



British Columbia
Securities Commission

IIROC Compliance Conference

September 26, 2014

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Vice Chair, BC Securities Commission

Culture of Compliance

- **Culture of compliance is good for business**
 - **Begins with commitment from senior management**
 - **Belief that compliance has value**

Introduction

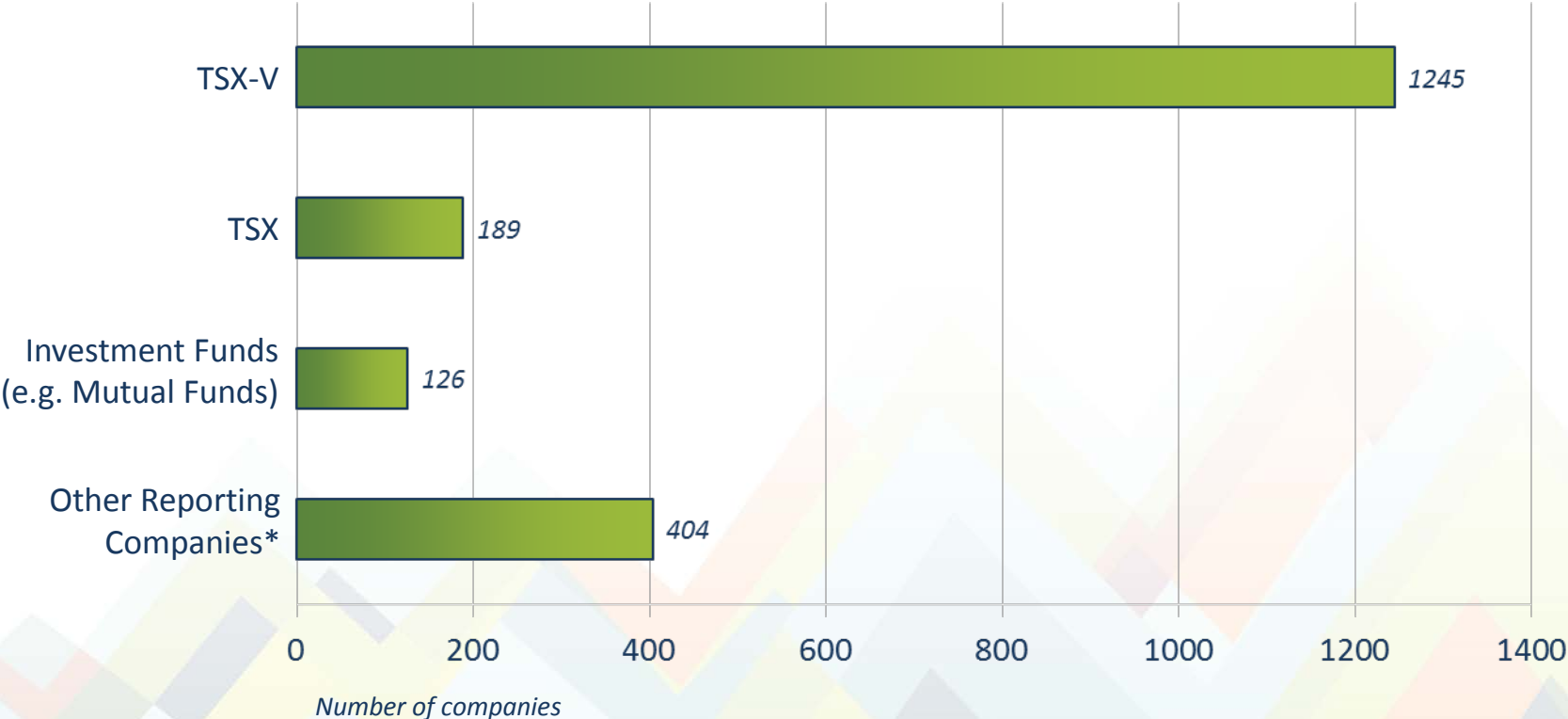
- **State of BC Capital Markets**
- **Venture Market Dealer Health**
- **Key BCSC Initiatives:**
 - **Venture Market Initiatives**
 - **Streamlining Regulatory Costs of Capital Raising**
 - **Private Placement Market and Unregulated Participants**
 - **Offshore Secrecy Jurisdiction Trading**
 - **Ongoing Enforcement**
- **Capital Markets Regulatory Authority**

State of BC Capital Markets

In 2013:

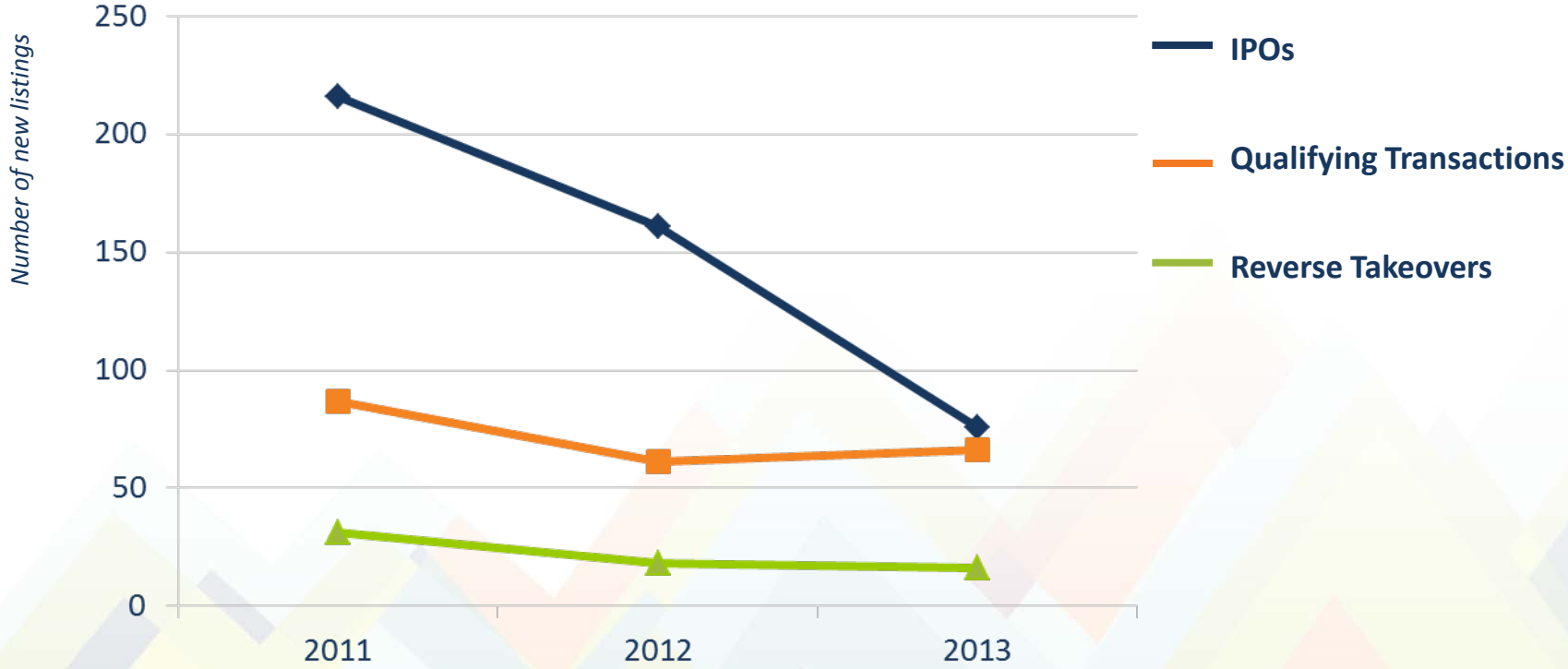
- **BC companies raised \$18.3 billion (public and private)**
- **\$6 billion raised by BC companies in public market**
- **\$9.3 billion raised by BC companies in private placement market**
- **\$3 billion raised by BC investment funds (in BC only)**

Public Companies Based in BC



Other reporting companies include those listed on other markets (CNSX, OTCBB, Pink Sheets) as well as unlisted companies. **Note: On January 6, 2014, Canadian National Stock Exchange (CNSX) changed its name to Canadian Securities Exchange (CSE)*

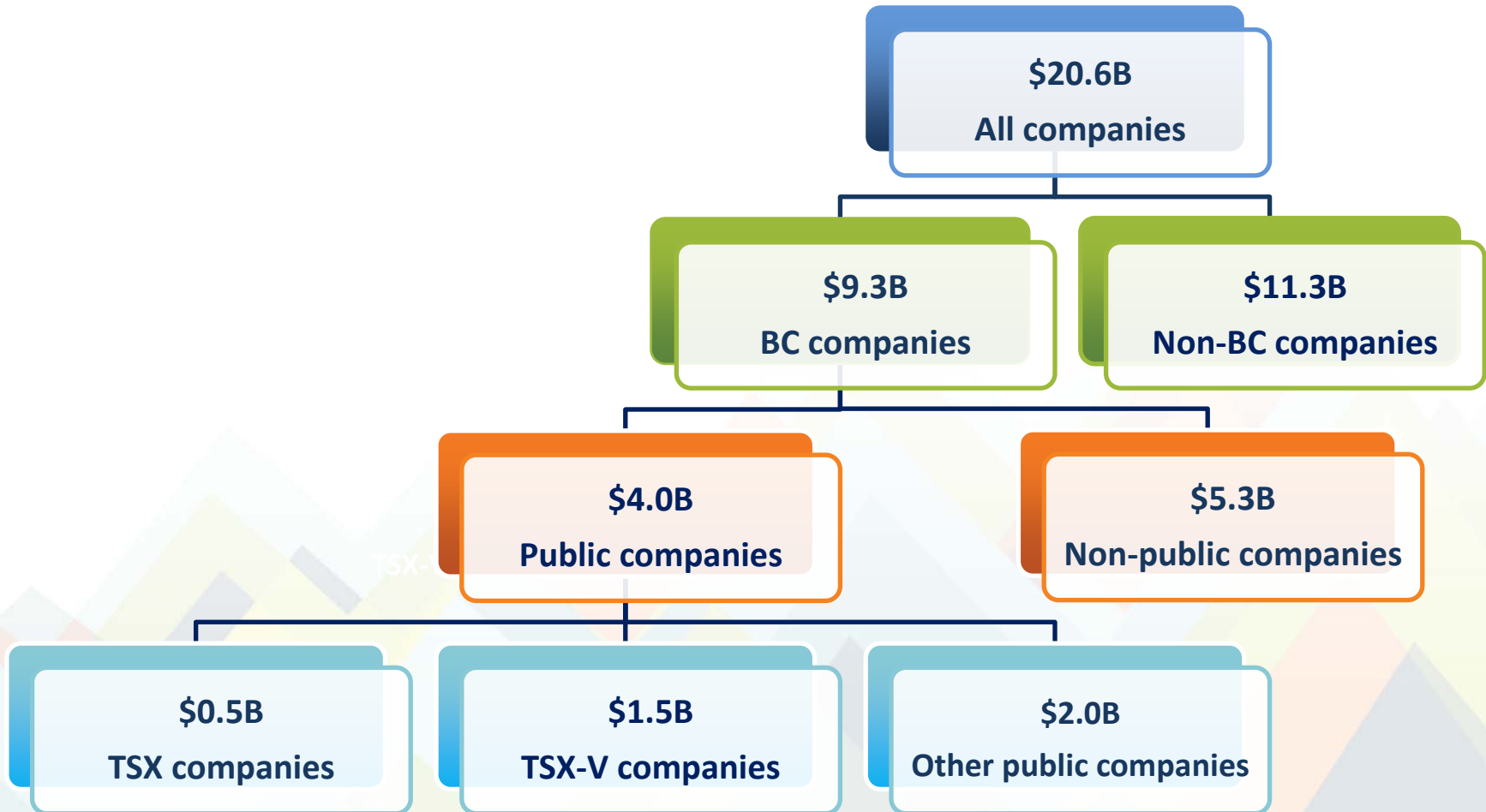
New Listings on TSX-V



Market Capitalization of TSX-V by Industry



Amount Raised in BC Private Placement Market



BCSC Core Mandates

- **BCSC is mandated to:**
 - **Protect Investors**
 - **Protect Market Integrity**

Venture Market Dealer Health

- **Small dealer operating costs rising**
- **Small dealer revenues slipping**
- **Dealer community is key to market health and integrity**
 - **BCSC consulting and seeking solutions during turndown**

Key BCSC Initiatives

- **Venture Market Trading Initiative**
- **Streamlining Regulatory Costs of Capital Raising**
- **Private Placement Market and Unregistered Participants**
- **Offshore Secrecy Jurisdiction Trading**
- **Ongoing Enforcement**

Venture Market Initiatives

- **BCSC working with IIROC, TSX-V and ASC**
 - Study and assess impacts of HFT and short selling on venture trading
- **Proposed amendments to streamline disclosure by venture issuers published in May, 2014**
 - Designed to streamline requirements so venture issuers can focus more on the growth of their business

Streamlining Regulatory Costs of Capital Raising

- **Existing Shareholder Exemption**
 - **Rights Offering reform**
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Private Placement Market/Unregistered Participants

- **Unregistered market participants a long-standing concern**
- **BCSC staff using predictive risk tools to identify unregistered market participants**
- **Also monitoring unregistered market participants operating under registration exemptions**


Offshore Secrecy Jurisdiction Trading

- **BC dealers provided data to BCSC staff**
 - **Two surveys in past 12 months**
- **Offshore trading has the potential to damage reputation and curtail regulatory effectiveness**

Ongoing Enforcement

- **Enforcement remains a key focus**
- **BCSC committed to identifying, pursuing and disrupting market misconduct**
- **Several significant cases in the past six months**
 - **Colin McCabe/Erwin Speckert**
 - **Rashida Samji**
 - **Bank Gutenberg**

CSA Notice on Changes to Takeover Bid Rules

- **Harmonizes proposals**
 - **Will introduce mandatory 50/10/120 rules**
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Capital Markets Regulatory Authority

- **CMRA is a government-led initiative**
- **Process of harmonization is continuing**
- **Platform legislation available for comment on website (Sept 8)**
- **Regulations scheduled to be published for comment in December, 2014**
- **CMRA scheduled to be operational in Fall 2015**