



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF FINANCE
(AS REPRESENTATIVE OF THE SHAREHOLDER,
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE BRITISH COLUMBIA SECURITIES COMMISSION
(AS REPRESENTATIVE OF THE CORPORATION)**

PURPOSE

This Letter of Expectations between the Shareholder and Corporation is an agreement on their respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issues and performance expectations.¹ This Letter is reviewed and updated annually. The Letter is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports. This Letter applies equally to both parties. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

¹ The Province of British Columbia's Crown Agency Accountability System (CAAS) (http://www.gov.bc.ca/cas/attachments/shareholders_expectations_manual.pdf) establishes guiding principles for the governance of Crown corporations. The CAAS identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to the British Columbia Securities Commission:

Under the *Securities Act*, protect and promote the public interest by fostering:

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

To achieve this mandate direction, and in response to the Shareholder's general direction, frameworks and principles, the Corporation will:

- Ensure that the Corporation's priorities reflect government's goals of building a strong economy; job creation; infrastructure and private sector investment; First Nations reconciliation; and climate action initiatives;
- Conduct its affairs to achieve its mandate and the performance expectations of the Shareholder, including establishing and implementing corporate strategies, policies, programs, plans and financial outcomes consistent with the Shareholder's general direction and with the principles of integrity, efficiency, effectiveness, and customer service;
- Conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- Prepare Service Plans with clearly articulated goals, strategies, performance measures and targets, and Annual Service Plan Reports that describe progress toward achieving those goals, strategies, performance measures and targets and post both documents on its website;
- Display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location;
- Develop and implement strategies to manage financial and performance risks identified in the Service Plan;
- Provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities; and
- Inform the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the Corporation's operation and performance is consistent with government's strategic priorities and Fiscal Plan, as such the Corporation will:

- Comply with the Shareholder's requirements to make the Public Sector carbon neutral by 2010, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- Support the Healthier Choices Initiative, ensuring that all vending machines located in facilities owned or leased by the Corporation have food products which meet the Shareholder's Nutrition Guidelines for Vending Machines in Public Buildings;
- Ensure the Shareholder is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
- Ensure any debit/credit card payment services provided to the public are in compliance with the international Payment Card Industry (PCI) Data Security Standards, by the October 1, 2010 deadline;
- Ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- Annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration;
- Ensure that Board appointments to Crown corporation subsidiaries have been approved by Cabinet; and
- Comply with government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with government.

In addition, the Shareholder directs the Corporation to take the following specific actions:

- Assist the provincial government with the federal government's development of a national securities regulatory framework (National Regulator Initiative) for consideration by governments;
- Work with other provinces and territories to strengthen the Canadian regulatory framework and investor protection;
- Make best efforts to streamline, simplify and harmonize securities laws with other provinces and territories;
- Work on issues arising under the Passport MOU.

SHAREHOLDER'S RESPONSIBILITIES

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- Establish, review, revise and communicate any changes to the Corporation's mandate;
- Establish and communicate the general and Crown-specific financial frameworks under which the Corporation operates (borrowing, investment, and payment to the Shareholder);
- Issue performance management guidelines, including guidelines for Service Plans and Annual Service Plan Reports (<http://www.gov.bc.ca/cas/publications/index.html>);
- Review, provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports;
- Provide broad policy direction and confirmation of general frameworks/principles to the Corporation, within which the Corporation may establish/apply specific policies/processes;
- Advise the Corporation of government's strategic priorities, decisions and public policy and any performance objectives and expectations that may impact the Corporation; and
- Issue directives or orders or sponsor submissions on behalf of the Corporation that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate the Corporation fulfilling its mandate and achieving the performance targets outlined in its Service Plans.

The Shareholder has developed policies for Ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Remuneration Guidelines for Appointees to Crown Agency Boards (<http://www.gov.bc.ca/cas/publications/index.html>). The Shareholder has also issued the Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (<http://www.lcs.gov.bc.ca/brdo/governance/index.asp>). During the term of this Letter, the Shareholder may provide additional policy direction to the Crown agency sector, and will communicate such direction, including implementation expectations, to the Corporation as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives, performance and financial targets, and risk assessments identified in the Corporations' Service Plans.

Specific to the Corporation, the Shareholder:

- Approves the Corporation's mandate under the *Securities Act* to protect and promote the public interest by fostering a securities market that is fair and warrants public confidence, and a dynamic and competitive securities industry that provides investment opportunities and access to capital;
- Continues the Corporation as an agent of the Crown;
- Confirms the role of the Minister of Finance as fiscal agent to the Corporation, providing the Corporation with access to government financing and banking services;

- Commits to work with other interested provinces and territories and the federal government on the National Regulator Initiative;
- Commits to continue to work closely together with other participating governments under the Passport MOU to develop and sustain a framework for securities regulation that inspires investor confidence and supports competitiveness, innovation and growth; and
- Commits to making best efforts to further develop highly harmonized and streamlined securities laws necessary to facilitate the passport system or a national securities regulatory regime and exploring, on an ongoing basis, new opportunities to strengthen the Canadian securities regulatory framework.

AREAS OF SHARED ACCOUNTABILITY:

Communications

It is agreed by both the Shareholder and the Corporation that, to ensure effective and efficient day-to-day communications and relationship building, representatives for both parties will be tasked with implementing the contents of this Letter and keeping the Minister Responsible and the Board of Directors informed of progress in a timely fashion.

Reporting

The Shareholder and the Corporation are committed to transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*. The Shareholder has provided the Corporation with an Information Requirements and Events Calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/cas/publications/index.html>). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

It is agreed by the parties that there will be advance discussion and review of key documents such as Service Plans, Quarterly Financial Reports and Annual Service Plan Reports. These discussions will be completed sufficiently in advance of deadlines to ensure the opportunity for effective and timely input by the Shareholder.

In addition to these financial and performance reporting requirements, the Corporation agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts and performance targets.

The parties agree that, as a matter of course, each will advise the other in a timely manner of any issues that may materially impact the business of the Corporation and/or the interests of the Shareholder.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder's Letter of Expectations on its website. Crown Agencies Resource Office will also post a signed copy of the Letter on its website.

Review and Revision of this Letter

The Minister of Finance is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Resource Office is responsible for co-ordinating the overall process for preparing Letters of Expectation, and may assist the Minister in undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this Letter on a more frequent than annual basis.



Honourable Colin Hansen
Minister of Finance and
Deputy Premier



Brenda Leong, Chair
British Columbia
Securities Commission

March 03, 2010 ^{2010 AH}

Date

03/15/10

Date

- cc: Honourable Gordon Campbell
Premier
- Allan Seckel
Deputy Minister to the Premier and Cabinet Secretary
- Graham Whitmarsh
Deputy Minister and Secretary to Treasury Board
Ministry of Finance
- Marie Ty
A/Assistant Deputy Minister and Chief Executive Officer
Crown Agencies Resource Office