. BCSC regulatory activities, including examining registered firms and reviewing listed company continuous disclosure, promote a culture of compliance. We encourage market participants to build processes and organizational cultures that help them to proactively comply with securities law requirements.

Key Strategies

- We register suitable securities firms and their advisors, routinely audit these firms for compliance with the rules, and oversee the conduct of the TSX Venture Exchange (TSXV), Canadian Securities Exchange (CSE), Clearing and Depository Services (CDS), and CIRO, all of which are recognized in B.C.
- We regulate securities issuers and insiders and review their mandatory filings to ensure they meet minimum standards. We also regulate the trading of over-the-counter derivatives and private placements of securities by companies required to report to the BCSC.

Discussion

On behalf of the CSA, the BCSC continues to co-lead work on a proposed framework that strengthens the ability of OBSI to secure redress for investors. In particular, the proposed framework would make OBSI's compensation decisions binding on investment firms.

The BCSC is leading a CSA project to enhance and modernize NI 43-101 Standards of Disclosure for Mineral Projects. Approximately 60% of global mining issuers report in Canada

and account for 50% of global mining capital formation. As such, NI 43-101 is the pre-eminent global standard for mineral project disclosure.¹

The BCSC is participating in CSA projects to develop climate-related and diversity disclosure requirements to meet institutional investor calls for more consistent and comparable ESG information to help inform their investment decisions.

The BCSC is also leading the development of a new national instrument to establish a CSA framework for promotional activity disclosure, which will address problematic promotional activities and improve transparency for investors.

We monitor achievement of this objective by tracking continuous disclosure, technical disclosure, and firm examination deficiencies.

We will continue to monitor the performance of these key strategies based on established tracking systems.

Objective 1.2: Advance cost-effective regulation

We aim to provide strong investor protection and foster market integrity at an appropriate cost by focusing on:

- Emphasizing practical solutions that provide significant benefits that exceed costs.
- Using our resources efficiently through risk management, teamwork, and relevant performance measures.
- Delivering regulatory services reliably on a timely basis, recognizing that delay adds costs for market participants.

Key Strategies

- We are engaged in a multi-year digital transformation project centred on a new platform that will support the BCSC's regulatory work and create operational efficiencies for both staff and market participants.
- We will continue to encourage innovation in emerging financial technologies, including by registering crypto trading platforms, considering appropriate regulatory frameworks for various types of securities or derivatives related to crypto assets and crypto trading platforms, and appropriately responding to other forms of innovation, including artificial intelligence and digital tokenization.
- We actively participate in CSA projects to modernize capital-raising, improve investor protection requirements, and reduce regulatory burden.

¹ Based on S&P Capital IQ data and internal data tracked and compiled over seven years.

Discussion

As part of the digital transformation project last fiscal year, we implemented an entity management system and single data model on a configurable platform. In the 2025/26 fiscal year, we will continue to develop the platform to support regulatory workflows.

Our work to modernize capital-raising and disclosure requirements for reporting issuers and funds and to reduce regulatory burden includes work on streamlining and consolidating offering and disclosure documents and facilitating greater use of electronic communication.

Performance Measures

Performance Measure	2023/24 Baseline	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
1a Percentage of reviewed issuers that reduce deficiencies ¹					
i. Following a continuous disclosure review, subsequent disclosure improved	100%	>95%	>95%	>95%	>95%
ii. Following a continuous disclosure review, subsequent disclosure fully met form requirements	100%	>95%	>95%	>95%	>95%
1b Percentage of issuers reviewed that do not comply with standards for technical disclosure ²					
i. Percentage of issuers' technical reports reviewed that were required to be amended and refiled	27.5%	27.8%	<30%	<30%	<30%
ii. Percentage of issuers reviewed placed in default for non-compliant technical disclosure in documents other than technical reports	18.7%	16.9%	<25%	<25%	<25%
1c Average number of repeat deficiencies per examination in Capital Markets Regulation ³	0.86	0.86	0.86	0.86	0.86
1d Average score on cost-effective regulation scorecard ⁴	92%	>90%	>90%	>90%	>90%

Data sources:

¹Internal evaluation of subsequent disclosure.

²Data recorded in established tracking systems.

³Data recorded in established tracking systems.

⁴Internal evaluation based on staff and management judgement and project documents.

Discussion

All four measures foster greater fairness in the capital markets, enhancing investors' ability to make informed investment decisions.

1a. This pair of measures shows the extent to which our detailed reviews motivate non-compliant issuers to improve their disclosure. Measure 1a (i) captures whether, after continuous disclosure review, the issuer's subsequent disclosure improved at all. Measure 1a (ii) captures whether, after a continuous disclosure review, the issuer's subsequent disclosure met all form requirements.

1b. This measure reflects material compliance with the mineral project disclosure standard in (i.) technical reports and (ii.) all other disclosure including annual information forms (AIFs), news releases, websites, slide decks and social media.

1c. Compliance staff rely heavily on repeat deficiencies as a general indication of the state of compliance at a registered firm. Repeat deficiencies are also an indication of whether a firm has allocated sufficient resources to, or is focused on, effective compliance. Staff frequently refer firms with repeat deficiencies for enforcement or other remedial action. While we aim to reduce average repeat deficiencies over the long term, they may increase or decrease in any particular year due to factors such as changes in the number of new registrants, changes in regulation, or participation in CSA sweeps (which affects the scope of our compliance reviews). Given our low current baseline number, we do not believe that it is reasonable to expect a further reduction. Our current baseline represents a predictable estimate.

1d. We use the BCSC's "cost-effective regulation scorecard" to track 16 important steps and outcomes in responding to market problems in a way that results in cost-effective regulation. We score and report the average score of all CSA and local policy projects, except those we adopt purely to harmonize with other jurisdictions. Cost-effective regulation means market participants do not spend more on regulation than is necessary. This helps support efficient markets and allows resources to be diverted to innovation.

Goal 2: Inspire investor confidence

The BCSC takes action against misconduct that harms investors and undermines confidence in B.C.'s investment market.

We investigate a range of illegal activity: fraud, misrepresentation, unregistered trading and advising, insider trading, and manipulating the price of securities.

We empower British Columbians by providing unbiased information and tools to help them make informed investment decisions.

Objective 2.1: Act decisively against misconduct

Our Enforcement Division focuses on cases with a strong B.C. connection. These include:

- Illegal distributions and fraud.
- Market misconduct, including market manipulation and insider trading.
- Regulatory compliance, including non-compliance by dealers and companies.

We work to deter misconduct and mitigate investor losses through early disruption and timely enforcement. To this end, we:

- Disrupt misconduct by issuing temporary orders and distributing investor alerts.
- Issue preservation orders to preserve assets.
- Investigate and prosecute misconduct, and seek administrative orders from our panels, or refer criminal cases to Crown Counsel to be prosecuted.
- Pursue the collection of financial sanctions and return money to harmed investors when possible.

Key Strategies

- We will continue to focus resources on combatting new and resurgent types of abusive promotions and trading in venture markets, having identified challenges with current approaches to stopping abusive market activity.
- We will develop new strategies for detecting and analyzing promotions on social media and review the effectiveness of regulatory oversight in this area to help stop abusive market activity.

Discussion

Acting decisively against misconduct includes taking early action to stop the misconduct. We can significantly reduce public harm when we can identify and act quickly to disrupt misconduct. We aim to stop illegal investment schemes before they start and prevent further participation in existing schemes. Disruptive action provides a visible, valuable benefit to the public.

Timely investigations and enforcement actions are critical to deterrence and supporting confidence in our markets.

Due to the proliferation of misconduct using social media, we will continue to focus on developing our tools and techniques to combat this form of misconduct.

We will monitor performance based on data recorded in established tracking systems.

Objective 2.2: Educate investors

We want British Columbians to understand how investing can help them achieve their financial goals, but also to be cautious of emerging investment trends and aware of the warning signs of investment fraud. Through strategic outreach, including targeted advertising campaigns, we promote awareness of investment fraud and instill financial confidence in investors to help them make informed decisions.

Key Strategies

- We provide the B.C. public with tools and information to help them make informed investing decisions and to know how to protect themselves against unsuitable or fraudulent investments.
- We will monitor performance based on established tracking systems and independent surveying of British Columbians.
- We promote awareness of investment market misconduct and the BCSC's enforcement actions through advertising, digital communications, and strategic media relations.

Discussion

We want British Columbians to see the BCSC as the organization that provides trusted, unbiased investor education.

We highlight risky investments, investment frauds, and potential scams using our websites, social media, an e-mail newsletter, public outreach, and both mass media and digital advertising campaigns. We educate British Columbians to fraud-proof themselves and come to us for information that helps them become informed investors.

We are entering into the final year of a three-year public awareness advertising campaign that is founded on research and designed to shape the knowledge, attitudes, and behaviours of the public in relation to B.C.'s investment markets and the BCSC's role in regulating those markets.

We will continue a year-round, multi-channel advertising strategy throughout the fiscal year, maintaining a steady presence in both traditional and digital media, increasing the opportunity for British Columbians to get to know the BCSC, how we work for them, and how we can help them achieve better financial outcomes. This fiscal year, our efforts to help British Columbians fraud-proof themselves will focus on how artificial intelligence is being used to scam investors.

We will continue developing educational tools and resources to empower British Columbians to protect their financial interests and become better informed about investment products and services. We will also continue building a dialogue with our audience using social media platforms and our monthly newsletter. Artificial intelligence and its relation to both investing and fraud, crypto assets, investment calculators, and investment fraud prevention are currently popular topics on our investor education website, InvestRight.org. We will promote specific tools in line with World Elder Abuse Awareness Day (June 15), Investor Education Month (October), and Fraud Prevention Month (March).

Performance Measures

Performance Measure	2023/24 Baseline	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
2a Percentage of files where a disruptive step was taken within 30 days of receipt of the file ¹	82.2%	>80%	>80%	>80%	>80%
2b Percentage of Notice of Hearings, settlement agreements, Reports to Crown Counsel and APIN notices completed within 40 months of receipt of the file ²	56.5%	>70%	>70%	>70%	>70%
2c Number of views of investment fraud video ³	5,875	5,587	5,866	6,159	6,467
2d Percentage of B.C. public aware of the BCSC ⁴	43%	45%	45%	45%	45%

Data source:

¹Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents.

²Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents.

³BCSC InvestRight YouTube channel.

⁴Independent survey. Question: As you may know, there is a provincial agency in British Columbia responsible for regulating securities investments called the BC Securities Commission. Now that we have mentioned the BC Securities Commission, how familiar would you say you are with this agency?

Discussion

By actively working to hold offenders to account and disrupt misconduct, we endeavour to instill confidence in the capital markets.

2a. This measure focuses on reporting on disruptive actions taken during active misconduct. The number of disruptive actions varies from year-to-year, and over the past three years, we have taken a disruptive step in 83.8 per cent of files within 30 days of the receipt of the file. Securities regulators have increased their focus on disruptive action against securities misconduct in recent years, particularly because of the significant rise in misconduct related to crypto assets promoted through social media, and the significant challenges in investigating and prosecuting this type of misconduct.

2b. This measure encompasses administrative cases, criminal and quasi-criminal cases, and Administrative Penalties Imposed by Notice (APIN). This measure is based on data from our previous three years, in which we averaged 18 files per year and finalized 66% of Notice of Hearings, settlement agreements, APIN, and Reports to Crown Counsel within 40 months.

2c. This measure reflects the importance of educating British Columbians about investment fraud and reporting to the BCSC.

2d. Low public awareness of the BCSC is a significant challenge when it comes to delivering investment education to the B.C. public. The measure aims to aid awareness of the BCSC among the B.C. general population aged 18 and over and is collected as part of an online survey to measure awareness, recall and impact of our public awareness campaigns. Since 2022, we have shifted to an “always-on” multimedia campaign strategy intended to keep BCSC advertising in market consistently throughout the year. There is evidence this strategy is leading to higher awareness, but whether this increase continues to trend upward year over year – and to what extent – depends in part on budget and on external factors including a changing media landscape.

Financial Plan

Financial Summary

(\$millions)	2024/25 Forecast	2025/26 Budget	2026/27 Projection	2027/28 Projection
Revenue				
Local fees				
Prospectus and other distributions	\$ 39.7	\$ 40.5	\$ 41.3	\$ 42.1
Registration	20.2	20.2	20.2	20.2
Financial filings	5.2	4.9	5.0	5.1
Derivatives and Other fees	0.9	0.9	1.0	1.0
	66.0	66.5	67.5	68.4
Other revenue				
National systems	5.9	6.6	9.5	9.8
Enforcement sanctions	0.9	1.0	1.0	1.0
Investment income net of realized losses	4.0	2.0	1.8	1.5
Total Revenue	76.8	76.1	79.8	80.7
Expenses				
Salaries and benefits	48.8	51.0	54.1	55.6
Other local expenses	22.7	24.3	25.0	26.2
Partnership expenses	11.8	12.4	12.5	13.0
Total Expenses	83.3	87.7	91.6	94.8
Annual Deficit	\$ (6.5)	\$ (11.6)	\$ (11.8)	\$ (14.1)
Supplementary Information				
Total Debt	-	-	-	-
Accumulated unrestricted operating surplus	73.8	67.8	58.8	47.7
Accumulated restricted operating surplus	40.5	34.9	32.1	29.1
Local capital expenditures	6.2	4.9	5.0	4.2
Partnership capital expenditures	-	-	-	-

Breakdown of Other Local Expenses

(\$millions)	2024/25 Forecast	2025/26 Budget	2026/27 Projection	2027/28 Projection
Occupancy	\$ 3.8	\$ 3.9	\$ 4.0	\$ 4.1
Depreciation	2.2	2.7	3.1	3.4
Professional services	4.8	5.5	5.1	4.9
Information management	5.2	5.7	6.2	7.1
Investor education	4.6	3.7	3.8	3.9
Whistleblower payments	0.1	0.7	0.7	0.7
Administration	0.4	0.4	0.4	0.4
Staff training	0.6	0.5	0.5	0.5
Business travel	0.3	0.4	0.4	0.4
External communications	0.2	0.3	0.3	0.3
Telecommunications	0.2	0.2	0.2	0.2
Funding for reporting standards	0.3	0.3	0.3	0.3
Total Other Local Expenses	\$ 22.7	\$ 24.3	\$ 25.0	\$ 26.2

Key Forecast Assumptions and Risks

Key Assumptions

Key assumptions for the 2024/25 forecast are:

- Capital-raising activity will be consistent with that of the first three quarters.
- The number of registrations and other filings will remain stable compared to year-to-date results.
- Partnership expenses will be \$0.6M higher than 2023/24 due primarily to higher depreciation of newly implemented systems.

Key assumptions for the 2025/26 budget are:

- Public and private investment funds gross sales activity will increase by 2% compared to 2024/25 consistent with historical growth rates in the range of 2% to 3%.
- The number of registrations will remain consistent with 2024/25.
- Sanction receipts will be similar to historical averages.
- Investment income will be comprised primarily of interest earned on investments and cash balances.

- National systems Partnership revenue will increase by \$0.7M and expenses will increase by \$0.6M compared to 2024/25; while fee changes are scheduled to become effective in November 2025, the budget assumes that timing may slip a few months with an impact of \$2.0M.
- The number of staff will increase by eight compared to 2024/25 primarily to increase our research and analytics capacity including relating to artificial intelligence, and to support compliance and enforcement programs.
- The position vacancy rate will be 6%.
- Merit-based salary increases will average 3.5%.
- Local professional services expenses will increase by \$0.7M compared to 2024/25 due primarily to \$0.3M higher shared CSA costs and \$0.3M for consulting on generative artificial intelligence.
- Local information management expenses will increase by \$0.5M compared to 2024/25 due primarily to increased use and cost of software licenses and cloud storage.
- Investor education expenses will decrease by \$0.9M compared to 2024/25 due primarily to lower spending on fraud awareness.
- Whistleblower budget will increase by \$0.6M compared to 2024/25 as payouts under the program occur.
- Depreciation expense will increase by \$0.5M compared to 2024/25 as new local systems are placed in service.
- Local capital expenditures of \$4.9M will include \$3.3M for digital transformation including our platform project, \$0.6M to replace the financial system, and \$0.9M for upgrades to other local systems and hardware.

Key assumptions for the 2026/27 projection are:

- The size of distributions and the number of financial filings will grow by 2%, and the number of registrations will remain stable.
- National systems Partnership revenue will increase by \$2.9M due to fee increases.
- The number of staff will increase by five compared to 2025/26 primarily to increase our research and analytics capacity including relating to artificial intelligence, and to support compliance and enforcement programs.
- The position vacancy rate will be 6%.
- Merit-based salary increases will average 3%.
- Professional services expenses will decrease by \$0.4M compared to 2025/26 primarily due to decreased investment in the CSA market analysis platform and the end of terms for a couple of back-fill agency hires.
- Information management expenses will increase by \$0.5M compared to 2025/26 due primarily to increased use and cost of software licenses and data storage.

- Education expenses will be very similar to 2025/26.
- Depreciation expense will increase by \$0.4M compared to 2025/26 as new local systems are placed in service.
- Local capital expenditures of \$5.0M will include \$3.5M for digital transformation including our platform project, and \$1.5M for upgrades to other local systems and hardware.

Key assumptions for the 2027/28 projection are:

- The size of distributions and the number of financial filings will grow by 2%, and the number of registrations will remain stable.
- The average number of staff will remain unchanged from 2026/27.
- The position vacancy rate will be 6%.
- Merit-based salary increases will average 3%.
- Professional services expenses and information management expenses will be similar to 2026/27.
- Education expenses will be consistent with 2026/27.
- Depreciation expense will increase by \$0.3M compared to 2026/27 as new local systems are placed in service.
- Local capital expenditures of \$4.2M will include \$2.9M for digital transformation including our platform project, and \$1.3M for upgrades to other local systems and hardware.

Risks

Capital-raising levels have been volatile in recent years. We have budgeted and projected modest increases in capital-raising in the 2025/26, 2026/27, and 2027/28 fiscal years. We have budgeted an operating deficit for 2025/26 and projected deficits for 2026/27 and 2027/28. We have received Government approval to incur an operating deficit for fiscal year 2025/26. We plan to request fee changes effective in 2027/28 to fund the projected deficit for that year; we have not yet finalized details of such fee changes and Government has not approved such fee changes. If actual fee revenue is significantly lower than the amounts assumed in our budget and projections, our financial capacity will be negatively impacted.

A government partnership among the BCSC, the Alberta Securities Commission, the Ontario Securities Commission, and the Autorité des marchés financiers (Partnership) contracts with CGI Information Systems and Management Consultants Inc. (CGI) to operate several national electronic filing systems through which we collect most of our fee revenue. CGI maintains comprehensive business continuity plans for these systems.

We rely on the Partnership projections to estimate our net contribution from the national systems operations. Actual results will differ.

Overview of Operations and Management's Perspective

The BCSC does not receive taxpayer funding. Most of our revenue comes from local filing, registration, and application fees paid by market participants under the *Securities Act*. In most years, a small portion of our revenue is investment income and enforcement sanctions.

Compensation, occupancy, and depreciation expenses account for about 77% of local expenses.

Capital markets activity can be volatile, so we hold accumulated reserves to fund operations through market downturns. Drawing down the accumulated reserves requires government approval. Government approved deficits of \$10.7M in 2024/25, and up to \$12.9M in 2025/26.

In addition to our local operations, in accordance with Canadian public sector accounting standards, we proportionately consolidate 25% of the assets, liabilities, net assets, revenues, and expenses of the Partnership.

The participants in the Partnership have agreed to restrict the use of national system surplus funds to benefit only national filing system users, through system enhancements or usage fee adjustments.

Appendix A: Mandate Letter from the Minister Responsible



Date: June 14, 2023

Brenda M. Leong
Chair and Chief Executive Officer
BC Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver BC, V7Y 1L2

Dear Ms. Leong:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for British Columbia Securities Commission, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,

A handwritten signature in black ink, reading "Katrine Conroy". The signature is fluid and cursive, with the first name "Katrine" and last name "Conroy" clearly distinguishable.

Katrine Conroy
Minister of Finance and Minister responsible for the Columbia Basin Trust, Columbia Power Corporation, and the Columbia River Treaty
June 14, 2023

cc: Honourable David Eby, KC
Premier

Shannon Salter
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Gordon Johnson
Vice Chair
BC Securities Commission

Deborah Armour, KC
Commissioner
BC Securities Commission

Judith Downes
Commissioner
BC Securities Commission

Audrey T. Ho
Commissioner
BC Securities Commission

Karen Keilty
Commissioner
BC Securities Commission

James Kershaw
Commissioner
BC Securities Commission

Jason Milne
Commissioner
BC Securities Commission

Marion Shaw
Commissioner
BC Securities Commission



Brenda M. Leong
Chair, BC Securities Commission
Date: June 28, 2023



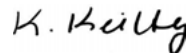
Gordon Johnson
Commissioner, BC Securities Commission
Date: June 27, 2023



Deborah Armour, KC
Commissioner, BC Securities Commission
Date: June 27, 2023



Audrey T. Ho
Commissioner, BC Securities Commission
Date: June 28, 2023



Karen Keilty
Commissioner, BC Securities Commission
Date: June 27, 2023



James Kershaw
Commissioner, BC Securities Commission
Date: June 28, 2023



Judith Downes
Commissioner, BC Securities Commission
Date: June 27, 2023



Marion Shaw
Commissioner, BC Securities Commission
Date: June 27, 2023



Jason Milne
Commissioner, BC Securities Commission
Date: June 27, 2023