

Terms of Reference for the Board

Purpose

The board is responsible for the administration of the *Securities Act* and the overall stewardship of the commission. The board:

- reviews and approves regulatory policies, rules and guidance and exercises oversight of the British Columbia securities and derivatives markets
- recommends to government legislation and regulations to enhance securities and derivatives regulation
- sets the strategic priorities of the commission
- oversees the commission's management, operations, financial affairs and risk management

Duties and responsibilities

The board has the following specific responsibilities. It:

- reviews and approves the development and implementation of securities and derivatives rules, policy and guidance
- exercises regulatory oversight of the British Columbia securities and derivatives markets
- approves the commission's budgets and ensures the integrity of financial reporting and internal controls
- approves the commission's material operational policies
- works with management to identify the principal risks to the commission and ensures that systems to manage those risks are in place
- provides direction to senior management regarding the levels of risk the commission is willing to accept
- monitors the commission's performance against agreed goals and objectives
- ensures that reporting, monitoring and accountability obligations are met
- ensures that policies are in place governing ethical conduct and conflicts of interest
- ensures that the commission has an appropriate communications strategy
- recommends candidates for the chair and CEO to the government
- participates in identifying the required competencies and personal attributes required on the board and makes recommendations to government on the orderly succession of board members

Committees of the board

The board may delegate any of its duties and responsibilities to a standing or *ad hoc* committee of the board. On establishing a committee, the board specifies its terms of reference and appoints a chair of the committee. If the committee is an *ad hoc* committee, the board also specifies the committee's termination date.

The board has established, and will maintain, the following three standing committees to assist in discharging the board's oversight and governance duties:

- a governance committee
- an audit and risk committee
- a human resources committee

The responsibilities of these committees, described in their terms of reference, include making recommendations to the board on various matters within the board's mandate.

Decisions on matters referred by board committees

The board will consider, review, and take the appropriate action in respect of all matters the governance committee, the audit and risk committee, the human resources committee, or any *ad hoc* committee refers to the board under the committee's terms of reference. The board has ultimate responsibility for all matters delegated to board committees.

Strategic planning

The board, together with management, identifies risks to the commission, markets, investors and capital raisers, and considers appropriate strategies to mitigate those risks, including changes to legislation, regulation, oversight practices or the commission's operations.

On an annual basis, the board oversees the development of and approves the commission's three-year service plan and one-year operating plan and capital budget, taking into account the opportunities and risks facing the commission and consistent with the commission's mandate, vision and mission statement.

Delegation of authority

The board oversees the delegation of authority within the commission. When requested by the governance committee, the chair and CEO, or the executive director, the board will consider and if appropriate approve:

- the delegation of the commission's authority, under section 7 of the *Securities Act*, to the chair and CEO, a vice-chair, an independent commissioner, or the executive director
- any changes to the commission's delegation of authority or delegation schedule

Government relations

The board oversees the chair and CEO's management of the commission's relationship with the minister. It considers and, if appropriate, approves actions recommended by the chair and CEO to ensure the commission fulfills its responsibilities under the minister's mandate letter.

Communications and disclosure

The board oversees management of the commission's communications and disclosure policies and practices. It considers and, if appropriate, approves actions recommended by the chair and CEO or the executive director to ensure the commission's communications strategy meets public sector requirements for transparency and accountability.

Reporting to the board

The board makes appropriate enquiries of its committees or management about the following reports and other matters material to the commission's mandate and operations.

The chair of each board committee, after each committee meeting, provides a summary report to the board of the significant items discussed or actions taken.

The chair and CEO provides the board with a monthly report about matters for which the chair

and CEO has primary responsibility. The executive director provides the board with a monthly operating report and a quarterly report on the service plan.

The human resources committee reports annually to the independent commissioners regarding the performance of the chair and CEO.

The chair and CEO reports annually to the board regarding the performance of the executives other than the vice-chair(s) and to the independent commissioners regarding the performance of the vice-chair(s).

The executive director reports annually to the board regarding the performance of the senior managers.

Board meetings

Frequency

The board meets monthly. The chair and CEO, in consultation with the board, sets the monthly meeting dates. The chair and CEO calls *ad hoc* meetings of the board as necessary. The independent commissioners meet separately as required.

Notice

Normally the chair and CEO gives at least ten business days' advance notice of a meeting. In an urgent situation, the chair and CEO will give as much notice as is practicable in the circumstances. In all cases, the commissioners may unanimously waive notice.

Quorum and voting

A majority of commissioners constitutes a quorum. A simple majority of commissioners present and voting at a meeting is sufficient to pass a resolution of the board.

Telephone and virtual meetings

Board meetings may take place by telephone or other communications facilities that permit all participants in the meeting to communicate with each other. A commissioner who participates in the meeting by such means is counted as present at the meeting.

Consent resolutions

A resolution approved in writing by all commissioners is as valid as a resolution passed at a board meeting.

Agendas and materials

The chair and CEO prepares an annual forward agenda, and sets the agenda for each board meeting. A commissioner may ask the chair and CEO to add an item to an agenda. Commissioners receive meeting materials in sufficient time for the commissioners to adequately prepare for the meeting.

Meeting without management

At each monthly meeting, the board meets for a portion of the meeting without management present. There is also time set aside at each monthly meeting for the independent commissioners to meet without the chair and CEO and vice-chair(s) present.

Outside advisors

Any commissioner, with the approval of the governance committee, may retain outside advisors at the expense of the commission.

Chair and CEO

The chair and CEO or, in the chair and CEO's absence, a vice-chair, presides at each meeting.

The chair and CEO's role is to:

- ensure that the board deals with the matters described in the board's terms of reference
- conduct board meetings effectively and efficiently and ensure timely follow-up and resolution of issues
- maintain a collegial and constructive relationship between the board and management
- consult as necessary with management on board matters
- communicate on behalf of the board with management
- ensure that the board meets as required

Secretary

The commission's general counsel is the secretary to the board.

A commission secretary (or alternate designated by the chair and CEO) acts as secretary of each board meeting. The secretary's role is to:

- give notice of regular meetings to the commissioners and, when directed by the chair and CEO, notice of *ad hoc* meetings
- distribute the agenda and all related materials to the commissioners
- record attendance and prepare minutes for review and approval by the board
- maintain records of approved minutes signed by the chair and CEO and secretary.