

BRITISH COLUMBIA SECURITIES COMMISSION  
*Securities Act*, RSBC 1996, c. 418

Citation: 2026 BCSECCOM 50

Date: 20260218

**Order Confirming Notice of Administrative Penalty**

**Fulcra Asset Management Inc.**

**Section 162.04 of the *Securities Act*, RSBC 1996, c. 418**

1. In a Notice of Administrative Penalty dated September 24, 2025 (the Notice), I found that Fulcra Asset Management Inc. contravened sections:
  - a. 3.1(1.1)(a)(iii) of National Instrument 33-109 *Registration Information* (NI 33-109) by failing to notify the regulator of a change to its auditor within 30 days;
  - b. 12.8 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) by failing to direct its auditor in writing to conduct any audit or review required by the regulator and deliver a copy of the direction to the regulator within 10 days after it changed auditor; and
  - c. 11.1(1)(a) of NI 31-103 by failing to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to reasonably assure compliance with securities legislation.
2. Under section 162.01 of the *Securities Act* (the Act), subject to Fulcra's right to dispute the alleged contraventions or penalty amount under section 162.04 of the Act, I considered it was in the public interest to require Fulcra to pay an administrative penalty of \$12,000.
3. On November 7, 2025, Fulcra made written submissions asking that the Notice be revoked. On November 27, 2025, staff responded to Fulcra's submissions. On January 21, 2026, Fulcra replied. This is my decision on whether the contraventions occurred and the appropriate penalty amount. I have concluded the contraventions did occur and that the appropriate penalty is \$12,000.

**Fulcra's Submissions regarding the Notice**

4. Regarding the allegation that Fulcra contravened section 3.1(1.1)(a)(iii) of NI 33-109 by failing to notify the regulator of a change to the firm's auditor within 30 days, Fulcra submitted that the change was prompted by staff advising Fulcra that its previous

auditor had been sanctioned by the Canadian Public Accountability Board. Fulcra chose to change auditors out of an abundance of caution. It notified the regulator of the change within 48 instead of 30 days.

5. Regarding the allegation that Fulcra contravened section 12.8 of NI 31-103 by failing to direct the new auditor in writing to conduct any audit or review required by the regulator and deliver a copy of the direction within 10 days after the change, Fulcra acknowledged the contravention but submitted that the oversight did not result in any material consequences or pose any meaningful risk, as the circumstances surrounding the change were low risk and handled prudently.
6. Regarding the allegation that Fulcra contravened section 11.1(1)(a) of NI 31-103 by failing to maintain and apply policies and procedures sufficient to reasonably assure compliance with securities legislation, Fulcra submitted that:
  - after its second failure to notify the regulator of a change of auditor in a timely way, it appointed a new, experienced Chief Compliance Officer. The new CCO updated Fulcra's policies and procedures manual (Manual) including by requiring Fulcra to report changes to the firm's registration information within 15 days (which Fulcra submitted was shorter than the 30 days required by the rule).
  - It had been regularly updating firm registration information and gave three examples.
  - It asked staff for a copy of the firm's "permanent record" (of its registration information filed with securities regulators) with a view to updating it monthly, but was advised that no such record exists for firms; its plan had been to review the permanent record for updates monthly.
  - This is an isolated incident within a significantly strengthened compliance framework.
7. Overall, Fulcra submitted that I should consider revoking the Notice because it has acted in good faith and made sincere efforts to comply. Fulcra emphasized that the Notice has the potential to cause significant reputational harm including because the public may not appreciate the low seriousness of the contraventions.

### **Staff's Response**

8. To summarize, staff responded that:
  - a. Fulcra did not dispute the contraventions and had failed to identify any facts or circumstances to support its request that I revoke the Notice.
  - b. Fulcra's reasons for switching auditors, whether related to staff's email about CPAB sanctions or not, are not relevant to whether Fulcra contravened the rules or the appropriate sanction.

- c. The requirement in the Manual to report various changes to registration information in 15 days is not in fact stricter than the regulatory requirement for many types of changes.
  - d. Fulcra does not seem to understand that the main problem with its Manual is that it does not identify all of the changes to registration information that must be reported within 30 days.
  - e. Regarding reputational harm, it is the Commission's practice to publish administrative penalties under section 162.01 of the Act on its website for the purposes of transparency and deterrence. The public nature of the Commission's enforcement program is deliberate and cannot be used as a basis for declining to issue a penalty.
9. Given the above, staff submitted that I should confirm that Fulcra contravened each provision of the regulations identified in the Notice and the \$12,000 penalty.

#### **Fulcra's Reply**

10. In reply, Fulcra submitted that public disclosure of this matter would cause disproportionate and irreversible reputational harm to a small, independent firm. Other market participants would sideline the firm. The public benefits from having small, independent firms that provide tailored advice and responsive client service. The BCSC's administrative penalty process is new, so there is room to tailor the process to make it fair and proportionate. A penalty without public disclosure would provide adequate deterrence and align with how other provinces handle administrative penalties.

#### **Analysis**

11. Regarding the allegation that Fulcra contravened section 3.1(1.1)(a)(iii) of NI 33-109, I agree with staff that even if Fulcra changed auditors due to an email from staff about CPAB discipline of its former auditor, the reason for the change is not relevant to whether Fulcra contravened the requirement. Fulcra admitted it gave notice 18 days late and so it contravened section 3.1(1.1)(a)(iii) of NI 33-109.
12. Fulcra also admitted that it contravened section 12.8 of NI 31-103.
13. Regarding the allegation that Fulcra contravened section 11.1(1)(a) of NI 31-103, Fulcra did not provide any information in its submissions to the contrary. Fulcra advised it had strengthened its compliance framework, including by hiring a new CCO, and reported updates to its registration. However, Fulcra's submissions did not address the fact that its Manual failed to address the requirement to report changes of auditor within 30 days. As a result, I find that Fulcra contravened section 11.1(1)(a) of NI 31-103.

14. Fulcra submitted that I should revoke the Notice because it had made improvements to its compliance framework, the contraventions were an isolated incident in the context of the strengthened framework, and it had acted in good faith and made sincere efforts to comply. I do not question that Fulcra improved its compliance framework by hiring a new CCO, acted in good faith and made sincere efforts to comply. Those are positive things that suggest the penalty for Fulcra's contraventions does not need to be large. However, I do not accept that Fulcra's failure to comply with auditor change requirements in securities legislation were an isolated incident. Fulcra was made aware there were filing requirements associated with auditor changes, yet it did not make them on time, and did not revise its Manual to address the relevant requirements. Given the repeat nature of the contraventions, revocation of the Notice is not warranted.
15. Fulcra also submitted that the Notice should be revoked because it may suffer significant reputational harm should a penalty be issued, or, alternatively, that a penalty without public disclosure would provide adequate deterrence. I agree with staff that reputational harm from an appropriate penalty issued in response to contraventions of the rules is not a basis for revoking a Notice. It is important for penalties to be public for reasons of transparency and in order to achieve general deterrence. In unusual circumstances, it might be appropriate to anonymize a decision or hold it in confidence, but Fulcra has not identified any circumstances that would justify doing so in this case.
16. Fulcra did not make any direct submissions that \$12,000 is the wrong amount for the penalty. It argued that the consequences of the contraventions were minimal and that they were of low seriousness, however, those factors were already considered in the Notice in setting the penalty at \$12,000.
17. Having considered Fulcra submissions, I conclude Fulcra contravened the provisions in the Notice. I further conclude that a \$12,000 penalty is in the public interest.

### **Order**

18. Under section 162.04(3) of the Act, I:
  - a. confirm by order that Fulcra contravened section 3.1(1.1)(a)(iii) of NI 33-109 and sections 12.8 and 11.1(1)(a) of NI 31-103, and
  - b. order Fulcra to pay an administrative penalty of \$12,000 by April 20, 2026.

19. I further confirm that Fulcra has the right, under section 165 of the Act, to seek a hearing and review by the Commission of this decision.

February 18, 2026

Peter J. Brady  
Executive Director