

ETHICS AND CONDUCT

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PURPOSE

1.1 Purpose

The reputation of the BCSC and our ability to fulfill our mandate requires staff and commissioners to act with honesty, integrity and impartiality in the conduct of their duties. Our actions and decisions must be without reproach given our regulatory role in BC securities and derivatives markets. This means we must always:

- comply with the law
- maintain high ethical standards
- avoid real, perceived and potential conflicts of interest
- avoid behaviour that could harm the reputation of the BCSC

1.2 Application

This policy applies to all BCSC commissioners and staff. You must *always* comply with this policy. For staff, it is a condition of your employment.

1.3 Failure to comply

We take violations of this policy seriously. We may take disciplinary steps if you fail to comply with this policy, up to and including dismissal or termination of employment or appointment.

1.4 Certification of compliance with BCSC policies

You must agree to comply with this and other BCSC policies when we hire or appoint you (see Appendix A). You must certify your compliance with these BCSC policies every year. You will do this at the same time as you receive your performance review.

1.5 Workplace behaviour

This policy must be read in conjunction with your obligations relating to workplace conduct set out in the BCSC's Respectful Workplace [Policy](#).

GENERAL CONDUCT

2.1 Standard of conduct

You must exhibit high ethical standards of conduct. Your conduct must instill confidence and trust and not bring the BCSC into disrepute. You must always be honest and impartial and show integrity by:

- complying with the law
- avoiding real, perceived and potential conflicts of interest
- avoiding behaviour that could harm the reputation of the BCSC

You must serve the public professionally and impartially.

2.2 Participation in decision making

You must not participate in decision making on any BCSC matter if a reasonable person would question your objectivity.

2.3 Duty of confidentiality

You may have access, as staff or a commissioner, to information that is not available to the public. Our stakeholders, market participants and colleagues expect us to use and protect this confidential information appropriately. Taking proper care in handling confidential information protects personal privacy and the integrity of BC's securities and derivatives markets.

You must not disclose information outside the BCSC that you create or obtain in the course of your duties, unless disclosure is authorized by law. This is a requirement of section 11(1) of the *Securities Act* and is a condition of your employment or appointment. Your duty to keep all such information and records confidential continues after you leave the BCSC.

You must also comply with your obligations under the *Freedom of Information and Protection of Privacy Act* to prevent and report unauthorized disclosure of personal information.

To ensure disclosure is authorized by law, you must not disclose information outside the BCSC unless you have confirmed with your manager or director¹ that you have the legal authority to disclose it.²

You must comply with our information management [policy](#), which sets out more information about your obligations relating to confidentiality and disclosure of information.

If you have, or may have, made an unauthorized disclosure of information, you must immediately tell your manager or director. You or your manager or director should also report the known or possible unauthorized disclosure to the Privacy Officer and the Chief Information Security Officer.

2.4 Reporting third party information requests

You must immediately tell your director if a party outside the BCSC asks you to provide information or if you receive a summons to testify about anything work-related. Your director will decide how to respond and if we should retain a lawyer.

If a person is requesting access to BCSC records or to personal information, you must also advise the Privacy Officer.

You must comply with our information management [policy](#), which contains additional reporting requirements and obligations relating to confidentiality and disclosure of information.

2.5 Public comments

You must not:

¹ In this Part 2, "director" means

(1) your director;

(2) the ED, if you report to the ED;

(3) the Vice-Chair, if you are a Hearing Officer or Tribunal Counsel, or

(4) the Chair, if you work in the General Counsel's Office or for the Chair, or are a Commissioner.

² The Chair and the ED are exempt from this requirement.

- teach, lecture or write about the BCSC or the work of the BCSC, unless authorized by your director³
- speak to the media about the BCSC, unless authorized by the Director of Communications and Education⁴
- make public statements that would bring the BCSC into disrepute

You must also comply with the BCSC’s Media [Policy](#) and Social Media [Policy](#).

CONFLICTS OF INTEREST

3.1 Duty to avoid and report conflicts

You must avoid real or perceived conflicts of interest. If you think something you plan to do might be or is a real, perceived or potential conflict of interest, you must identify and disclose the real, perceived or potential conflict immediately to your director⁵ in writing.

When deciding if you might or do have a real, perceived or potential conflict of interest, consider whether a reasonable person who knew the facts would conclude that you could act impartially.

If a real, perceived or potential conflict of interest was known to you but you did not disclose it or seek approval when required, we may treat the failure to disclose as misconduct.

3.2 What is a real, perceived or potential conflict of interest?

A conflict of interest involves a conflict between your public duty to the BCSC and your private interests, in which your private interests could influence the performance of your duties or in which you use your public office for personal gain. Conflicts of interest do not relate exclusively to matters concerning financial transactions or the transfer of economic benefits. A conflict of interest may arise regardless of a staff member’s or a commissioner’s intentions and does not necessarily imply that a staff member or commissioner is improperly motivated.

A conflict may arise wherever a set of circumstances exists that creates the risk of a real, perceived or potential conflict of interest.

A real conflict of interest is a situation where a staff member’s or commissioner’s private interests or financial interests are in conflict with the staff member’s or commissioner’s duties or responsibilities to the BCSC in such a way that:

³ The Chair and the ED are exempt from this requirement.

⁴ The Chair and the ED are exempt from this requirement.

⁵ In this Part 3 and in Part 4, “director” means

- (1) your director;
- (2) the ED, if you report to the ED;
- (3) the Vice-Chair, if you are a Hearing Officer or Tribunal Counsel,
- (4) the Chair, if you work in the General Counsel’s Office or for the Chair, or if you are the ED or a Commissioner,
- (5) the Governance Committee chair, if you are the Chair, or
- (6) if the person above is or may be conflicted as well, both your immediate supervisor and their immediate supervisor.

- the staff member's or commissioner's ability to act in the public interest could be impaired;
- the staff member's or commissioner's actions or conduct could undermine or compromise the public's confidence in the staff member's or commissioner's ability to discharge their duties or the trust that the public places in the BCSC.

A perceived conflict of interest exists where a staff member's or commissioner's private interests could appear to a reasonable person to conflict with their duties to the BCSC even though there may not be an actual conflict.

A potential conflict of interest arises where a staff member or commissioner has private interests such that, while no conflict has yet arisen, a conflict could arise were the staff member or commissioner to become involved in discharging workplace duties in the future that could be influenced by the private interest.

3.3 What happens once you report a conflict of interest

Once your director has received your report, the director will decide how to proceed. If your director reports to the ED, your director will consult with the ED in making this decision. Your director will let you know whether the circumstances give rise to a real, perceived or potential conflict of interest and whether you have to avoid the conflict. If the conflict does not pose unacceptable risks to the BCSC or the public interest, you may be eligible for an exemption from this policy (see section 3.5 Exemptions). Your director will tell you the steps that would have to be taken to resolve or mitigate the conflict in connection with an exemption application.

3.4 Common types of conflicts of interest to avoid

Without limiting the general requirements in section 3.1, the following are common types of conflicts of interest to avoid.

Outside Remunerative and Unpaid Activities

You must not accept outside work or business or engage in unpaid activities which could conflict with your BCSC duties or your obligations under this policy. Examples include if the work could:

- interfere with the performance of your duties as a staff member or commissioner or create a conflict with your time commitment to the BCSC;
- bring the BCSC into disrepute or harm the reputation of the BCSC
- appear to be an act on behalf of the BCSC or to represent BCSC opinion or policy;
- involve the unauthorized use of work time or BCSC premises, services, equipment or supplies; or
- gain an advantage that is derived from your employment or appointment with the BCSC

You must disclose in writing to your director any matters arising from any outside remunerative or non-remunerative activities (including past activities) that may raise conflicts with your duties for the BCSC. If there is a conflict and it does not pose unacceptable risks to the BCSC or the public interest, you may be eligible for an exemption from this policy to engage in the activity. Your director will tell you whether any controls are

necessary to mitigate such conflicts, in connection with an exemption application. If your director reports to the ED, your director will consult with the ED to determine if any controls are necessary. If your director (and the ED, if applicable) concludes that there are no controls that could adequately mitigate the conflict and you have undertaken the activity, the BCSC will require that you cease the activity.

Despite any other provision of this policy, you must obtain prior approval from the ED or Chair before seeking or accepting employment or an appointment with another government body or doing work, whether remunerative or not, related to the securities or derivatives markets or for an issuer while you are staff of or appointed to the BCSC. This includes holding office, being a director or providing services.

Potential conflicts of interest arising from workplace relationships and human resources decisions

Staff members or commissioners involved in a personal relationship outside work which compromises objectivity, or the perception of objectivity, should not be in a direct reporting relationship to one another at the BCSC.

If you are hiring someone on behalf of the BCSC, you must ensure they do not report to, or supervise the work of, a person with whom they have a personal relationship which compromises objectivity, or the perception of objectivity. This includes someone who is a member of their family, a close friend or someone in another close personal relationship.

You must not participate in human resources decisions about a person if you are involved in a personal relationship with that person that compromises your objectivity or the perception of objectivity.

Gifts

You must not accept from anyone a gift, favour, preferential treatment or service that arises from your employment with or appointment to the BCSC, other than in limited circumstances. A gift should only be accepted if it has nominal value, creates no obligation, reciprocation is easy and it occurs infrequently. Examples of acceptable gifts include:

- the normal exchange of gifts between friends or family,
- the normal exchange of hospitality between persons doing business together,
- tokens exchanged as part of protocol, or
- the normal presentation of gifts to persons participating in public functions, speeches, lectures, or seminars.

Taking advantage of your position

You must not use your position or non-public information you obtained in the course of your employment or appointment to benefit yourself, your family, friends or associates or to raise money or memberships for political parties or candidates or any other cause. Examples include:

- using BCSC property or equipment or your position, office or affiliation to pursue personal interests or the interests of another organization, whether for profit or not⁶

⁶ This does not include incidental personal use of BCSC equipment, which is permitted [Information Management [Policy](#) and Information Technology [Policy](#)].

- benefitting from, or being perceived by a reasonable person to have benefited from, the use of information acquired by reason of your employment or appointment
- benefitting from, or being perceived by a reasonable person to have benefited from, a transaction over which you can influence decisions by the BCSC (for example, investments, sales, purchases, borrowing, grants, contracts, regulatory or discretionary approvals or appointments)

Preferential treatment

You must not give preferential treatment or give the appearance that you are giving preferential treatment to any person. You must not offer assistance to any person or entity dealing with the BCSC other than assistance given in the ordinary course of performing your duties.

Tribunal proceeding conflicts to avoid

As a commissioner, you must not act in an adjudicative capacity if:

- you have an association (past or current business or personal relationship) or personal interest that could reasonably be perceived as preventing you from making an impartial decision or
- you think you would be unable to render an impartial decision

When asked to participate in a tribunal proceeding, a commissioner must tell the Chair about any continuing or prior interest, association, or relationship that could give rise to a conflict of interest. The Chair will decide if you can participate in the tribunal proceeding. The Chair's decision is final.

You must not ask any party to a tribunal proceeding to waive any conflict of interest or to consent to your participation in a tribunal proceeding if your participation would be contrary to this policy. However, if all parties to a tribunal proceeding voluntarily agree in writing or on the record, you may participate in the tribunal proceeding.

3.5 Exemptions

Your director may exempt you (in writing, with a copy to HR) from a requirement of part 3 of this policy relating to conflicts if your director determines that the requirement causes you unreasonable hardship, taking into account your role, the context of our mandate and the requirement. A director who reports to the ED must consult with the ED before granting an exemption from a requirement of this policy. The Chair and the Governance Committee review all exemptions from this policy annually.

Despite the above, there can be no exemption from the requirement in section 3.4 to obtain prior approval before seeking employment or an appointment with another government body or doing work, whether remunerative or not, related to the securities and derivatives markets or for an issuer while you are employed with or appointed to the BCSC. This includes holding office, being a director or providing services.

3.6 Securities transactions

For purposes of this section, “know” means information you actually know or ought reasonably to have known because of your work assignment or routine access to that information through work-related systems.

This section applies to all securities and derivatives in which you have, or would have after a proposed securities or derivatives transaction, beneficial ownership, or control or direction over, except securities in a blind trust⁷.

- (1) **Material non-public information** — You must not enter into, or encourage someone to enter into, a transaction in relation to a security or derivative when you know non-public information that could reasonably affect the price of the security or value of the derivative.
- (2) **Prospectuses and applications** — If you know of an unreceipted prospectus or open exemption application, you must not enter into, or encourage someone to enter into, a transaction in relation to the subject security, derivative or issuer until three days after the prospectus receipt is issued or a decision on the application is made. This restriction does not apply to purchases and sales of:
 - mutual fund securities
 - securities of other investment funds not redeemable on demand or not redeemable at all, including labour sponsored funds and exchange-traded funds
 - exchange-traded index participation units
 - securities under an automatic share purchase plan
 - securities under a reinvestment plan for dividends, interest and distributions of capital or
 - securities held by an agent or trustee with a legal obligation to sell under a prior agreement
- (3) **Investigations** — If you know we are investigating an issuer, or any of its insiders, associates or affiliates, you must not enter into, or encourage someone to enter into, a transaction in relation to securities of the issuer or a derivative related to the issuer.
- (4) **Registrants** — You may only buy or sell securities of a registrant through a stock exchange or, in the case of debt securities, in an over-the-counter market.

3.7 Post-Employment Restrictions on Executives and Senior Managers

Definitions

1. For the purpose of the restrictions set out below:
 - a. “Executive” and “Senior Manager” have the meanings defined in the BCSC governance policy;

⁷ “Blind trust” means a blind trust, or non-trust arrangement, under which: (1) another person has sole discretion to make all purchases and sales of securities; (2) you are not told in advance about these securities transactions; (3) your supervisor has a copy of the terms of the trust or arrangement and has given written consent.

- b. “CMRA” means the independent capital markets regulatory authority if established under the Memorandum of Agreement Regarding the Cooperative Capital Markets Regulatory System between the Government of British Columbia and other governments in Canada;
- c. “Outside Entity” means a person or entity, other than:
 - i) a public sector employer as defined in Section 1 of the *Public Sector Employers Act*,
 - ii) a capital markets regulator, including a self-regulatory organization,
 - iii) a stock exchange or alternative trading system, or
 - iv) a capital markets infrastructure provider.
- d. “Substantial Involvement” means to make a decision or recommendation on a BCSC application, investigation, proceeding or negotiation that significantly affects the business interests of an Outside Entity.

After Leaving the BCSC

- 2. If the Executive or Senior Manager had Substantial Involvement with an Outside Entity in the year before the date of the end of the Executive’s or Senior Manager’s employment with the BCSC then, for the year following that date, the Executive or Senior Manager must not
 - a. accept a position with, or a board appointment to, or enter into a service contract with, that Outside Entity that could lead to a material conflict of interest or situation materially prejudicial to the BCSC; or
 - b. advise or otherwise assist that Outside Entity in connection with any BCSC application, investigation, proceeding or negotiation in which the Executive or Senior Manager was involved.
- 3. The restrictions described in this section 3.7 will cease to apply when the CMRA is established, or the BCSC is dissolved, or otherwise ceases to exist as a legal entity.

REPORTING

Ask your manager or director for guidance if you are unsure of your reporting obligations.

4.1 Reporting Misconduct

You should report any breach of this policy. We will treat such matters in confidence, unless disclosure of information is authorized or required by law or to the extent necessary to investigate the reported matter.

See Appendix B to this policy, Misconduct Reporting Procedure, for information about how to report misconduct.

4.2 Acting in good faith when reporting misconduct

You must act in good faith when you report a breach under this policy. You must be satisfied that a reasonable person would conclude that the information you intend to report suggests a breach. We may discipline you for making false or malicious reports.

4.3 No retaliation for reports made

We encourage you to raise breaches of this policy within rather than outside the BCSC. We will protect you from reprisals if you report in good faith. We will discipline, and may dismiss, anyone who retaliates against a person who reports under this policy.

4.4 Confidentiality

We will keep your report confidential, except we will share enough information to allow us to address the matter, and will disclose any information required by law. We ask that you, and will ask that others involved in our investigation also, keep information confidential. We may discipline anyone who improperly does not keep a report confidential.

4.5 Timeliness

You should make your report promptly. Do not let problems fester. It is very hard to resolve old matters. Evidence and memories deteriorate quickly. We will not usually pursue a report based on events more than six months old.

4.6 Review

Complaints of serious misconduct will be reported to the appropriate board committees immediately. The Chair and the Governance Committee review any contraventions of this policy annually.

**Appendix A –
Confirmation of compliance with BCSC policies⁸**

[Confirmation for employees]
BC Securities Commission

I have read and understand the following BCSC policies⁹ and will comply with them:

- Ethics and Conduct
- Information Management
- Respectful Workplace

I will not depart from these policies without a written exemption from the BCSC. I understand this is a condition of my employment.

Dated:

Signed: (Print Name)

⁸ We will ask you to confirm your compliance annually, during the year-end performance assessment process.

⁹ We maintain current versions of these BCSC policies on the HUB under “Tools; Policies & Guidelines” page.

Confirmation of compliance with BCSC policies¹⁰

[Confirmation for Commissioners]

BC Securities Commission

I have read and understand the following BCSC policies¹¹ and will comply with them:

- Ethics and Conduct
- Information Management
- Respectful Workplace

I will not depart from these policies without a written exemption from the BCSC.

Dated:

Signed: (Print Name)

¹⁰ We will ask you to confirm your compliance annually, during the year-end performance assessment process.

¹¹ We maintain current versions of these BCSC policies on the HUB under “Tools; Policies & Guidelines” page.

Appendix B – Misconduct Reporting Procedure

Purpose

Our Ethics and Conduct Policy requires commissioners and employees to act honestly, impartially, and with integrity. This procedure describes how you report misconduct at the BCSC. Misconduct means any work-related situation or behaviour you reasonably believe is a breach of our Ethics and Conduct Policy.

Reporting misconduct involving the Chair, Vice Chair, General Counsel, Independent Commissioners, the Executive Director, or HR department employees

Provide evidence of the misconduct to the chair of the Governance Committee¹². You may also report it anonymously using our confidential reporting line (www.grantthorntontcare.ca/) maintained by Grant Thornton. The reporting line sends such complaints to the Governance Committee chair.

The Governance Committee chair or his/her delegate will acknowledge receipt to known reporters within five business days. The Governance Committee chair or his/her delegate will promptly investigate all reports made to him/her and take appropriate corrective action if warranted by the investigation. The Governance Committee chair or his/her delegate will inform both parties, if known, in writing, of the investigation outcome.

Reporting misconduct involving other employees

Provide evidence of the breaches of this policy to HR. You may also report it anonymously using our confidential reporting line (www.grantthorntontcare.ca/). The reporting line sends such reports to HR.

HR will acknowledge receipt to known reporters within five business days. HR will promptly investigate all reports. If warranted by the investigation, HR will work with the responsible supervisor, who will take appropriate corrective action. Both parties to the complaint, if known, will be advised, in writing, of the decision.

¹² If the misconduct involves the Governance Committee chair, report it to the HR Committee chair. The HR Committee chair will be in charge of investigating the report and taking any required corrective action.