



BC NOTICE 2002/41

Credit For Assistance In Investigations

Purpose of the Notice

Market participants should monitor, detect, correct and report compliance problems or potential breaches of the *Securities Act* and rules that occur in their organizations. To encourage responsible behaviour, commission staff will generally consider giving credit to persons who provide assistance in investigations by treating it as a mitigating factor during the litigation and settlement process.

This notice explains when and how staff may give persons credit for providing assistance during investigations.

Circumstances where credit may be given

When an individual or firm assists staff before and during an investigation by self-reporting and self-correcting the matter under investigation, staff may decide that it is in the public interest to resolve the matter by:

- recommending that enforcement proceedings not be commenced against the potential respondent or that the proceedings be resolved with a warning letter;
- issuing a notice of hearing that recognizes and gives credit for assistance, by narrowing the scope of the allegations, and, in the enforcement proceedings, recommending reduced sanctions against cooperative respondents; or
- recommending that the matter would be better resolved by the executive director entering into a settlement agreement with the market participant.

Staff's interpretation of assistance

Staff may provide credit to persons who:

- identify potential breaches of the Act, disclosure deficiencies, or other inappropriate activities that have harmed investors or the integrity of British Columbia's capital markets, and promptly and fully report the matter to staff;
- fully cooperate with staff when asked to provide assistance or information in the course of an investigation;

- voluntarily provide all necessary books and records required to assess the matter and any reports or analysis prepared by experts retained by the person or counsel;
- make themselves, or their employees, directors and officers, available for voluntary interviews;
- promptly investigate a breakdown in a firm's system of internal controls, take corrective action, and implement new systems of controls, as appropriate; or
- provide full restitution, if appropriate, to any investors or clients that have been harmed by non-compliance with the Act, disclosure failures, failures in internal controls, or other inappropriate conduct.

Staff will not give any credit for assistance to persons who merely provide evidence or information as required by law.

October 17, 2002

Steve Wilson
Executive Director

This Notice may refer to other documents. These documents can be found at the B.C. Securities Commission public website at www.bcsc.bc.ca in the Commission Documents database or the Historical Documents database.