

British Columbia Securities Commission

2022/23

Annual Service Plan Report

August 2023



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Board Chair's Accountability Statement



The British Columbia Securities Commission 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 – 2024/25 Service Plan published in 2022. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to be 'B. Leong', written in a cursive style.

Signed on behalf of the Board by:

Brenda M. Leong
Chair and CEO
July 25, 2023

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Letter from the Board Chair & CEO

The British Columbia Securities Commission (BCSC) is the independent Crown agency responsible for protecting investors and supporting fair, efficient and innovative investment markets.

Throughout 2022/23, the BCSC honoured Government's commitment to put people first by delivering quality, cost-effective services through outcomes-based regulation. This past year, the BCSC collaborated with other Canadian securities regulators to publish the regulatory framework for the creation of the Canadian Investment Regulatory Organization (CIRO) and approve the new Canadian Investor Protection Fund (CIPF). CIRO and the CIPF promise to enhance investor protection and public confidence through stronger accountability. We also adopted a new prospectus exemption for issuers listed on a Canadian stock exchange, to provide a more efficient way for them to raise capital which will in turn provide retail investors with a broader choice of investments.

These initiatives were accomplished in partnership with the Canadian Securities Administrators (CSA), through which the BCSC and the country's 12 other investment market regulators seek harmonized regulation of Canada's capital markets. In a rapidly changing environment, among its many priorities, the CSA has been focusing on the disclosure of emerging environmental, social and governance (ESG) issues, such as public company climate risk and diversity on corporate boards. In addition, the CSA has been devoting considerable resources to regulating crypto-asset trading platforms, which have proliferated in recent years.

In furtherance of the BCSC's efforts to protect investors, the BCSC's proactive enforcement and collection work resulted in 299 actions to disrupt misconduct and the collection of \$3,457,171 in sanctions. Our specialized Trading Unit continued to combat abusive promotions and trading in the midst of high volatility in the markets and a proliferation of online trading. We also developed a new technology tool to detect abusive promotional activities that are conducted online and via social media and which involve B.C. issuers. Alongside our enforcement efforts, the BCSC also delivered a fraud awareness campaign aimed at helping British Columbians protect themselves from crypto-focused investment schemes, some of which continue to pose a threat to investors across the province.

The BCSC proactively engages with the Ministry of Finance at all levels to ensure strategic alignment with the Ministry's objectives. Ongoing and regular dialogue with the Ministry on emerging policy issues, our enforcement and collections programs and investor education activities is critical to our success in meeting our strategic objectives.



Brenda M. Leong
Chair and Chief Executive Officer
July 25, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the British Columbia Securities Commission [2022/23 – 2024/25 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

The BCSC is the independent provincial government agency responsible for regulating capital markets in B.C. The BCSC's enabling legislation is the [Securities Act](#), RSBC 1996, c. 418. 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:

- 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 educate 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

As the COVID-19 pandemic waned, B.C.-based public and private financing activity retreated from the frenetic levels experienced during fiscal year 2021/22. Rapidly increasing interest rates and turmoil in the digital assets market led to market volatility and a decline in the creation of new companies and lower investment growth. Financing activity, particularly related to critical mineral exploration, remained robust, in part due to the increased focus on the transition economy, while some sectors like tech where the cost of capital increased significantly, were less active. Total amounts of capital raised fell to pre-COVID-19 levels.

Those short-term trends, however, are unlikely to interfere with the rapid evolution of the capital markets and the wealth management industry, and the new opportunities and challenges that evolution creates for the BCSC. As a result, throughout fiscal year 2022/23, the BCSC maintained its focus on four areas to ensure our resilience and responsiveness: building capacity, enhancing investor protection, supporting innovation and financial technology (fintech), and modernizing the regulatory framework. Due to staff capacity constraints, the BCSC was challenged over the course of the fiscal year to meet the demands of the rapidly evolving investment markets.

Ignoring accounting policy changes, revenues declined 7% in 2022/23, and there are clear indications that some of those revenue streams will decline further in 2023/24.

Building capacity: The evolution of capital markets, including the proliferation of new products, technology tools and online channels for investment-related information, is generating billions of data points annually. To maintain and enhance the BCSC's regulatory responsiveness, the BCSC has launched a digital transformation of its internal information systems. This new platform will enable the BCSC to manage and analyze vast amounts of information and deliver added value to the capital markets and the investing public. The launch of the new platform was delayed twice during the year, the first time due to a delay in the launch of related CSA-wide national systems, and the second due to staff resourcing constraints. These new systems will require significant human and financial resources to further develop and maintain.

Enhancing investor protection: B.C.'s capital market continues to be dominated by relatively small companies operating in the resource sector. As dynamic as that market is, it is also prone to misleading social media campaigns and stock manipulation. The BCSC is working with other Canadian securities regulators to systematically assess the technological and legal challenges in tackling this persistent problem, and to develop strategies to meet those challenges.

Amendments to the *Securities Act* in 2020 gave us a wider range of tools to assist with our efforts to collect unpaid sanctions. Tools include increased powers to preserve and seize property transferred to third parties under value and the ability to seek court orders for forfeiture of assets and orders for joint and several liability against family members and third parties. The amendments also enable a process through which the BCSC can give notice to ICBC of unpaid financial sanctions which results in ICBC refusing to issue or renew a debtor's driver's licence or insurance. Amendments to other legislation in 2020 removed the limitation

period for the BCSC to collect debts and removed restrictions on collecting penalties from registered accounts.

Recently, we completed preparations for a new, streamlined procedure to impose financial penalties for certain types of market misconduct without holding a panel hearing – Administrative Penalties Imposed by Notice (APIN). The first actions under APIN will take place in 2023/24. The BCSC also committed to – and laid the groundwork for – a whistleblower program tailored to B.C.'s unique market that will provide monetary rewards for actionable evidence of market misconduct.

Supporting innovation and fintech: Over the course of the year, the BCSC granted authorization to several crypto trading platforms, and continued to support emerging financial technologies through consultation with our Fintech Advisory Forum. The evolution of new technologies and products continues to advance at an unprecedented pace. Innovators have sought to capitalize on blockchain technology to develop and enable new forms of crypto-assets and value-referenced crypto assets (stablecoins) to trade over new platforms, some of which have been registered in B.C. The BCSC continues to work closely with other Canadian securities regulators to establish and enforce measures aimed at protecting investors from negligent and abusive practices that have led to the high-profile failures of platforms and assets. The BCSC is also monitoring how the deployment of new technology – such as mobile trading apps and artificial intelligence-driven advice – is transforming traditional investment services and the behaviour of investors. The BCSC is formulating a long-range plan to help it evolve with the market.

Modernizing the regulatory framework: Investors, particularly institutional investors, are increasingly considering ESG issues, alongside more traditional financial metrics, when making investment decisions. Since disclosure is one of the cornerstones of the regulatory framework, the BCSC is putting forward measured policy initiatives, aimed at providing investors with accessible and relevant information about companies' risks and efforts in these areas. The BCSC devoted considerable effort in 2022/23 to prepare for the April 2023 publication of a proposal to require public company disclosure of Board diversity practices. The BCSC also co-lead the establishment of a new, single self-regulatory organization for the investment industry that focuses on the public interest and responds to the evolution of the industry.

Report on Performance: Goals, Objectives, and Results

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

Objective 1.1: Promote a culture of compliance

Investors are better protected when firms and individuals that trade or advise in securities, and businesses and investment funds that raise money in the capital markets, understand and comply with their regulatory obligations.

Key results

- Developed a proposal for comment for the Ombudsman for Banking Services and Investments (OBSI) that contemplates providing OBSI the authority to make awards that are binding on firms.
- Published a consultation paper on the standards of disclosure for mineral projects seeking comment on the efficacy of several key provisions of our standards of disclosure for mineral projects, priority areas for revision, and whether regulatory changes would address concerns expressed by certain stakeholders.
- Continued to assess international developments and comments on a climate-related disclosure rule published in October 2021 and published for comment public company diversity disclosure requirements, in April 2023.

Summary of progress made in 2022/23

To promote a culture of compliance, we worked diligently to ensure firms and individuals understand their principles-based obligations and specific legal requirements. We performed compliance reviews and published our findings, and supported them with educational outreach.

In many cases we used decisive action to correct non-compliance with securities regulations. We issued Cease Trade Orders (CTOs) and or Management Cease Trade Orders for late filings and later revoked CTOs when the issuer or individual subsequently complied with our standards.

To further compliance in emerging areas, in partnership with the CSA, we published pre-registration undertakings for crypto asset trading platforms to enhance investor protection for firms conducting business prior to formal registration.

Performance measure(s) and related discussion

Performance Measure	2020/21 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Percentage of reviewed issuers that reduce deficiencies: ¹				
i. Improved disclosure subsequent to a continuous disclosure review	100%	100%	>95%	87.5%
ii. Improved disclosure to minimum standards	100%	100%	>95%	87.5%
1.1b Percentage of issuers reviewed that comply with standards for technical disclosure: ²				
i. Percentage of issuers' technical reports reviewed that were required to be amended and refiled	-	39%	<25%	22.2%
ii. Percentage of issuers reviewed placed in default for non-compliant technical disclosure in documents other than technical reports	-	24%	<20%	21.6%
1.1c Average number of repeat deficiencies per examination in Capital Markets Regulation. ³	0.67	0.5	0.64	0.13

Data source: 1.1a Internal evaluation of subsequent disclosure; 1.1b and 1.1c Data recorded in established tracking systems.

¹PM 1.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as >95% and >95%, respectively.

²PM 1.1b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as <25% /<20% and <25%/<20%, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

³PM 1.1c targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 0.64 and 0.64, respectively.

1.1a We did not meet our target this fiscal year. We reviewed 10 files, eight of which had non-compliant disclosure. Seven files improved their disclosure upon receiving comments from the BCSC. One file did not comply and improve their disclosure to

minimum standards. Non-compliance can lead to a transaction being abandoned with no correction to the disclosure, or an issuer allowing the company to be cease-traded.

- 1.1b Our objective is to reduce the percentage of technical report re-filings (1.1b i) and to reduce non-compliance that results in issuers being placed into default (1.1b ii). We met measure 1.1b i, but did not meet measure 1.1b ii. This year, we moved closer to the 1.1b ii target and have focused on communicating to issuers how to provide compliant disclosure in this area.
- 1.1c We met this target. The focus of these examinations (87%) was narrow and largely limited to conflicts of interest procedures based on requirements adopted on June 30, 2021. Given the scope of these reviews, it was unlikely that we would find many repeat deficiencies.

Objective 1.2: Advance cost-effective regulation

We aim to provide strong investor protection and market integrity for an appropriate cost by focusing on three core areas:

- Emphasizing practical solutions
- Using our resources efficiently
- Delivering services reliably

Key results

- Progressed work on the BCSC's digital transformation including the launch of a new document and records management system, completing internal testing on SEDAR+, and finalizing the procurement of an IT vendor.
- Published two crypto-related notices: one outlining enhanced investor protection expectations for unregistered crypto trading platforms operating in Canada, and the other providing guidance to crypto trading platforms regarding requirements relating to advertising, marketing and social media use.
- Completed final development and most testing in preparation of the launch of SEDAR+, an integrated platform for filing, disclosing and searching for information in Canada's capital markets that replaces the CSA's existing SEDAR, Cease Trade Order database, Disciplined List database systems, and a consolidated reporting issuers list.
- Oversaw the amalgamation of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) to become CIRO, and the combination of the Canadian Investor Protection Fund and MFDA Investor Protection Corporation into a merged and independent Canadian Investor Protection Fund (CIPF).
- Developed a proposal to modernize delivery practices for company prospectus filings and for company and investment fund continuous disclosure filings by increasing online availability and accessibility; and published changes to harmonize the interpretation of the financial statement requirements for a long form prospectus that

reduces regulatory burden for issuers by clarifying the historical financial information required in an Initial Public Offering, without compromising investor protection.

Summary of progress made in 2022/23

To advance cost-effective regulation, we worked with our partners at the CSA to adopt a new prospectus exemption which aimed to reduce costs for issuers raising smaller amounts through public markets. In addition, we adopted changes to Offering Memorandum requirements for issuers engaged in “real estate activities” and issuers that are “collective investment vehicles”, to provide more certainty to issuers as to what they must disclose, better information for investors, and greater ease of use for all stakeholders.

Last year’s amalgamation of IIROC and the MFDA into CIRO promises to benefit member firms through financial and regulatory efficiencies while increasing options for investors and improving investor protection.

On the trading and advice side, we worked with our partners in Ontario to approve revised CSE listing policies to have a senior tier that will reduce capital costs for larger issuers.

In emerging sectors like Fintech we granted authorization to several crypto trading platforms over the course of the year, and continued to support emerging financial technologies through consultation with our Fintech Advisory Forum.

We onboarded a technology consultant in June 2022 to manage a major component of our digital transformation program.

Performance measure and related discussion

Performance Measure	2020/21 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2 Average score on cost-effective regulation scorecard ¹	95%	96%	>90%	98%

Data source: 1.2 Internal evaluation based on staff and management judgment and project documents.

¹PM 1.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as >90% and >90%, respectively.

Measure 1.2: We met this target. The target of greater than 90% is set so that, on average, we achieve our objectives if we hit the standards on the scorecard in all but one area. This year, we scored four completed policy initiatives that went into effect in FY2023.

Goal 2: Inspire investor confidence

Objective 2.1: Act decisively against misconduct

Our Enforcement division focuses on cases with a strong B.C. connection, including illegal distributions, fraud, market misconduct, and regulatory compliance.

We gather intelligence, act quickly to disrupt misconduct, preserve assets, investigate, issue allegations, seek administrative orders and penalties from BCSC panels, collect financial penalties, return money to investors, and refer criminal cases to Crown Counsel for prosecution.

Key results

- Led the formation of the CSA's Market Abuse Task Force which developed preliminary recommendations to define problems associated with problematic promotional activities and abusive trading on the venture markets and considered opportunities for tools and detection on social media promotions.
- Appointed dedicated staff to develop and implement the APIN program, which launched in April 2023.
- Developed and approved a Whistleblower Program with plans to launch it in Fiscal 2024.

Summary of progress made in 2022/23

We acted decisively against misconduct through our early disruption strategies, such as issuing investor alerts and cautions, alone or in conjunction with CSA members. We issued and defended preservation orders using the powers added to the *Securities Act* in 2020.

We took various actions to collect outstanding sanctions from debtors who refused to pay, including successfully pursuing court proceedings in Canada and the United States, and using a new tool that requires ICBC to not issue or renew driver's licences and insurance to unpaid debtors.

Our Criminal Investigations Branch obtained criminal convictions in two cases and charged and arrested two individuals in two other cases with assistance from more than a dozen federal and provincial agencies.

Performance measure(s) and related discussion

Performance Measure	2020/21 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1a Actions taken to disrupt misconduct: ¹				
i. Number of actions	292	290	143	299
ii. Average duration of complaint to action (days)	41	48	48	57
2.1b Average life of cases either from complaint to a Notice of Hearing (NOH) or from complaint to settlement before an NOH is issued (months) ²	42.9	37.8	43.9	44.5

Data source: 2.1a Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents; 2.1b We base the fiscal 2022/2023 target on the average duration of our current portfolio of cases plus the two-year average duration to issue a NOH or enter into a settlement agreement.

¹PM 2.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 147/45 and 151/45, respectively.

²PM 2.1b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 'set at start of each fiscal year', respectively.

Measure 2.1a: (i.) We met our target. For the past three years, the number of actions has significantly exceeded our targets. We have adjusted our future targets upwards to reflect a more realistic and reasonable number of actions we take to disrupt misconduct. (ii.) We missed our target and are below the eight-year average of 63 days. This year, 49.5% of our disruptive actions occurred within 30 days of the receipt of a complaint, and 67.6% occurred within 60 days.

Measure 2.1b: We substantially met our target (timeline was exceeded by only 0.6 months). Timely and thorough investigations provide the public with confidence in the actions we take to address misconduct. Many factors impact the life of a case – including case complexity, delays receiving documents and delays obtaining testimony from witnesses. We have set our targets for next year taking these factors into consideration.

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.

Key results

- Created a unique Brand identity, aligning the previous BCSC and InvestRight brands, with the goal of increasing awareness of the BCSC by marketing to the public under a single brand umbrella.

- Promoted awareness of investment fraud and BCSC enforcement actions through our year-round fraud prevention campaigns, and other efforts including newsletters, a fraud email course and a dedicated crypto landing page (cryptoscams.ca). which culminated in Fraud Prevention Month in March.

Summary of progress made in 2022/23

Our work to educate investors requires us to be responsive to emerging issues in the marketplace including new areas like crypto investments. We used a wide range of social media channels to communicate important messages and educational materials to a broad demographic of investors, with a focus on younger adults. We know through research that younger adults have lower investment literacy compared to other demographics and are taking on more risk through speculative investing habits or investing solely in crypto assets.

We also continue to educate British Columbians about our role as a regulator through paid social media advertising that also helps foster awareness.

We continued to see growth on our investor education website (InvestRight.org) and related content as we add and promote new tools, articles, and resources that address the needs of a wide range of British Columbians.

The BCSC concluded a three-year Strategic Enforcement Communications project that used various tactics to highlight and describe the importance of its enforcement work. The centrepiece of the project is a microsite called “Guardians” that includes an infographic about the enforcement process, case studies of enforcement actions, profiles of enforcement staff, and links to learn more or report suspicious activity. An online advertising campaign, which appeared on social media platforms and news and entertainment websites, drove the public to the microsite.

Performance measure(s) and related discussion

Performance Measure	2020/21 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2a Number of video views of Investment Fraud Explained video ¹	4,387	4,910	5,067	5,802
2.2b Percentage of B.C. public aware of BCSC ²	45%	45%	47%	39%

Data source: 2.2a BCSC InvestRight YouTube channel. 2.2b Independent survey.

¹PM 2.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 5,321 and 5,587 respectively.

²PM 2.2 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 49% and 51%, respectively.

Measure 2.2a: We met this target. Views are a result of an online advertising campaign targeted at British Columbians. This measure reflects the importance of educating British Columbians about fraud and reporting it to the BCSC. Targets are set through a five percent increase in year-over-year targets.

Measure 2.2b: We did not meet this target. The measure tracks awareness of the BCSC among the B.C. general population 18 and over. This data is collected as part of an annual online survey to measure awareness, recall and impact of our public awareness campaigns. BCSC research shows that the BCSC is not well known and not synonymous with investor education. This lack of public awareness presents a challenge when delivering investor education to the B.C. public. This year, our public awareness advertising was focused on Fraud Prevention Month in March. We took time to build a new brand identity, intended to increase effectiveness of future campaigns and ultimately increase awareness of the BCSC in response to this measure.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These documents can also be found on the BC Securities Commission [website](#).

Discussion of Results

We prepared this discussion of financial position and results of operations of the British Columbia Securities Commission (BCSC) on May 4, 2023. Read it in conjunction with our audited financial statements for the year ended March 31, 2023.

We report in Canadian dollars. We round totals and percentages. Year references are to fiscal years ending March 31.

BCSC is the provincial crown corporation responsible for regulating B.C. investment market activity. Results include 25 percent of a government partnership (Partnership) that operates certain shared information systems. We refer to all other operating results as local.

The results from operations for the year ended March 31, 2023, were a surplus of \$6.3 million, which is \$6.3 million above budget. The total surplus is comprised of \$5.4 million for local operations and \$0.9 million for Partnership operations.

The key operating budget variances were:

- Registration revenue was \$1.7 million (9%) higher than budget due primarily to higher than expected number of registrations.
- Enforcement sanctions revenue was \$1.1 million (132%) higher than budget; enforcement sanction revenue is volatile and depends on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts.
- National systems user fees were \$0.8 million (14%) higher than budget due to delay in implementing new systems and the associated revised fees.
- Investment income less realized losses was \$0.7 million (43%) higher than budget due primarily to \$0.8 million earned by the Partnership compared to a nil budget.
- Local expenses were \$2.5 million (4%) lower than budget primarily due to higher than expected position vacancies and delayed capital expenditures resulting in lower depreciation and information management expenses, partly offset by spending more than budgeted for professional services supporting enforcement initiatives and investor education.

The key capital budget variances were:

- Local capital spending was \$2.6 million (52%) lower than budget due to deferring planned leasehold improvements.
- Partnership capital spending on information technology was \$5.8 million (105%) higher than budget due to higher costs for national systems projects.

Financial Results Summary

<i>(millions)</i>	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenues				
Regulatory and other local fees:				
Distributions	\$ 42.5	\$ 37.7	\$ 37.2	\$ (0.5)
Registration	31.7	18.4	20.1	1.7
Financial filings	5.2	5.3	5.2	(0.1)
Exemptive orders and other fees	0.6	0.6	0.8	0.2
	\$ 80.0	\$ 62.0	\$ 63.3	\$ 1.3
Other revenue:				
National systems user fees	\$ 7.1	\$ 6.2	\$ 7.0	\$ 0.8
Enforcement sanctions	1.7	0.8	1.9	1.1
Investment income less realized losses on investments	2.6	1.7	2.4	0.7
	\$ 11.4	\$ 8.7	\$ 11.3	\$ 2.6
Total Revenues	\$ 91.4	\$ 70.7	\$ 74.6	\$ 3.9
Expenses				
Local salaries and benefits	\$ 39.6	\$ 44.3	\$ 41.6	\$ (2.7)
Other local expenses	20.2	19.6	19.7	0.1
National systems expenses	\$ 5.9	\$ 6.8	\$ 7.0	\$ 0.2
Total Expenses	\$ 65.7	\$ 70.7	\$ 68.3	\$ (2.4)
Surplus	\$ 25.7	\$ -	\$ 6.3	\$ 6.3
Supplementary Information				
Unrestricted surplus & accumulated remeasurement gains/losses	\$ 68.7	\$ 64.1	\$ 73.0	\$ 8.9
Restricted surplus	\$ 49.9	\$ 48.8	\$ 50.8	\$ 2.0
Local capital expenditures	\$ 1.5	\$ 5.0	\$ 2.4	\$ (2.6)
Partnership capital expenditures	\$ 5.9	\$ 5.5	\$ 11.3	\$ 5.8
Debt	\$ -	\$ -	\$ -	\$ -

Variance and Trend Analysis

Revenues

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. Our revenue also includes 25 percent of the national systems user fees earned by the Partnership. The remainder of our revenue is investment income and enforcement sanctions.

Proportion of total revenue by source and year

	2018/19	2019/20	2020/21	2021/22	2022/23
Distributions	46%	48%	53%	46%	50%
Registration	23%	29%	26%	35%	27%
Financial filings	8%	8%	7%	6%	7%
National systems user fees	11%	10%	10%	8%	9%
Enforcement sanctions and other	12%	5%	4%	5%	7%
Total	100%	100%	100%	100%	100%

Local revenue

<i>(thousands)</i>	2022/23 Actual versus Budget				2022/23 Actual versus 2021/22			
	Actual	Budget	Variance	%	2022/23	2021/22	Variance	%
Distributions	\$ 37,179	\$ 37,700	\$ (521)	(1%)	\$ 37,179	\$ 42,483	\$ (5,304)	(12%)
Registration	20,133	18,400	1,733	9%	20,133	31,678	(11,545)	(36%)
Financial filings	5,180	5,300	(120)	(2%)	5,180	5,195	(15)	0%
Exemptions and other	809	560	249	44%	809	611	198	32%
Enforcement sanctions	1,857	800	1,057	132%	1,857	1,722	135	8%
Investment income and realized gains/losses on investments	1,620	1,700	(80)	(5%)	1,620	2,026	(406)	(20%)
	\$ 66,778	\$ 64,460	\$ 2,318	4%	\$ 66,778	\$ 83,715	\$ (16,937)	(20%)

We collect the following fees:

- *Distribution fees*, from companies and investment funds, to file offering disclosure documents, which includes fees related to proceeds of the offering
- *Registration fees*, from firms and individuals, to register with us to sell or advise on investments.
- *Financial filings fees*, from public companies and investment funds, to file annual and interim financial statements.
- *Other fees*, from market participants, primarily to request Securities Act exemptions.

Distributions revenue was very close to budget. It was \$5.3 million (12%) lower than the prior year, due primarily to a reduction in exempt distributions.

Registration revenue was \$1.7 million (9%) higher than budget due primarily to an increase in individual and firm registrations. Registration revenue was \$11.5 million (36%) lower than the prior year due primarily to the impact of changing the accounting policy for registration revenue in 2021/22.

Enforcement sanctions

We vigorously pursue outstanding sanctions arising from our enforcement actions. We register all our decisions with the Supreme Court and then use whatever tools we can to collect. For example, we seize and sell assets, garnish bank accounts, and compel debtors to enter into court ordered payment plans. We start lawsuits to recover assets and participate in other court proceedings that return money to investors.

Sanctions include administrative penalties, disgorgement orders, and amounts owing under settlement agreements. Millions of dollars have been returned to investors through our disgorgement process and court proceedings.

Enforcement sanctions revenue depends on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts. During the year, we assessed sanctions of \$5.5 million. We collected \$3.5 million of which \$1.4 million related to sanctions imposed in the current year and \$2.1 million related to sanctions imposed in prior years. In the preceding year we collected \$2.6 million.

We have a claims process for investors for any money that we obtain in payment of BCSC disgorgement orders. The Commission allocates to a reserve within accumulated operating surplus, amounts collected for disgorgement orders that the Commission has not paid to investors after adjudicating all claims, as well as revenue from administrative penalties, and settlement agreements. We use the reserve to educate securities market participants and the public about investing, financial matters or the operation or regulation of securities markets, benefitting third parties the commission considers appropriate, enforcing (including collecting on) these orders, and processing claims to proceeds from disgorgement orders.

Investment income

Our four investment objectives are: ensure funds are available to withdraw as needed, protect against decreases in financial assets, avoid actual and perceived conflicts, and supplement local fee revenue by earning a positive real rate of return. We invest funds in bank deposits and in investment pools managed by the British Columbia Investment Management Corporation. At March 31, 2023 we had \$11.2 million in local demand deposits. The Partnership's investments are in redeemable term deposits and guaranteed investment certificates.

Local investment income less realized losses was \$0.1 million (5%) lower than budget, and \$0.4 million (20%) lower than the preceding year due to market volatility. Investment income excludes unrealized gains and losses relating to measuring investments at fair value; unrealized gains and losses are recorded in accumulated surplus.

Expenses

Expenses relate to local operations and Partnership operations.

Salaries and benefits and occupancy costs account for about 74 percent of local expenses.

Most Partnership expenses are fees paid to contracted IT service providers, and for the compensation of Partnership employees.

Local and Partnership operations are exempt from income taxes. Locally, we pay PST (7%) and GST (5%) on taxable purchases, but recover the GST. Partnership fees are HST-exempt and the Partnership pays recoverable HST on taxable purchases.

Local expenses

Employee compensation accounts for approximately 68 percent of local expenses. We compete for professional staff with other regulators, law and accounting firms and the securities industry. We award performance-based salary increases and when appropriate make targeted market adjustments, all subject to provincial compensation guidelines.

We engage consultants when we need specialized services or when outsourcing is more cost-effective than performing the work ourselves. Fiscal 2023 professional service costs related primarily to advanced analytics and IT consulting, legal services including collections support, our share of CSA project and management costs, legislative counsel services, internal and external audit services, and HR consulting.

We run local operations from a single office in downtown Vancouver. Our leasing arrangements expire in November 2031.

We educate the public and market participants about investing, financial matters and the operation or regulation of investment markets. Almost all of the education spending in 2023 was on investor education.

Our local capital spending and related depreciation relate primarily to information systems. Our information management costs include fees for software licensing and maintenance and electronic information services. Other operating expenses include administration, telecommunications, business travel, training, and external communications.

<i>(thousands)</i>	2022/23 Actual versus Budget				2022/23 Actual versus 2021/22			
	Actual	Budget	Variance	%	2023	2022	Variance	%
Salaries and benefits	\$ 41,618	\$ 44,340	\$ (2,722)	(6%)	\$ 41,618	\$ 39,612	\$ 2,006	5%
Professional services	5,687	4,800	887	18%	5,687	6,496	(809)	(12%)
Occupancy	3,826	3,877	(51)	(1%)	3,826	3,775	51	1%
Education	3,487	2,575	912	35%	3,487	3,551	(64)	(2%)
Information management	3,732	4,230	(498)	(12%)	3,732	3,065	667	22%
Depreciation	1,549	2,360	(811)	(34%)	1,549	2,089	(540)	(26%)
Other	1,452	1,678	(226)	(13%)	1,452	1,166	286	25%
	\$ 61,351	\$ 63,860	\$ (2,509)	(4%)	\$ 61,351	\$ 59,754	\$ 1,597	3%

Total expenses for local operations were under budget by \$2.5 million (4%), primarily due to the following:

- salaries & benefits were \$2.7 million (6%) lower than budget due primarily to vacancies, including filling some new roles later than planned, capitalizing more staff effort than planned, filling some roles budgeted as FTEs by engaging consultants (cost included in professional services expense), and budgeting more than necessary for pension
- depreciation was \$0.8 million (34%) lower than budget due primarily to deferring planned expenditures for leasehold improvements and later than planned in-service dates for additions.
- information management expenses were \$0.5 million (12%) under budget because the budget anticipated faster progress on digital transformation and associated costs for cloud services.
- education expenditures were \$0.9 million (35%) higher than budget due to expanding the scope of the investor education initiatives.
- professional services were \$0.9 million (18%) higher than budget due primarily to engaging consultants for some positions that were budgeted in salaries & benefits and engaging additional external legal services to support collection of sanctions and other enforcement matters.

Total expenses for local operations were \$1.6 million (3%) higher than the prior year due primarily to an increase in the number of staff, merit-based salary increases, increased information management expenditures due to the ongoing shift to cloud-based services, partially offset by lower professional services expenditures on digital transformation.

Partnership

Effective April 2, 2013, the BCSC, Alberta Securities Commission, Ontario Securities Commission, and Autorité des marchés financiers (collectively, the Principal Administrators or PAs), agreed to oversee certain shared information systems on behalf of the CSA. Each of the PAs has one vote on national systems matters. The Partnership is a government partnership under Canadian Public Sector Accounting Standards. Accordingly, our financial statements

include 25 percent of the assets, liabilities, net assets, revenues and expenses of the Partnership.

<i>(thousands)</i>	2022/23 Actual versus Budget			2022/23 Actual versus 2021/22		
	Actual	Budget	Variance	2023	2022	Variance
National systems user fees	\$ 7,032	\$ 6,160	\$ 872	\$ 7,032	\$ 7,104	\$ (72)
Partnership investment income and other	819	-	819	819	624	195
National systems expenses	6,967	6,760	207	6,967	5,941	1,026
Surplus	\$ 884	\$ (600)	\$ 1,484	\$ 884	\$ 1,787	\$ (903)

The surplus for Partnership operations was \$1.5 million (247%) higher than budget. National systems user fees were \$0.8 million (14%) higher than budget due to the delay in implementing new systems and the associated revised fees. Partnership investment income budget of nil was an error, and investment increased compared to the prior year due to higher interest rate increases.

Capital Expenditures

Tangible Capital Assets

Additions to local tangible capital assets of \$2.4 million was for information technology infrastructure upgrades. Additions to the Partnership information technology of \$11.3 million relate to development of new national systems; \$10.6 million (94%) of these additions have not yet been placed into service and therefore are not yet being depreciated.

Significant IT Project

<i>(thousands)</i>	Targeted Year of Completion	Project Capital Expenditure to March 31, 2023	Estimated Cost to Complete	Approved Total Capital Expenditures
National Systems Renewal Program	Fiscal year 2024	\$ 24,300	\$ 4,000	\$ 28,300

The Partnership is working on a multi-year system redesign project to replace various national filing systems. The total project budget for the first phase is \$144.5 million and BCSC's 25% interest is \$36.1 million; the total budget for the first phase includes \$113.3 million for capital expenditures and BCSC's 25% interest is \$28.3 million. Capitalized expenditures to March 31, 2023 are \$97.2 million; BCSC's 25% is \$24.3 million.

Risks and Uncertainties

This section discusses risks that may impact BCSC financial results.

We practice enterprise risk management to identify and manage our risks and support our strategic planning process. We maintain a business continuity plan to restore critical functions within hours.

Investment markets activity can be volatile, causing local revenue to fluctuate. Our accumulated reserves are intended to ensure we have funds to operate through market downturns.

The Partnership funds operations primarily from fees paid by market participants. Market volatility does not significantly affect Partnership fees. In addition, the Partnership has an accumulated surplus sufficient to fund operations through a sustained period of no or low usage fees.

Under an agreement with CGI Information Systems and Management Consultants Inc. (CGI) that ends on January 12, 2024, CGI hosts and operates several national systems through which we collect most of our fee revenue. CGI maintains a comprehensive business continuity plan for these systems.

The Partnership's multi-year redesign project to replace various national filing systems is complex, involves significant effort, and requires achieving consensus among the CSA's multiple stakeholders. The project may take longer than expected or cost more than planned. The Partnership has implemented project management and governance controls to mitigate these risks. The systems will be exposed to the internet to deliver business functions, resulting in cyber risk. To manage this risk, the Partnership is designing the systems to industry standards and will follow best practices to protect the systems and detect potential problems.

Internal control over financial reporting (ICFR)

During the year, we reviewed our ICFR processes and updated documentation where necessary. During the year ended March 31, 2023, we modified some of our payroll procedures and related ICFR. No other changes occurred during the year ended March 31, 2022 that materially affected, or are likely to materially affect, our ICFR. Our internal auditors tested operating effectiveness of our ICFR as at March 31, 2023 and concluded that the ICFR was operating effectively and that there are no material weaknesses.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
Protect B.C. investors through decisive enforcement and fine collection, delivering targeted education programs, and developing and using new regulatory tools.	<ul style="list-style-type: none"> See summary of progress made in 2022/23 under Objective 2.1: Act decisively against misconduct; and, Objective 2.2: Educate investors.
Support strong public venture markets by streamlining and modernizing regulations.	<ul style="list-style-type: none"> Work related to CSA policy development. See “Review and modernize regulations affecting reporting issuers” under Objective 1.2: Advance cost-effective regulation.
Maintain a modern regulatory framework and make best efforts to harmonize securities rules with other provinces and territories.	<ul style="list-style-type: none"> We worked with our CSA partners to harmonize securities rules across Canada to maximize streamlined processes and costs for reporting issuers and non-reporting issuers.
Leverage expertise with other regulatory authorities to ensure regulatory actions are coordinated, targeted and effective.	<ul style="list-style-type: none"> We continued to work in concert with other regulators regarding regulatory actions including the application of reciprocal orders across Canada.
Foster financial and other technology innovations in B.C. by adopting flexible regulatory strategies.	<ul style="list-style-type: none"> See “Regulate financial technologies to support innovation” under Objective 1.2: Advance cost-effective regulation.
Collaborate with government to improve the effectiveness of B.C.’s Anti-Money Laundering Regime.	<ul style="list-style-type: none"> The BCSC is a Principal Partner in the Counter Illicit Finance Alliance of British Columbia. We contribute to anti-money laundering efforts in the course of our ongoing registrant compliance and investigations work.
Collaborate with regulatory partners to provide appropriate relief to industry to address issues arising from the pandemic.	<ul style="list-style-type: none"> The pandemic relief measures ended in the 2020 fiscal year.

Appendix B: Auditor's Report and Audited Financial Statements

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and fair presentation of the financial statements and other financial information included in this annual service plan report. Management has prepared the consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS).

We oversaw the design of internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with PSAS. We also directed the evaluation of the effectiveness of these internal controls and we are not aware of any material weakness in these controls.

We believe that the consolidated financial statements and other financial information in this annual service plan report fairly present in all material respects the financial condition, results of operations and cash flows of the British Columbia Securities Commission (BCSC) as of the dates and for the periods presented. The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. It is possible that circumstances will cause actual results to differ. We do not believe it is likely that any differences will be material.

The Board is responsible for ensuring that management fulfills its financial reporting and control responsibilities, and has appointed an independent Audit & Risk Committee to oversee the financial reporting process. The Audit & Risk Committee meets regularly throughout the year with management, the internal auditors and the external auditors to review the consolidated financial statements, adequacy of internal controls relating to financial reporting, and internal and external audit functions. The external auditor has full and open access to the Audit & Risk Committee, with and without the presence of management.

BDO Canada LLP (BDO), the BCSC's independent auditor, has examined the consolidated financial statements and its report follows.



Brenda M. Leong
Chair and Chief Executive Officer



Peter J. Brady
Executive Director



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Independent Auditor's Report

To the Commissioners of the British Columbia Securities Commission

And to the Minister of Finance, British Columbia

Opinion

We have audited the consolidated financial statements of the British Columbia Securities Commission (the "Entity") which comprise the Consolidated Statement of Financial Position as at March 31, 2023, and the Consolidated Statements of Operations and Change in Accumulated Surplus, Remeasurement Gains and Losses, Change in Net Financial Assets and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2023, and its consolidated results of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Entity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 26, 2023



**BC Securities
Commission**
Invest Right

**Consolidated Financial Statements
For the Year Ended March 31, 2023**

Consolidated Statement of Financial Position

As at March 31, 2023

	Notes	March 31, 2023	March 31, 2022
Financial assets			
Cash	4	\$ 16,483,061	\$ 10,789,944
Restricted cash - 161(1)(g) payments		2,810,678	1,215,162
Investments	5	80,966,527	90,607,419
Amounts receivable	6	3,035,579	3,001,148
		103,295,845	105,613,673
Liabilities			
Accounts payable and accrued liabilities	7	8,907,378	6,540,637
Accrued salaries and benefits		442,780	205,303
Employee leave liability	8	1,478,846	1,525,824
161(1)(g) liabilities		2,810,678	1,215,162
Asset retirement obligation - leasehold improvements	9	928,350	-
		14,568,032	9,486,926
Net financial assets		88,727,813	96,126,747
Tangible capital assets			
	10	33,699,400	21,008,409
Prepaid expenses			
	11	1,365,375	1,479,885
		35,064,775	22,488,294
Accumulated Surplus		123,792,588	118,615,041
Accumulated Surplus is comprised of:			
Unrestricted operating surplus	12	77,667,679	72,240,946
Restricted operating surplus	12	50,773,317	49,889,384
		128,440,996	122,130,330
Accumulated remeasurement losses		(4,648,408)	(3,515,289)
		\$ 123,792,588	\$ 118,615,041

Commitments and contingencies (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.


Brenda M. Leong
Chair and Chief Executive Officer



Jim Kershaw
Independent Commissioner

Consolidated Statement of Operations and Change in Accumulated Surplus

For the Year Ended March 31, 2023

	Notes	March 31, 2023 Budget (Note 20)	March 31, 2023 Actual	March 31, 2022 Actual
Revenues				
Regulatory and other fees				
Prospectus and other distributions		\$ 37,700,000	\$ 37,179,260	\$ 42,482,530
Registration		18,400,000	20,132,639	31,678,070
Financial filings		5,300,000	5,180,300	5,194,695
Exemptive orders and other		560,000	809,091	611,144
National systems user fees	13	6,160,000	7,032,137	7,103,994
Enforcement sanctions	14	800,000	1,856,853	1,721,938
Investment income	15	1,700,000	2,800,377	3,131,746
Realized loss on investments	15	–	(362,201)	(480,990)
		70,620,000	74,628,456	91,443,127
Expenses				
Local operations	16	63,860,000	61,350,977	59,753,511
Partnership operations	13 & 16	6,760,000	6,966,813	5,941,142
		70,620,000	68,317,790	65,694,653
Annual surplus		\$ –	6,310,666	25,748,474
Accumulated operating surplus, beginning of year			122,130,330	96,381,856
Accumulated operating surplus, end of year			\$ 128,440,996	\$ 122,130,330

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended March 31, 2023

	Notes	March 31, 2023	March 31, 2022
Accumulated remeasurement losses, beginning of year		\$ (3,515,289)	\$ (612,383)
Unrealized losses on investments	15	(1,495,320)	(3,383,896)
Realized losses on investments, reclassified to operations	15	362,201	480,990
Accumulated remeasurement losses, end of year		\$ (4,648,408)	\$ (3,515,289)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

For the Year Ended March 31, 2023

	March 31, 2023 Budget (Note 20)	March 31, 2023 Actual	March 31, 2022 Actual
Surplus, for the year	\$ –	\$ 6,310,666	\$ 25,748,474
Additions to tangible capital assets	(11,456,000)	(14,560,914)	(7,426,645)
Depreciation of tangible capital assets	2,785,000	1,846,131	2,357,139
Loss on disposal of tangible capital assets		23,792	–
	\$ (8,671,000)	(12,690,991)	(5,069,506)
Acquisition of prepaid expenses		(4,268,430)	(4,201,704)
Use of prepaid expenses		4,382,940	3,982,004
		114,510	(219,700)
Effect of net remeasurement losses for the year		(1,133,119)	(2,902,906)
(Decrease) increase in net financial assets, for the year		(7,398,934)	17,556,362
Net financial assets, beginning of year		96,126,747	78,570,385
Net financial assets, end of year		\$ 88,727,813	\$ 96,126,747

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended March 31, 2023

	March 31, 2023	March 31, 2022
Operating transactions		
Cash received from:		
Fees	\$ 70,264,069	\$ 74,492,354
Enforcement sanctions	1,849,953	1,654,926
Interest	1,161,526	689,265
	73,275,548	76,836,545
Cash paid to and on behalf of employees	(42,779,918)	(41,215,279)
Cash paid to suppliers and others	(20,926,021)	(19,472,624)
	(63,705,939)	(60,687,903)
Cash provided by operating transactions	9,569,609	16,148,642
Capital transactions		
Cash used to acquire tangible capital assets	(13,660,914)	(7,426,645)
Investing transactions		
Proceeds from disposals of investments	20,524,508	55,901,346
Purchase of investments	(10,740,086)	(65,419,621)
	9,784,422	(9,518,275)
Increase (decrease) in cash	5,693,117	(796,278)
Cash, beginning of year	10,789,944	11,586,222
Cash, end of year	\$ 16,483,061	\$ 10,789,944

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

1. Nature of operations

The British Columbia Securities Commission (BCSC) is a Crown corporation created by the Province of British Columbia on April 1, 1995. We are responsible for the administration of the *Securities Act*. As a Crown corporation, the BCSC is exempt from income taxes. We pay PST (7%) and GST (5%) on taxable purchases but recover the GST.

2. Significant accounting policies

We have prepared these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant accounting policies followed in the preparation of these financial statements are:

a) Interest in national systems partnership (Partnership)

The CSA is an umbrella organization of Canada's ten provincial and three territorial securities regulators, whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. BCSC, Alberta Securities Commission, Ontario Securities Commission, and Autorité des marchés financiers (collectively, the Principal Administrators or PAs) have agreed to oversee CSA's shared information systems, on behalf of the CSA. Each of the PAs has one vote on shared system matters.

We collect approximately 80 percent of our local fee revenue through the national systems. The Partnership contracted CGI Information Systems and Management Consultants Inc. (CGI) to provide IT services to January 12, 2024. CGI maintains a comprehensive business continuity plan for the national systems.

The Partnership charges user fees to recover systems development and operating costs. The Partnership has agreed to use its accumulated surpluses only for the benefit of systems users.

The national systems arrangement is a government partnership under PSAS. Accordingly, these financial statements include 25 percent of the assets, liabilities, net assets, revenues and expenses of the Partnership.

b) Financial instruments

Our financial instruments include cash, restricted cash, investments, amounts receivable, accounts payable and accrued liabilities, accrued salaries and benefits and 161(1)(g) liabilities.

We account for all of our financial instruments on a fair value basis, as follows:

- We record cash, restricted cash, and investments at fair value (fair value measurement hierarchy level one – quoted market prices), with the exception of our investment in Principal Credit Fund. We consider the fair value of our investments to be market value because they are highly liquid.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

- Our investment in Principal Credit Fund is recorded at fair value (fair value measurement hierarchy level three – unobservable inputs). Some of the inputs may not be observable in the market, and are derived from market prices or rates, or estimated based on assumptions.
- We record other financial instruments at cost, which approximates fair value, due to their short-term nature.

We recognize realized gains and losses in annual operating surplus/deficit. We record unrealized gains and losses separately in the statement of remeasurement gains and losses. We reinvest any investment earnings relating to investments in the portfolio and adjust the carrying value of the units we own accordingly.

c) 161(1)(g) payments

The BCSC can order respondents to pay it money obtained as a result of contravening the *Securities Act*. If the BCSC receives money under such an order, we receive and consider applications for payment to eligible claimants from the money collected. We disburse funds to eligible claimants after adjudicating all claims, and retain any funds not disbursed after adjudicating all claims.

d) Tangible capital assets

We record tangible capital assets at cost. We depreciate them using the straight-line method over their useful lives.

We estimate the useful lives of our tangible capital assets to be as follows:

- Local information technology – three to ten years
- Local leasehold improvements – the remaining lease term to November 30, 2031
- Local furniture and equipment – ten years
- Partnership information technology – three to ten years

e) Asset retirement obligation

We have recognized the BCSC's obligation to return its leased premises to its original state upon end of lease term, November 30, 2031. We implemented this policy April 1, 2022 by recording the liability and a corresponding increase in tangible capital assets at an amount equal to the present value of the estimated future obligation at that date. Estimated costs have been discounted to the present value using a discount rate of 3.15% per annum. The increase in tangible capital assets is being amortized in accordance with the accounting policies outlined in note 2d. The asset retirement obligation is adjusted yearly for accretion expense up to its ending value at the date the obligation is to be settled.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

f) Revenue recognition

We recognize revenue for prospectus, registration, and other statutory filing fees when filings are made and collectability is assured.

We recognize National Systems user fees when filings are made and collectability is assured.

We recognize enforcement sanctions revenue when we determine sanctions are collectible.

g) Expenses

We recognize expenses on an accrual basis. We expense the cost of goods consumed and services received during the year.

h) Employee future benefits

We participate in the Public Service Pension Plan, a multi-employer defined benefit pension plan. We account for the plan as a defined contribution plan as we have insufficient information to apply defined benefit plan accounting. Pension costs included in our financial statements are comprised of the cost of employer contributions related to the current service of employees during the year.

i) Measurement uncertainty

PSAS require management to make estimates and assumptions for certain amounts disclosed in the financial statements.

In our financial statements, we have estimated the:

- portion of amounts receivable that we will collect
- useful lives of tangible capital assets
- value of the employee leave liability
- value of asset retirement obligation

Estimates reflect the best information available when we prepared these consolidated financial statements. Actual results may differ from these estimates. We will record any adjustments to these estimates in the period that additional information becomes available.

j) Foreign currency translation

Our investment in Principal Credit Fund is denominated in the United States dollar and is translated into Canadian dollars at the prevailing exchange rate on the year-end date.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

k) Change in Accounting Policy in the prior year

The BCSC adopted Public Sector Accounting Standard PS 3400 Revenue on a prospective basis effective April 1, 2021. As a result, the BCSC no longer defers registration revenue. The BCSC recognized registration revenue of \$11,929,379 on April 1, 2021 which was the amount reported as deferred registration revenue as at March 31, 2021.

3. Financial instruments

Cash and restricted cash are demand deposits held at federally regulated financial institutions.

We invest funds in investment pools managed by the British Columbia Investment Management Corporation (BCI). Refer to Note 5 for the description of these BCI pooled investment funds.

Our investments in the BCI pooled investment funds expose us to financial risks associated with the funds and the underlying securities held in the investment funds, including credit risk, market risk, and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the risk of loss from unfavorable changes in fair value or future cash flows of a financial instrument. Market risk is comprised of currency risk, interest rate risk, and price risk. Liquidity risk is the risk that the BCSC will encounter difficulty in meeting obligations associated with its financial liabilities.

In management's opinion, our investments do not expose the BCSC to significant credit risk because our investment policy is to target having 85% of our investments in liquid, high quality money market instruments, government securities, and investment-grade corporate debt and equity securities. However, we target having 10% of our investments in corporate bonds (Corporate Bond Fund) and 5% in private debt (Principal Credit Fund) which expose us to credit risk. In addition to these low target levels, credit risk exposure is mitigated through diversification within the Corporate Bond Fund and Principal Credit Fund.

Our investments in money market and pooled funds are highly liquid and therefore, liquidity risk is low for our investments with the exception of our investment in private debt. Because our investment policy sets a 5% target for private debt, in management's opinion, we have low exposure to liquidity risk.

Currency risk is the risk that the value of financial instruments denominated in currencies other than the Canadian dollar will fluctuate due to changes in foreign exchange rates. We invest in Canadian dollar denominated investment pools with the exception of our investment in the Principal Credit Fund, which is denominated in the United States dollar. We are exposed to some currency risk through our investments in the US Dollar Money Market Fund, the Corporate Bond Fund, the Indexed Global Equity Fund, and the Indexed Emerging Markets Equity Fund. BCI manages the currency risk for these pools through hedging within the funds. Because our

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

investment policy sets a 5% target for private debt, in management's view we have low exposure to currency risk with respect to our investment in the Principal Credit Fund.

Our investments expose us to interest rate risk associated with the underlying interest-bearing securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of fixed rate investments will change due to future fluctuations in market interest rates. In general, bond values are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term interest-bearing securities. Based on the March 31, 2023 composition of our investment portfolio, an immediate 1 percent increase in interest rates across the entire yield curve, with all other variables held constant, would result in a decrease in market value of approximately \$1.7 million. In addition, future investment income earned on variable rate cash deposits and investments would increase after an interest rate increase. BCI manages interest rate risk by monitoring portfolio duration and yields. The current investment duration of the Canadian Money Market Fund, US Money Market Fund and the Principal Credit Fund is less than a year. The current investment duration of the Corporate Bond Fund is 5.5 years and of the Government Bond Fund is 7.8 years.

In our opinion, amounts receivable, accounts payable and accrued liabilities, and accrued salaries and benefits do not expose us to significant financial risk because of their short-term nature.

4. Cash

	March 31, 2023	March 31, 2022
Local demand deposits	\$ 11,195,480	\$ 7,919,066
Partnership demand deposits	5,287,581	2,870,878
	\$ 16,483,061	\$ 10,789,944

Local cash and the Partnership's cash are on deposit with federally regulated financial institutions and earn interest ranging from prime minus 1.9% to prime minus 1.7%.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

5. Investments

	March 31, 2023		March 31, 2022	
	Market Value	Cost	Market Value	Cost
BCI pooled funds				
Canadian Money Market Fund	\$ 8,522,489	\$ 8,508,457	\$ 10,193,032	\$ 10,207,713
Corporate Bond Fund	5,929,512	6,750,601	6,923,683	7,367,005
Government Bond Fund	17,623,996	19,155,158	15,411,674	16,327,860
Indexed Emerging Market Equity Fund	8,739,658	10,373,456	6,709,966	7,884,932
Indexed Global Equity Fund	14,760,777	15,542,710	16,708,955	17,620,622
Principal Credit Fund	2,693,421	2,591,733	1,850,432	1,898,265
US Dollar Money Market Fund	116,552	112,698	445,132	451,766
	\$ 58,386,405	\$ 63,034,813	\$ 58,242,874	\$ 61,758,163
Partnership investments				
Notice account	\$ 2,324,122	\$ 2,324,122	\$ 7,173,071	\$ 7,173,071
Term deposit	–	–	5,250,000	5,250,000
Guaranteed Investment Certificate	20,256,000	20,256,000	19,941,474	19,941,474
	\$ 22,580,122	\$ 22,580,122	\$ 32,364,545	\$ 32,364,545
	\$ 80,966,527	\$ 85,614,935	\$ 90,607,419	\$ 94,122,708

During the year we invested in the following BCI pooled investment funds:

- Canadian Money Market Fund - Invests in Canadian government and Canadian dollar denominated corporate debt securities, including commercial paper, having a maximum term to maturity of 15 months.
- US Dollar Money Market Fund – Invests in short term (up to 45 days) corporate and government debt securities, including commercial paper. Investments may be in US dollar denominated paper issued by Canadian corporations or governments. The Pool may also hold United States Treasury bills (T-bills).
- Government Bond Fund – Invests in bonds issued or guaranteed by the Canadian government and its Provinces with terms to maturity of up to 30 years.
- Corporate Bond Fund – Invests in corporate investment grade and high yield securities issued in the United States and Canada.
- Principal Credit Fund – Invests in publicly traded or privately negotiated transactions involving private, and on occasion, public companies.
- Indexed Global Equity Fund – Invests in equity markets from across the globe by holding companies, sectors and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index.
- Indexed Emerging Markets Equity Fund – Invests in emerging markets equity by holding companies, sectors, and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) Emerging Markets Net Index.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

Refer to note 15 for information about investment income earned on the investments.

The Partnership's investments are held in a notice account and guaranteed investment certificates at interest rates ranging from 1.65% to 5.29%.

6. Amounts receivable

	March 31, 2023	March 31, 2022
National systems user fees	\$ 1,707,564	\$ 1,795,327
Enforcement sanctions	396,150	389,250
National project recoveries	344,225	118,057
SEDAR and other filings	306,977	367,908
GST refunds	170,452	195,778
Employee advances and other	68,211	93,678
Late insider report filing fees	42,000	41,150
	\$ 3,035,579	\$ 3,001,148

7. Accounts payable and accrued liabilities

	March 31, 2023	March 31, 2022
Local trade accounts payable	\$ 3,303,022	\$ 3,477,125
Partnership trade accounts payable	5,251,962	2,786,141
Other	352,394	277,371
	\$ 8,907,378	\$ 6,540,637

8. Employee leave liability

Employee leave liability is what we owe to our employees for their earned but unused vacation time.

9. Asset retirement obligation – leasehold improvements

	March 31, 2023	March 31, 2022
Opening balance	\$ –	\$ –
Additions (see note 2e)	900,000	–
Accretion expense	28,350	–
Closing balance	\$ 928,350	\$ –

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

10. Tangible capital assets

	March 31, 2023					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 14,951,085	\$ 5,911,949	\$ 2,718,473	\$ 16,486,074		\$ 40,067,581
Additions	2,410,028	–	–	11,250,886		13,660,914
Increase due to asset retirement obligation	–	900,000	–	–		900,000
Disposals	(1,105,288)	(190,713)	(21,389)	–		(1,317,390)
Closing balance	\$ 16,255,825	\$ 6,621,236	\$ 2,697,084	\$ 27,736,960		\$ 53,311,105
Accumulated depreciation						
Opening balance	\$ 9,647,484	\$ 5,734,788	\$ 2,547,201	\$ 1,129,699		\$ 19,059,172
Depreciation	1,374,371	111,194	63,598	296,968		1,846,131
Disposals	(1,094,858)	(182,324)	(16,416)	–		(1,293,598)
Closing balance	\$ 9,926,997	\$ 5,663,658	\$ 2,594,383	\$ 1,426,667		\$ 19,611,705
Net book value	\$ 6,328,828	\$ 957,578	\$ 102,701	\$ 26,310,293		\$ 33,699,400

	March 31, 2022					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 14,345,200	\$ 5,911,949	\$ 2,718,473	\$ 10,564,811		\$ 33,540,433
Additions	1,505,382	–	–	5,921,263		7,426,645
Disposals	(899,497)	–	–	–		(899,497)
Closing balance	\$ 14,951,085	\$ 5,911,949	\$ 2,718,473	\$ 16,486,074		\$ 40,067,581
Accumulated depreciation						
Opening balance	\$ 8,545,556	\$ 5,716,547	\$ 2,477,981	\$ 861,446		\$ 17,601,530
Depreciation	2,001,425	18,241	69,220	268,253		2,357,139
Disposals	(899,497)	–	–	–		(899,497)
Closing balance	\$ 9,647,484	\$ 5,734,788	\$ 2,547,201	\$ 1,129,699		\$ 19,059,172
Net book value	\$ 5,303,601	\$ 177,161	\$ 171,272	\$ 15,356,375		\$ 21,008,409

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

11. Prepaid expenses

	March 31, 2023	March 31, 2022
Local IT and information service contracts	\$ 874,115	\$ 931,185
Partnership IT and information service contracts	491,260	548,700
	\$ 1,365,375	\$ 1,479,885

12. Accumulated operating surplus

	March 31, 2023			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 72,240,946	\$ -	\$ 49,889,384	\$ 122,130,330
Annual Surplus	3,569,880	1,856,853	883,933	6,310,666
Investment income allocation	(16,231)	16,231	-	-
Education expenses paid from reserve	1,873,084	(1,873,084)	-	-
Closing balance	\$ 77,667,679	\$ -	\$ 50,773,317	\$ 128,440,996

	March 31, 2022			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 46,642,489	\$ 1,637,265	\$ 48,102,102	\$ 96,381,856
Annual Surplus	22,239,254	1,721,938	1,787,282	25,748,474
Investment income allocation	(9,607)	9,607	-	-
Education expenses paid from reserve	3,368,810	(3,368,810)	-	-
Closing balance	\$ 72,240,946	\$ -	\$ 49,889,384	\$ 122,130,330

a) Reserve (internally-restricted)

The following administrative penalties and other financial orders can be made following a determination there was a contravention under the *Securities Act* or a conviction for an offence under the *Securities Act*:

- administrative penalties after a commission hearing
- administrative monetary penalties imposed by notice
- disgorgement orders
- orders against family members or third parties who received undervalued property from a person who contravened the *Securities Act* or committed an offence
- orders to forfeit property

We also negotiate settlement amounts.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

We designate revenue from settlements, unclaimed amounts of disgorgement orders and from the other orders to a Reserve, which we spend in accordance with s.15(3) of the *Securities Act* on educating securities market participants and members of the public about investing, financial matters or the operation or regulation of securities markets, benefitting third parties the commission considers appropriate, enforcing (including collecting on) these orders, and processing claims to proceeds from disgorgement orders.

b) Partnership (restricted)

The partners have agreed to use Partnership surplus only for the benefit of systems users.

13. Partnership – summarized annual financial information

	March 31, 2023		March 31, 2022	
	Partnership	25% share	Partnership	25% share
Financial Position				
Financial assets	\$ 118,301,072	29,575,268	\$ 148,122,995	\$ 37,030,749
Liabilities	22,414,014	5,603,504	12,185,761	3,046,440
Net Financial assets	\$ 95,887,058	\$ 23,971,764	\$ 135,937,234	\$ 33,984,309
Non-financial assets	107,206,213	26,801,553	63,620,301	15,905,075
Accumulated surplus	\$ 203,093,271	\$ 50,773,317	\$ 199,557,535	\$ 49,889,384
Operations				
Revenues:				
National systems user fees	\$ 28,128,547	\$ 7,032,137	\$ 28,415,974	\$ 7,103,994
Investment income and other	3,274,437	818,609	2,497,719	624,430
Expenses	27,867,252	6,966,813	23,764,567	5,941,142
Surplus	\$ 3,535,732	\$ 883,933	\$ 7,149,126	\$ 1,787,282

14. Enforcement sanctions

Enforcement sanctions revenue includes administrative penalties, settlements, and unclaimed 161(1)(g) payments, if any. Revenues depend on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts.

We assessed enforcement sanctions of \$5.5 million (fiscal 2022 – \$3.0 million) during the year, of which we did not recognize \$2.7 million (fiscal 2022 – \$1.2 million) as revenue because we have not determined that the sanctions are collectible.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

15. Investment income, realized gains (losses) on investments, and unrealized gains (losses) on investments

	For the Year Ended March 31, 2023				
	Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Annualized Return
Cash, term deposits and GIC	\$ 1,095,821	\$ -	\$ 1,095,821	\$ -	2.8%
Restricted cash - 161(1)(g) payments	65,705	-	65,705	-	3.5%
Canadian Money Market Fund	227,774	8,462	236,236	37,175	3.3%
Corporate Bond Fund	315,255	(131,659)	183,596	(509,426)	(5.4%)
Government Bond Fund	473,870	(46,572)	427,298	(661,548)	(1.4%)
Indexed Emerging Market Equity	238,524	-	238,524	(458,832)	(2.7%)
Indexed Global Equity Fund	384,374	(212,286)	172,088	(82,552)	0.6%
Principal Credit Fund	(2,167)	2,703	536	152,224	5.9%
US Money Market Fund	1,221	17,151	18,372	27,639	22.0%
	\$ 2,800,377	\$ (362,201)	\$ 2,438,176	\$ (1,495,320)	1.0%

	For the Year Ended March 31, 2022				
	Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Annualized Return
Cash, term deposits and GIC	\$ 685,378	\$ -	\$ 685,378	\$ -	1.5%
Restricted cash - 161(1)(g) payments	3,887	-	3,887	-	0.7%
Canadian Money Market Fund	9,277	(36,148)	(26,871)	(617)	(0.4%)
Canadian Universe Bond Fund	-	(562,171)	(562,171)	-	(5.9%)
Corporate Bond Fund	309,572	57,433	367,005	(385,889)	(0.5%)
Government Bond Fund	227,860	-	227,860	(916,186)	(7.7%)
Indexed Emerging Market Equity	285,332	-	285,332	(1,174,966)	(21.3%)
Indexed Global Equity Fund	1,600,090	70,932	1,671,022	(840,735)	10.4%
Principal Credit Fund	-	-	-	(47,833)	(10.3%)
US Money Market Fund	10,350	(11,036)	(686)	(17,670)	(49.5%)
	\$ 3,131,746	\$ (480,990)	\$ 2,650,756	\$ (3,383,896)	(0.5%)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

16. Expenses

	Year ended March 31		
	Budget 2023	2023	2022
Local operations			
Salaries and benefits	\$ 44,340,000	\$ 41,617,706	\$ 39,611,710
Professional services	4,800,000	5,686,621	6,495,542
Occupancy	3,877,000	3,826,274	3,775,241
Information management	4,229,600	3,731,835	3,064,996
Education	2,575,000	3,486,624	3,550,633
Depreciation	2,360,000	1,549,163	2,088,886
Administration	428,400	627,489	535,526
Staff training	500,000	341,938	286,837
Telecommunications	250,000	188,218	169,865
Travel	300,000	156,761	26,349
External communication	200,000	138,348	147,926
Total local operations	63,860,000	61,350,977	59,753,511
Partnership operations			
Professional services	4,777,000	5,114,858	3,961,064
Salaries and benefits	1,558,000	1,369,212	1,544,354
Depreciation	425,000	296,968	268,253
Information management and administration	–	185,775	167,471
Total Partnership operations	6,760,000	6,966,813	5,941,142
	\$ 70,620,000	\$ 68,317,790	\$ 65,694,653

17. Related party transactions

We are related through common control to all B.C. provincial government ministries, agencies, and Crown corporations. We conducted all transactions with these entities as though we were unrelated parties.

18. Post-retirement employee benefits

We, and our employees, contribute to the Public Service Pension Plan, a multi-employer plan. The plan is contributory, and its basic benefits are defined. The plan has approximately 68,000 active members, 53,000 retired members, and 22,000 inactive members. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

An actuarial valuation of the plan performed every three years assesses the plan's financial position. The latest valuation, as at March 31, 2020, indicated a \$2,667 million (March 31, 2017 – \$1,074 million, restated) surplus for basic pension benefits. In addition to basic benefits, the plan also provides supplementary benefits, including inflation indexing. These supplementary benefits are paid only to the extent that they have been funded, which is currently done on a "pay-as-you-go" basis.

The plan trustees monitor the impact of the financial environment on plan health. Plan surpluses and deficits are not attributable to individual employers, but affect future contribution levels. We charged \$3.4 million (fiscal 2022 – \$3.1 million) to expense for employer contributions during the period.

19. Commitments and contingencies

Our contractual obligations relating to lease agreements for local office space and equipment are as follows:

Fiscal years	2024 - 2025	2026 - 2027	2028 - 2029	2030 - 2031	2032	Total
	\$ 7,387,000	\$ 7,379,000	\$ 7,687,000	\$ 8,005,000	\$ 2,731,000	\$ 33,189,000

The Partnership has contracted with CGI to host and operate the national systems until January 12, 2024. The Partnership has certain rights to terminate the agreement, with and without cause, as set out in the agreement.

The Partnership has contracted with CGI and Foster Moore International Limited to redevelop several shared filing systems over the next several years. The Partnership has also contracted with First Derivatives Canada Inc. to design and operate a shared investment market analysis system over the next several years.

The Partnership has certain rights to terminate the agreements, with and without cause, as set out in the agreements.

The BCSC has committed to pay 25 percent of any claim or expenses related to operation and redevelopment of the shared filing systems that exceed the Partnership's surplus funds.

20. Budgeted figures

Budgeted figures are approved by the Board and presented for comparison purposes.