



Alberta Securities Commission Three-year Strategic Plan F2018-2020

A|S|C
Alberta Securities Commission

MISSION, VISION, STRATEGY AND VALUES AT-A-GLANCE

**MISSION**

To foster a fair and efficient capital market in Alberta and to protect investors.

VISION

To be a practical, intelligent, best-in-class regulator. We strive to protect investors from improper, misleading or fraudulent practices while allowing our capital market to thrive.

STRATEGY

The pillars of our strategy to realize our mission and vision are :

Intelligent regulation that supports a thriving capital market

Proactive and comprehensive compliance, enforcement and education

Foster a culture of engagement

VALUES

The values that guide employee action at the ASC are:

STAKEHOLDER RESPONSIVENESS - Customer Focus • Building Partnerships

QUALITY RESULTS - Practical & Effective • Planning & Organizing

CONTINUOUS IMPROVEMENT - Innovation • Continuous Learning • Initiating Action

TEAMWORK - Contributing to Success • Coaching

PRINCIPLED ENVIRONMENT - Trust • Communication

The ASC is the regulatory agency responsible for administering the province's securities laws. It is entrusted with fostering a fair and efficient capital market in Alberta and with protecting investors. As a member of the Canadian Securities Administrators, the ASC works to improve, coordinate and harmonize the regulation of Canada's capital markets.



Message from the Chair

In summer 2016, the Alberta Securities Commission (ASC) engaged in a rigorous consultation and review process, critically assessing what the ASC does and how we do it. We wanted to understand how the market views the ASC and our operations; how we could better serve the needs of our stakeholders; and how our staff and members regard us as an organization.

We met with ASC Members, ASC staff and a number of external stakeholders such as issuers, law firms and other market participants to gain a broad range of perspectives. We also conducted an employee survey to secure feedback across a number of operational dimensions.

Market research was only the first part of the equation. We also performed a broad and thorough environmental scan of how our challenged provincial economy and changing industry—including shifts in how capital is raised in Canada and advances in financial technology—are impacting the securities sector.

Armed with both quantitative and qualitative data, we then completed an evaluation of our strengths and identified areas of improvement; and conducted an enterprise risk management assessment to identify proactive strategies for risk mitigation.

What did we determine?

- Globalization of securities regulations means we must work diligently to evaluate how new trends may influence market standards and impact efficiency while continuing our practical approach to regulation.
- We need to react nimbly to Alberta's changing economic environment and create a regulatory framework where our capital markets can thrive.

- We will continue to focus on comprehensive enforcement and compliance oversight.
- Opportunities exist to be more proactive and increase engagement with external stakeholders.
- Technology creates both opportunities and threats, and we must respond accordingly.
- A highly effective workforce is critical to our success; we will focus on continuing to attract and retain quality staff, and invest in them through mentorship and training.

The result of this thorough process formed the underpinnings of the ASC's three-year Strategic Plan, and our path forward as an agile and responsive securities regulator. The plan addresses opportunities and challenges that we face today, and will continue to face in the near term. It is the blueprint for our path forward, outlining where we are at present, where we believe we should be in three years, and how we plan to achieve our goals.

I believe that if you can't summarize your business on one page, you don't know it well enough. We created a graphic representation (found on page 1 of this document) of the key elements of our strategic plan, reinforcing that:

- Our existing Values continue to resonate strongly among our employees. These values – including Stakeholder Responsiveness, Quality Results, Continuous Improvement, Teamwork and Principled Environment – form the foundation of everything we do.
- Our Mission, to foster a fair and efficient capital market and to protect investors, holds strong today and as we move forward.
- The concepts “practical,” “intelligent” and “best-in-class” define our Vision. We aspire to a day where investors are able to participate in a healthy and robust capital market, protected from market misdeeds.
- Finally, we identified three strategic pillars that will guide our priorities to 2020; delivering intelligent and relevant regulation to support a thriving capital market; ensuring proactive and comprehensive compliance, enforcement and education; and fostering a culture of engagement with all of our stakeholders.

Despite the challenges our economy is weathering, Alberta continues to represent Canada's second-largest capital market. As the regulator of this important market, we must continue to be transparent and efficient, and to act proactively and decisively in the interest of investors and other Alberta market participants. It is critical that we evaluate the trends in other domestic and international market regulations and standards to assess their suitability and impact in fostering a strong Alberta capital market. With our Strategic Plan to guide us, we are forging the path to achieve this.

In the following pages, you will find the details of our strategic plan that not only form the direction but the scorecard for our organization moving forward. In the spirit of engagement, one of our key pillars, we look forward to your feedback.

With kind regards,

Stan Magidson

PILLAR ONE:**Intelligent regulation that supports a thriving capital market**

Regulating the Alberta capital market is our *raison d'être*, but we must do it intelligently. That means ensuring that our regulatory regime is appropriate to the needs of our market, and promotes strong investor protection while not unduly burdening issuers and other market participants. With our offices located in Calgary, we are keenly aware of the pressures the current economy is placing on our constituents. We will continue to be mindful of proportionate regulation so as to not overstrain already struggling sectors.

THEMES:**Question the regulatory status quo**

As regulators we must adapt to changing market conditions while providing a level of stability on which issuers, investors and other market participants can depend. A hallmark of our approach is to continually engage in intelligent research efforts, scanning both the domestic and international regulatory environments, to inform our position and policies on a variety of securities matters. We will continue to work with the Canadian Securities Administrators (CSA) to be harmonized to the greatest extent possible while still remaining a strong advocate for the unique needs of market participants in Alberta.

Reduce regulatory burden

All new laws, rules, policies and projects will be assessed to determine whether they add value to Alberta's unique capital market. The ASC will take part in a national CSA "red tape reduction" project to streamline and simplify regulatory processes. We will also focus on proportionate regulation; for example, reviewing policies relating to the struggling venture market—and the small dealers that support that market—to ensure that there is due consideration of the costs of regulation compared to the benefits.

Address emerging regulatory frontiers

To keep pace with the rapidly changing securities industry, we've identified a number of emerging areas to focus on over the next three years:

- **Derivatives Markets:** We will continue to develop a derivatives framework including the necessary compliance and surveillance tools required to ensure a practical and effective regime.
- **Climate Change Disclosure:** We will participate in the debate and monitor activity as it relates to climate change disclosure, keeping abreast of the latest developments to determine the impact and scope of regulation required.

- **Fintech:** We will work to carefully address the increasing presence of technological innovation in the financial marketplace, including the evaluation of advancements such as roboadvisors, blockchain and High Frequency Trading (HFT).
- **Oil and Gas Regulation:** Our Alberta capital market is heavily weighted toward natural resources. As the regulator for this market, it is our responsibility to continue to deliver best-in-class rules for this critical economic sector.

Engage effectively with other regulators

We do not operate in a vacuum. While our primary responsibility is to oversee the Alberta capital market, we must do so cooperatively and mindfully of regulations that govern other jurisdictions both nationally and internationally. With advances such as International Financial Reporting Standards bringing comparable accounting standards to the world's capital markets, and the presence of new financial instruments such as bitcoin, securities regulation is increasingly complex and much of it occurs in an international arena.

As such, we will continue to actively engage with the CSA, the North American Securities Administrators Association (NASAA), the International Organization of Securities Commissions (IOSCO), and other national and international bodies, to stay informed, add value through our participation, and engage in areas that are critical to our being an effective regulator.

We will also work with the Capital Markets Regulatory Authority (CMRA), the Canadian federal government's initiative to structurally reform securities administration in Canada, to create an interface between participating and non-participating jurisdictions that is practical and effective.

PILLAR TWO:

Proactive and comprehensive compliance, enforcement and education

We must anticipate future problems or needs in the market and act decisively in order to promote public confidence in our capital markets, protect investors, and support market integrity.

THEMES:

Expand enforcement tools

As securities fraud and misconduct becomes ever more complex, crossing borders and incorporating new technologies to mislead investors and escape detection, it is imperative that we have access to the right information, expertise, processes and technology to detect 'bad actors' and analyze data and evidence. This will support both our effectiveness and efficiency in enforcement proceedings.

Our plans also include exploring the creation and implementation of a whistleblower program, designed to motivate individuals to report information about serious violations of Alberta securities law.

Ensure effective compliance oversight

Delivering effective compliance oversight is central to the ASC's regulatory responsibilities. We will make any necessary changes to our internal infrastructure to ensure that we are optimally positioned to respond to an increasingly complex and diversified economy.

We will explore introducing compliance settlements to address breaches that are detrimental to the integrity of our market, but are insufficiently significant to warrant enforcement procedures.

We will continue to proactively identify emerging issues, trends, and risks in equities and derivatives market structures, and in trading, dealing and advising. Our goal is to provide thought leadership and intelligent policy in areas relevant to the Alberta capital market.

Enhance investor education efforts to reach a broader audience

Financial literacy is a life skill that helps investors protect and grow their hard-earned money. With longer life spans and fewer companies offering defined-benefit pensions, it is increasingly important that Canadians become knowledgeable about how to invest for a safe future.

Knowing how to protect your money from fraud is important because by the time the market misconduct is identified, the scam artist has generally lost, spent, or moved the funds offshore where they become nearly impossible to recover.

The ASC will undertake a number of initiatives over the next three years to broaden financial literacy and investor protection in Alberta. We plan to expand the tools and resources on our consumer website, CheckFirst.ca, in order to position it as the “go-to” site for Albertans to learn about investing. We will actively expand our award-winning investor education outreach and continue to conduct timely and frequent anti-fraud campaigns, leveraging data collected from our enforcement activities whenever possible.

Elevate cybersecurity

Cyberattacks are attempts by hackers to damage or destroy computer systems or networks. While all organizations are at risk from this type of security infringement, as an organization with access to sensitive data we must be particularly vigilant in our efforts to protect that information. It is imperative that our data remains safe and that we take all necessary measures to maximize our cyber resilience.

PILLAR THREE:

Foster a culture of engagement

In order to effectively fulfil our mandate and to adapt quickly to rapidly changing financial markets and Alberta's capital ecosystem, we must foster a strong sense of collaboration, including seeking input from market participants and encouraging a two-way flow of information. Our staff's collective knowledge and expertise is a key component of our success; we will support them in meeting our best-in-class vision.

THEMES:

Engage our employees and stakeholders

Regular, timely and relevant engagement with all of our stakeholders is critical to effective administration of Alberta's securities laws. Our priority is to increase two-way communication with both internal and external stakeholders, addressing their needs and incorporating valuable feedback into future endeavours as appropriate.

Staff retention and improvement

To ensure we maintain our position as one of Alberta's top employers, we will continue to provide a challenging, rewarding and equitable workplace. We will deliver quality training and professional development to our staff and provide them with the right tools and resources to carry out their duties with proficiency, efficiency and consistency.