

ALBERTA SECURITIES COMMISSION

MANDATE AND ROLES DOCUMENT

Made February 12, 2025 (the “Effective Date”)

This Mandate and Roles Document (“MRD”) for the Alberta Securities Commission (the “ASC”) has been developed in accordance with the provisions of the *Alberta Public Agencies Governance Act* (“APAGA”), and was jointly developed between the President of Treasury Board and Minister of Finance (the “Minister”) and the ASC. It replaces the MRD fully executed on November 22, 2010.

Nothing in this MRD is intended to or shall interfere with the ASC’s proper exercise of any statutory powers of decision. The ASC is an independent body accountable to the Minister.

This MRD is made by the ASC and the Minister pursuant to and in accordance with the requirements of section 3 of APAGA. This MRD is not a contract, nor does it establish or create legal obligations. Rather, it describes and reflects the statutory mandate of the ASC, its relationship with the Minister and the Department of the Minister (the “Department”), its governance and operational structure, and respective roles and responsibilities.

Further information is available in the ASC’s Governance Policy and terms of reference for the ASC’s various committees (listed below) and these are publicly available on the ASC’s website (www.asc.ca).

1. ASC Mandate

The ASC is a public agency created under the *Securities Act* (the “Act”), which provides that the ASC:

- (1) is a corporation consisting of members (“ASC Members”) appointed by the Lieutenant Governor in Council;
- (2) is responsible for the administration of the Alberta securities laws as defined in the Act, which include:
 - (a) the Act;
 - (b) regulations under the Act (which includes the Securities Regulation and rules made by the ASC);
 - (c) decisions made by the ASC or the Executive Director under the Act; and
 - (d) extra-provincial securities laws adopted or incorporated by reference and in accordance with the Act;
- (3) is responsible for discharging the powers and duties assigned to it under the Act and any other enactment;

- (4) is a statutory agent of the Crown in right of Alberta, for the purposes of the Act and regulations; and
- (5) has the capacity and the rights, powers and privileges of a natural person, for the purposes of carrying out its functions and duties under the Act or any other enactment.

In order to achieve its mandate, the ASC is guided by the following strategic principles:

- (1) ensure investor confidence in the integrity of Alberta's capital markets through:
 - (a) targeted compliance review;
 - (b) prompt, visible and fair enforcement;
 - (c) timely and responsive policy development;
 - (d) focused and relevant education programs; and
 - (e) clear and informative communication;
- (2) be a persuasive advocate locally, nationally and internationally for issues material or unique to the Alberta capital markets, and a recognized leader within the national regulatory framework for the capital markets;
- (3) be - and be acknowledged by all stakeholders to be - a practical, intelligent and best-in-class securities regulator;
- (4) actively explore and pursue with other regulatory bodies opportunities for cooperation, coordination and rationalization of activities so as to minimize, wherever possible, the duplication of regulation, and to promote and assist in the development of a highly harmonized system of securities regulation across Canada; and
- (5) be recognized as an attractive employer based on work environment, organizational culture, mutual cooperation, quality of work, training, remuneration and potential for career development.

Mission

The mission of the ASC is to foster a fair and efficient capital market in Alberta and to protect investors.

Regulatory Matters

The ASC undertakes the following regulatory functions:

- (1) registration of capital market participants who are in the business of advising on or trading in securities or derivatives, or acting as an underwriter;

- (2) recognition of exchanges, quotation and trade reporting systems and self-regulatory organizations, clearing agencies, credit rating organizations, benchmark administrators and contributors, information processors, trade repositories, and any auditor oversight organization;
- (3) review of specified offering documents and receipt of prospectuses;
- (4) review of continuous disclosure and proxy solicitation documents;
- (5) regulation of take-over bids and issuer bids;
- (6) investigation of suspected violations of Alberta securities laws;
- (7) conduct enforcement actions, including prosecutions, and hearings related to Alberta securities laws;
- (8) rule-making under the Act;
- (9) recommendations for legislative amendments to the Act;
- (10) development of timely and relevant education programs about investing and capital formation for entrepreneurs and the public; and
- (11) regulation of marketplaces that fall within (a)(iii) of the definition of "Marketplace" under National Instrument 21-101 Marketplace Operation, approval of investor compensation funds or contingency trust funds and the regulation thereof, review of applications for exemptive relief from Alberta securities laws filed by market participants, and oversight of registrants and regulated entities under Alberta securities laws.

Adjudicative Matters

The ASC is responsible for adjudicating matters related to the administration of Alberta securities laws. It has jurisdiction to conduct enforcement proceedings and hear applications and appeals under Alberta securities laws and to a limited degree, other statutes enacted in Alberta.

ASC Members may be called upon to hear the following types of matters:

- (1) appeals from orders issued by the Executive Director, recognized self-regulatory organizations, and specified entities participating in the capital market that are recognized by the ASC;
- (2) applications for exemptive relief from provisions of Alberta securities laws; and
- (3) applications for orders under Alberta securities laws, including orders to restrict or prohibit participation in the capital market based on violations of Alberta securities laws.

Rule-Making Authority

The ASC has statutory rule-making authority, pursuant to sections 211.6 and 224 of the Act, and subject to the notice and publication requirements set out in the Securities Regulation.

The ASC is responsible for the research and development of securities rules and participates with various Canadian Securities Administrators project committees in the development of those securities rules. New securities rules and proposed amendments to existing securities rules are subject to public consultation.

Applicable Legislation

The ASC is a corporation established under and subject to the Act which is its governing statute and sets out its duties and obligations. The ASC is also subject to Alberta securities laws which includes the Securities Regulation, the ASC Rules (General), ASC decisions and is also subject to various other Alberta statutes, as amended from time to time. The ASC must ensure that it stays within its mandate, complies with legislation and aligns with any applicable Government policy, legislation, directives and guidelines. This may include, but not limited to the following which may change during the term of this MRD:

- (1) the *Financial Administration Act* (the “FAA”), which governs the ASC as a “Provincial corporation”, but subject to the Funds and Agencies Exemption Regulation, which exempts the ASC from the requirement to designate a respective expenditure officer and accounting officer under sections 37 and 38 of the FAA;
- (2) the *Fiscal Planning and Transparency Act*, which applies to the ASC, as an “accountable organization” which is part of the Minister’s “ministry,” and requires the ASC to provide a business plan and annual report to the Minister for each fiscal year;
- (3) the *Auditor General Act*, under which the Auditor General is the auditor for the ASC as a Provincial corporation under the FAA;
- (4) the *Freedom of Information and Protection of Privacy Act*, which applies to the ASC as a “public body” under that act and governs the collection, use and disclosure of personal information and sensitive commercial information by public bodies;
- (5) APAGA, which provides the legislative framework to ensure transparency and accountability and promote good governance in Alberta’s agencies, boards and commissions;
- (6) the *Public Interest Disclosure (Whistleblower Protection) Act*, which applies to the ASC as a “public entity” under that act;
- (7) the *Public Sector Compensation Transparency Act*, which applies to the ASC as a “public sector body” under that act; and

- (8) the *Reform of Agencies, Boards and Commissions Compensation Act*, which applies to the ASC as a public agency, and includes obligations to provide the Minister with information regarding the ASC's compensation policies, plans, guidelines, programs and studies, and pursuant to which a "compensation framework" has been prescribed in relation to the ASC.

2. ROLES AND RESPONSIBILITIES

The respective roles and responsibilities of the ASC, its ASC Members, the Chair and the Executive Director, and the Minister and the Department in relation to the ASC are summarized as follows:

The ASC

The ASC is responsible for carrying out its statutory mandate, complying with other applicable enactments, and performing its contractual obligations.

The ASC has statutory powers, duties and functions, including the authority to make bylaws governing the administration and management of its business and affairs and rules governing conduct in the capital markets. The ASC's regulatory and adjudicative decisions are made in an independent and impartial manner.

ASC Members

Composition

a) ASC Members

ASC Members, acting collectively, fulfill the role of the board of directors and are responsible for the strategic management and direction of the ASC. In order to fulfill their responsibilities, ASC Members have established Audit, Human Resources and Governance Committees ("the ASC Committees").

b) Chair

The Chair, in his or her capacity as Chair, carries out a number of duties and responsibilities, including without limitation, providing strong leadership to the ASC Members, maintaining a sound governance framework for the ASC Members by fostering ethical and responsible decision-making by the ASC Members, and overseeing the ASC Member's functions and operations. The Chair is responsible for representing the ASC Members and the ASC's interests to the Minister.

c) Vice-chair

A Vice-chair is a full-time ASC Member. The role and responsibilities of a Vice-chair include, writing decisions for a panel in respect of any hearing, review, inquiry, investigation or other proceeding conducted by such panel, when acting as chair of such panel if so designated. A Vice-chair is also responsible for policy matters as may be delegated to such Vice-chair from time to time by the Chair, conducting meetings of the ASC in the absence of the Chair; and representing the Chair and the ASC at various meetings, conferences and events as requested from time to time by the Chair.

d) Lead Independent Member

ASC Members, other than the Chair and a Vice-chair, are Independent Members. An Independent Member may be designated by the Lieutenant Governor in Council as the Lead Independent Member to ensure board independence and independent oversight of management. The Lead Independent Member is responsible for calling and chairing meetings of the Independent Members.

Chief Executive Officer

Under section 13(2) of the Act, the Chair is also the chief executive officer (“CEO”) of the ASC. The CEO is responsible for

- (1) leading and managing the ASC, including the development and implementation of the ASC’s strategic plan, business plan and operating budget;
- (2) reporting to the Minister and the ASC Members, and maintaining effective communications with the Deputy Minister, senior staff in the Ministry, and other Ministries as required; and,
- (3) keeping the ASC Members current on major developments, and ensuring that the ASC Members have sufficient information to permit them to fully discuss potential issues and to make decisions.

Executive Director

The Executive Director is the chief administrative officer and is responsible for the day-to-day operations of the ASC, and has specific powers and responsibilities under the Act and other applicable enactments, including enforcement and adjudicative functions.

The Minister

The Minister is accountable to the Legislature for the ASC, and monitors whether the ASC is acting within its statutory mandate.

In assisting the ASC to fulfill its mandate, the Minister will:

- (1) advise the ASC of any applicable Government policies with respect to the ASC’s activities or operations;
- (2) review and approve the ASC’s budget, strategic direction and annual report;
- (3) monitor the performance of the ASC to ensure that it is fulfilling its statutory mandate and carrying on its operations in compliance with Government policies, while respecting the ASC’s need for independence in fulfilling its obligations;
- (4) recommend to Cabinet the appointment of ASC Members, and the designation of a Chair, Vice-chair(s) and Lead Independent Member, having regard to the recommendations of the ASC Members; and

- (5) seek Government approval on proposals for legislation and amendments to the *Securities Act*, having regard to the ASC's recommendations.

The Department of the Minister

The Department of the Minister is responsible for supporting the Minister in the Minister's above noted-role and responsibilities.

Subsidiaries

The ASC does not have any subsidiaries as of the Effective Date.

3. Accountability

The ASC and ASC Members are ultimately accountable to the Government and to the Minister. The Chair is accountable to the ASC Members. The Vice-chair(s) and the Executive Director are accountable to the Chair. The ASC is responsible for ensuring that its operations are aligned with and delivered in accordance with Government policies and directions. In exercising its powers and carrying out its duties and functions, the ASC will take into account the objectives of the Department, as described in the Ministry business plan. The Minister and the ASC will mutually consult to ensure that the ASC is aware of the Government's objectives.

The Minister recognizes that the ASC has been given statutory powers, duties and functions, and that the ASC must be able to independently exercise its discretion, within the bounds of its mandate, in exercising its powers and carrying out its duties and functions.

4. ASC Code of Conduct

The ASC maintains a code of conduct ("the ASC Code of Conduct") for ASC Members and staff. The Governance Committee is responsible for monitoring compliance with policies governing the conduct of the Independent Members. The Chair is responsible for administering the ASC Code of Conduct in relation to the ASC and ensuring that conflict of interest matters are addressed by the ASC.

The ASC Code of Conduct is publicly available on the Government's website.

5. Evaluation Process

Evaluation of the ASC's Effectiveness and ASC Members' Performance Review

The Governance Committee is responsible for developing and maintaining a program for the annual review of the effectiveness of the ASC Members collectively and the ASC Committees. Each year, the chair of the Governance Committee will ask all ASC Members to make comments to assist in the annual evaluation of the performance of the ASC, the Independent Members, committees of Independent Members and the ASC's Governance Policy. The Governance Committee will report to the ASC Members on the Governance Committee's assessment of the performance of the ASC, the Independent Members, committees of ASC Members and the ASC's Governance Policy in the previous fiscal year.

Chair and Vice-chair Performance Review

Section 18(3) of APAGA requires the ASC to establish, subject to the satisfaction of the Minister, a process to ensure appropriate independent oversight of the performance of the Chair by the other ASC Members. Each fiscal year, the Human Resources Committee will discuss with the Chair his or her performance and the performance of a Vice-chair having regard to the self-evaluation of the Chair and a Vice-chair. The Human Resources Committee will report to the ASC Members at a meeting of the ASC on its assessment of the performance of the Chair and each Vice-chair.

6. Recruitment and Appointment of ASC Members

Recruitment and Appointment Process

The Lieutenant Governor in Council is responsible for appointing ASC Members. Nevertheless, it is important that the ASC Members play a central role in the selection of candidates to be recommended to the Minister for appointment to the ASC.

ASC Members collectively constitute the ASC, with some ASC Members being designated as the Chair, Vice-chair(s) or the Lead Independent Member of the ASC. The recruitment and nomination process for ASC Members is guided by the provisions of APAGA and is subject to generally applicable policies established by the Government. On an annual basis, the ASC reviews its requirements for Members as a result of changing circumstances, pending retirements, renewal or expiry of terms, and where recruitment or reappointments are required, procedures set out in the centralized recruitment guidebook for Alberta's public agencies, boards and commissions, as amended from time to time, are followed. The ASC pursues a merit-based recruitment and selection process. The results of the recruitment and appointment process are posted publicly by the ASC on its website in accordance with section 13(2) of APAGA.

Orientation and Training of ASC Members

A new ASC Member shall receive such information covering the operation of the ASC and the duties and responsibilities of ASC Members as is necessary and as may be reasonably requested by the new ASC Member. In addition, the new ASC Member will meet with Senior Management for the purpose of receiving a briefing on the areas for which such individuals are responsible at the ASC.

Remuneration

The remuneration payable to the Chair, a Vice-chair and ASC Members is to be set in accordance with section 14 of the Act. As part of the ASC Members' performance review process noted above, the Governance Committee will present its recommendations respecting the compensation package for the ASC Members for the upcoming fiscal year. Each year, the Human Resources Committee will present to the ASC Members its recommendation respecting the compensation package of the Chair and Vice-chairs for the upcoming fiscal year, subject to the terms of their respective employment contract and any applicable provincial enactment and any applicable directives and guidelines issued by the Government.

7. Mutual Expectations in Respect of Communications, Collaboration and Consultation

The ASC Chair and Minister, or Deputy Minister

The Minister and the ASC both recognize the need to establish and maintain a cooperative relationship to facilitate the timely exchange of information and effective consultation. The Minister, or Deputy Minister, and Chair will periodically meet or communicate as necessary to inform and discuss Government policy, securities-related issues and progress on matters within the ASC's mandate.

The ASC and the Department

The Department is expected, in relation to the ASC, to:

- (1) facilitate the ASC's input into the Ministry's planning, budgeting and financial reporting;
- (2) involve the ASC in any discussions related to the regulatory responsibilities of the ASC; and,
- (3) communicate and consult with members of the ASC's senior management, as specified by the Chair, in respect of any inquiries made regarding the operations or actions of the ASC.

It is expected that the ASC and the Department will provide timely notice to each other of proposed or planned legislative amendments, proposed rules or other activities that would have a significant impact on the responsibilities or activities of the other.

The ASC will provide the Minister with reasonable advance notice regarding the publication of any proposed rule, which is:

- (1) expected to be controversial;
- (2) expected to involve substantial implications for other Alberta financial sector regulators;
- (3) of a nature that is a significant departure from the other rules of the ASC; or
- (4) of a nature that is a significant departure from rules that are uniform or highly harmonized with other provinces and territories.

The ASC and Other departments

The ASC will inform the Minister, and, when appropriate, consult with the Department of Justice, on the following matters:

- (1) any claims of Crown immunity by the ASC;
- (2) any suit against the ASC for a material monetary amount; or,
- (3) any constitutional or charter of rights arguments made by the ASC before the courts.

8. Planning and Reporting Requirements

Annual Report and Plan

The fiscal plan, business plan, and ministry annual report that are required to be prepared annually by the Minister pursuant to the *Fiscal Planning and Transparency Act* will include reference to the ASC. Accordingly, and pursuant to the Act, the ASC will prepare and deliver to the Minister an annual report, which the Minister shall present to the Legislature.

Reporting and Accounting

The ASC is part of the consolidated reporting entity for purposes of the financial statements of the GoA, and pursuant to the *Fiscal Planning and Transparency Act* must provide an annual report in a form and containing information as directed by the Department on behalf of the Minister. The Minister may from time-to-time request from the ASC additional reporting, which may be either specific or general, and either periodic or one-time. The ASC is not a “government business enterprise” for accounting purposes.

9. Administration

Review of the MRD

This MRD takes effect on the Effective Date and must be reviewed and renewed, amended or replaced within 3 years of the Effective Date.

Publication

The ASC will ensure that the full text of this MRD is publicly available on the ASC’s website.

“original signed by”

 Stan Magidson
 Chair and CEO,
 Alberta Securities Commission

Date February 12, 2025

“original signed by”

 Nate Horner
 President of Treasury Board and Minister of
 Finance,
 Government of Alberta

Date February 5, 2025