

BC Securities Commission

2023/24 Annual Service Plan Report

August 2024



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Board Chair's Accountability Statement



The BC Securities Commission 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 – 2025/26 Service Plan published in 2023. I am accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'B. Leong', written over a faint circular stamp or watermark.

Brenda M. Leong
Chair and CEO
August 1, 2024

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Letter from the Board Chair & CEO

The BC Securities Commission (BCSC) is an independent Crown agency committed to fair, efficient and innovative investment markets that foster participation by all investors and market participants.

Throughout 2023/24, the BCSC honoured Government's commitment to put people first by delivering quality, cost-effective services through outcomes-based regulation.

Operating in a dynamic environment of technological and social change, investors are seeking new channels of advice and increasingly factoring environmental, social and governance (ESG) considerations into their investment decisions. Among our many priorities, we have been focusing on developing enhanced climate risk disclosure requirements aligned with international standards and right-sized for our Canadian investment markets. We are also developing disclosure requirements regarding board diversity strategies. These initiatives are proceeding in partnership with the Canadian Securities Administrators (CSA), through which the BCSC and the country's 12 other investment market regulators seek harmonized regulation of Canada's investment markets.

We are seeing investors increasingly turning to social media for investment information which can present new risks for investors and therefore requires us to assess the effectiveness of our current regulatory approaches to investor protection. We are also seeing rising investor interest in crypto asset trading which can be highly volatile. We developed an award-winning fraud awareness campaign aimed at helping investors protect themselves against crypto-focused investment schemes and continued our efforts to regulate crypto asset trading platforms to mitigate against the risks of trading in this speculative asset class. The BCSC's efforts to protect investors included about 350 actions to disrupt suspicious activity, with increasing attention being paid to fraudulent investment schemes that are conducted online. We have continued working towards greater engagement with Indigenous Peoples through our work with the CSA's Taskforce on Indigenous Peoples in the Capital Markets and by participating in Indigenous job fairs, forums and conferences.

We have also been meeting with Indigenous leaders and business groups to foster new and enduring relationships.

Internally we have been strengthening our own Diversity, Equity and Inclusion (DEI) practices and policies. We adopted an updated comprehensive DEI policy and initiated some best practices for recruiting new talent. We also delivered DEI training to all staff and the Board.

The BCSC proactively engages with the Ministry of Finance at all levels to ensure strategic alignment with the Ministry's objectives. Ongoing and regular dialogue with the Ministry about emerging policy issues and our enforcement activities is critical to our success in meeting our strategic objectives.



Brenda M. Leong
Chair and Chief Executive Officer
August 1, 2024

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the [Budget Transparency and Accountability Act \(BTAA\)](#), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BCSC's [2023/24 - 2025/26 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

The BCSC is the independent provincial government agency responsible for regulating capital markets in B.C. The BCSC's enabling legislation is the [Securities Act](#), RSBC 1996, c. 418. Our mission is to protect and promote the public interest by fostering:

- A capital market that is fair and warrants public confidence.
- A dynamic and competitive securities industry that provides investment opportunities and access to capital.

The BCSC benefits the public by protecting investors and the integrity of B.C.'s capital markets. We aim to deliver effective regulation of rapidly evolving investment markets. We:

- Review businesses' offering documents and continuous disclosure, so investors have the information they need to make informed investment decisions.
- Review applications for registration from those that trade securities, provide advice, or manage portfolios or investment funds, to ensure they are qualified, ethical, and solvent.
- Take action against those who contravene securities laws to deter misconduct and mitigate investor losses.
- Educate investors to protect themselves and educate industry participants to understand how to comply with securities law requirements.
- Advance regulatory policy initiatives to support capital formation and innovation, and mitigate risk to B.C.'s capital markets and investors.

Operating Environment

As a member of the CSA, we are committed to collaborating with other Canadian securities regulators to protect investors from unfair, improper, or fraudulent practices and to foster fair and efficient investment markets.

Through our work with the CSA, we endeavour to achieve highly harmonized regulations that benefit our capital markets. In some cases, local priorities and imperatives may lead to the adoption of different regulations or approaches to regulatory decisions in the jurisdictions.

The environment in which we operate is dynamic, and we work diligently to meet the demands of this rapidly changing environment. Innovation and technology, such as artificial intelligence, bring new opportunities and new challenges for the BCSC and other financial regulators. At the same time, the BCSC is taking in less revenue, due to a significant decline in capital-raising activity.

The need to cover more ground than ever with finite resources had led us to prioritize four areas: building capacity, enhancing investor protection, calibrating regulation to innovation, and modernizing the regulatory framework.

Building Capacity – The evolution of investment markets, including the proliferation of new investment products, new platforms for trading investment products, and new channels for disseminating investment-related communications, is generating billions of data points. To manage and optimize our use of this information, we have embarked on a digital transformation of our internal information systems, which we view as critical to regulatory responsiveness. This new platform will be foundational to our ability to manage and analyze information, improve the efficiency and effectiveness of regulatory processes, and continually deliver value to the capital markets we regulate and to the investing public. These new systems will require considerable human and financial resources to develop and maintain and they drew on significant BCSC resources in the 2023/24 fiscal year.

Enhancing Investor Protection – We continue to focus significant resources on combatting market misconduct, including complex multi-party schemes that are abusive to the investment markets, and brazen frauds perpetrated on unsuspecting and unsophisticated investors. Rapid changes in technology and the proliferation of the use of social media heightens the risk for investors, as many of these investment schemes originate outside Canada and target investors online. We are also seeing increasing B.C. connections to major international fraud and market manipulation cases, and while B.C. investors may not be specifically targeted by these cases, this type of egregious conduct can impact the integrity of our investment markets. In response to these external trends and risks, we have launched enforcement initiatives – a paid whistleblower program to incentivize tips about misconduct, and a streamlined enforcement mechanism, intended for less egregious misconduct, that doesn't require a panel hearing to impose penalties. Although our use of new powers to collect monetary sanctions has been effective in encouraging some payments, it is also being met with multiple legal challenges in the courts, which results in delays and the diversion of litigation resources from other enforcement efforts.

Calibrating Regulation to Innovation – The emergence of crypto assets has spawned new products, services and business models. In addition, traditional investment services are being transformed by technology, including mobile trading applications and the prospect of artificial intelligence-based trading advice. We must closely monitor these innovations to determine whether, and to what degree, they warrant the development of new rules and the expansion of regulatory scrutiny.

Modernizing the Regulatory Framework – Investors are increasingly considering environmental, social and governance matters alongside traditional finance metrics when making investment decisions, prompting us to work with the CSA in developing new disclosure requirements for public companies. As mining continues to be the largest single sector among B.C. public companies, we are leading the CSA's effort to enhance technical disclosure rules for mineral projects. The Canadian Investment Regulatory Organization (CIRO), created by the CSA-facilitated merger of two existing self-regulatory organizations in January 2023, is continuing to take shape through the development of a consolidated rulebook, enforcement apparatus and governance policies; during this formative phase, the BCSC is jointly coordinating the CSA's oversight of CIRO.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the [2023/24 – 2025/26 Service Plan](#). For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

Goal 1: Support fair, efficient, and innovative Canadian capital markets

Objective 1.1: Promote a culture of compliance

Investors are better protected when firms and individuals that trade or advise in securities, and businesses and investment funds that raise money in the capital markets, understand and comply with their regulatory obligations.

Key results

- Published a proposed framework for an independent dispute resolution service (IDRS) that would be a not-for-profit entity with the authority to make binding final decisions. The proposed framework anticipates that the Ombudsman for Banking Services and Investments (OBSI) would be the IDRS for the investment industry. The 90-day comment period closed on February 28, 2024.
- Began the project to modernize and enhance National Instrument 43-101 Standards of Disclosure for Mineral Projects, led by BCSC staff. The project will address feedback the CSA received from the Consultation Paper published in 2022, ensuring that mineral project disclosure continues to provide investors with consistent, comparable and decision-useful information.
- Continued to assess international and domestic developments in climate-related disclosure standard setting and published for comment public company diversity disclosure requirements in April 2023.

Summary of progress made in 2023/24

To promote a culture of compliance, we worked diligently to ensure firms and individuals understand their principles-based obligations and specific legal requirements. We performed compliance reviews and published our findings and supported them with educational outreach. We also regulated trading of over-the-counter derivatives and private placements of securities by companies required to report to the BCSC.

In many cases, we used decisive action to correct non-compliance with securities regulations. We issued cease trade orders for late filings and later revoked them when the issuer or individual subsequently complied with our standards.

To enhance compliance in emerging areas, in partnership with the CSA, we published pre-registration undertakings for crypto asset trading platforms to enhance investor protection for firms conducting business prior to formal registration.

Objective 1.2: Advance cost-effective regulation

We aim to provide strong investor protection and foster market integrity at an appropriate cost by focusing on:

- Emphasizing practical solutions that provide significant benefits that exceed costs.
- Using our resources efficiently through risk management, teamwork, and relevant performance measures.
- Delivering regulatory services reliably on a timely basis, recognizing that delay adds costs for market participants.

Key results

- The Digital Transformation Project made significant progress in developing a new internal centralized system for storing information on market participants from a variety of national systems. While the scope of the initial set of integrations remains the same, the BCSC requires more time to complete the work. A project plan is in place to complete the work in the 2024/25 fiscal year.
- Granted authorization to several crypto asset trading platforms over the course of the year and continued to support emerging financial technologies through consultation with our Fintech Advisory Forum.
- Published an interim framework for value-referenced crypto assets (VRCAs), also known as stablecoins, to permit limited client transactions relating to VRCAs on crypto asset trading platforms until a longer-term framework is implemented.
- In collaboration with other members of the CSA, launched SEDAR+, the new, secure web-based system used by all market participants to file, disclose and search for information in Canada's capital markets. SEDAR+ also automates the calculation of regulatory fees for SEDAR+ filings made to all provincial and territorial regulators.
- Published for comment proposed amendments to corporate governance disclosure rules and policy relating to the director nomination process, board renewal and diversity. The amendments would require disclosure on aspects of diversity, beyond the representation of women. The proposed changes would enhance the existing corporate governance guidelines relating to the director nomination process and introduce guidelines regarding board renewal and diversity.

Summary of progress made in 2023/24

To advance cost-effective regulation, we worked with our CSA partners on a proposed expedited shelf prospectus regime for well-known seasoned issuers (WKSI), larger cap issuers with complete continuous disclosure records, in Canada. The proposed WKSI regime, if adopted, will make it more efficient for eligible issuers to raise capital by removing certain

disclosure from eligible prospectuses, speeding receipt of those prospectuses by regulators, and extending the receipt effectiveness to 37 months.

Additionally, the CSA published in final form changes to several national instruments and companion policies to implement an access model for prospectuses of non-investment fund reporting issuers (the Access Model), effective April 16, 2024. The voluntary Access Model procedures facilitate electronic access to a prospectus while satisfying delivery requirements for the prospectus under securities legislation. The Access Model benefits both issuers and investors by providing a more cost-efficient, timely and environmentally friendly manner of communicating information to investors than paper delivery.

Performance measures and related discussion

Performance Measure	2021/22 Baseline	2022/23 Actual	2023/24 Target	2023/24 Actual
1a Percentage of reviewed issuers that reduce deficiencies ¹				
i. Improved disclosure subsequent to a continuous disclosure review	93%	87.5%	>95%	100%
ii. Improved disclosure to minimum standards	91%	87.5%	>95%	100%
1b Percentage of issuers reviewed that are non-compliant with standards for technical disclosure ²				
i. Percentage of issuers' technical reports reviewed that were required to be amended and refiled	39%	22.2%	<30%	27.5%
ii. Percentage of issuers reviewed placed in default for non-compliant technical disclosure in documents other than technical reports	24%	21.6%	<25%	18.7%
1c Average number of repeat deficiencies per examination in Capital Markets Regulation ³	0.5	0.13	0.64	0.86
1d Average score on cost-effective regulation scorecard ⁴	96%	98%	>90%	92%

Data source: 1a Internal evaluation of subsequent disclosure. 1b Data recorded in established tracking systems. 1c Data recorded in established tracking systems. 1d Internal evaluation based on staff and management judgement and project documents.

¹PM 1a targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as >95% and >95%, respectively. Revised targets for 2024/25 and 2025/26 were stated in the 2024/25 – 2026/27 Service Plan as >90% and >90%, respectively.

²PM 1b targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as <30% and <25%, respectively.

³PM 1c targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as 0.64 and 0.64, respectively.

⁴PM 1d targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as >90% and >90%, respectively.

(1a) We met this target. All issuers who were sent a comment letter were judged to have improved their subsequent disclosure and the improved disclosure met or exceeded minimum standards.

(1b) This measure reflects material compliance with the mineral project disclosure standards in both technical reports and in all other disclosures including websites and social media. We met both target percentages. We did, however, see an increase in the percentage of issuers'

technical reports that required refiling (Measure 1bi.) since 2022/23, as we were able to review almost double the number of reports in 2023/24. When more technical reports are reviewed, there are more opportunities to identify disclosure that needs to be corrected. Targets for 2024/25 will remain at the same levels.

(1c) We did not meet this target. In 2023/24, we continued our focus on reviewing registrants' compliance with the requirements of the client-focused reforms (CFR), adopted in 2021. Many firms had CFR-related deficiencies for the first time. In addition, the dealer team spent most of its remaining resources examining new firms and a few established firms with a high potential for compliance failures. This resulted in a statistic that comprises just a few firms selected because of their risk of compliance failures, which resulted in a high ratio of compliance deficiencies per review.

(1d) We met this target. The target of greater than 90% is set so that, on average, we achieve our objectives if we hit the standards on the scorecard in all but one area. This year, we scored four completed policy initiatives that went into effect in 2023/24.

Goal 2: Inspire investor confidence

Objective 2.1: Act decisively against misconduct

The BCSC's Enforcement Division focuses on cases with a strong B.C. connection. These include:

- Illegal distributions and fraud.
- Market misconduct, including market manipulation and insider trading.
- Regulatory compliance, including non-compliance by dealers and companies.

We work to deter misconduct and mitigate investor losses through early disruption and timely enforcement. To this end, we:

- Disrupt misconduct by issuing temporary orders and distributing investor alerts.
- Issue preservation orders to preserve assets.
- Investigate and prosecute misconduct and seek administrative orders from our panels or refer criminal cases to Crown Counsel to prosecute.
- Pursue collection of financial sanctions and return money to harmed investors when possible.

Key results

- Completed Phase 1 of the CSA's Market Abuse Task Force (Task Force) and presented results and preliminary recommendations to the CSA Executive Directors in June 2023. The Task Force focuses on identifying abusive practices surrounding promotions of companies trading on the venture markets, the obstacles to successfully detecting, investigating, and prosecuting abusive conduct, and opportunities for wider CSA

collaboration to detect, monitor, and analyze stock promotions that are broadcast through social media platforms. In Phase 2, we gathered feedback from CIRO and the exchanges and formalized the preliminary recommendations, with the aim of presenting them to the CSA Executive Directors in 2024. We also continued to develop a pilot project for CSA collaboration on social media monitoring tools.

- Issued and defended a preservation order using the powers added to the Securities Act in 2020, issued 43 decisions after hearings, and entered into 18 settlement agreements.
- Launched a Whistleblower Program, which offers cash rewards of up to \$500,000 for people who provide the BCSC with valuable tips about investment fraud and serious market misconduct. The BCSC's Whistleblower Program, specifically tailored for B.C.'s investment markets and unique among Canadian securities regulators, will make it easier for people to qualify for awards and to receive awards quickly.

Summary of progress made in 2023/24

We acted decisively against misconduct through our early disruption strategies, such as issuing investor alerts and cautions, alone or in conjunction with CSA members.

We took various actions to collect outstanding sanctions from debtors who refused to pay, including successfully pursuing court proceedings, and using a new tool that requires ICBC to not issue or renew driver's licences and insurance to unpaid debtors, and we ran several claims processes to return money to harmed investors.

We continued to find new ways to disrupt fraudulent crypto activities early to minimize potential harm to investors, including by working closely with local, national and international law regulators and law enforcement agencies, and by working with web hosting services and domain registrars to have them voluntarily shut down crypto investment scam websites.

The Criminal Investigations Branch referred seven cases to the Crown for prosecution and obtained charges against two individuals in two cases previously referred.

Objective 2.2: Educate investors

We want British Columbians to understand how investing can help them achieve their financial goals, but also to be cautious of emerging investment trends and aware of the warning signs of investment fraud. Through strategic outreach including targeted advertising campaigns, we promote awareness of investment fraud and instill financial confidence in investors to help them make informed decisions.

Key results

- Promoted short videos on Facebook and YouTube about investment misconduct and BCSC's efforts to stop it, leading to more than 100,000 views and 1,800 click-throughs to the BCSC's enforcement microsite, called "Guardians".
- Developed and launched a new three-year public awareness campaign, *Working For You*. This campaign showcases the BCSC's role in enforcement, oversight, education

and the regulation of B.C.'s investment markets for all British Columbians, including those who might not know who we are, and reinforces our presence to those who do.

- Launched the annual Fraud Prevention Month campaign and the campaign to promote the BCSC's new Whistleblower Program.

Summary of progress made in 2023/24

Throughout the year, we maintained a consistent approach to sharing investor education and investment fraud warning signs through a strong digital presence on social media and corporate websites. The BCSC's work to educate investors means we must be responsive to emerging issues in the marketplace including areas like crypto investments. We use our investor education website (InvestRight.org) and a wide range of social media channels to communicate important messages and educational materials to a broad demographic of investors, with a focus on younger adults. We know through research that younger adults have lower investment literacy compared to other demographics and are taking on more risk through speculative investing habits or investing solely in crypto assets.

Over the course of the 2023/24 fiscal year, we launched several new investor education and investment fraud warning sign resources across InvestRight.org, YouTube and Instagram. In addition to the above-mentioned campaigns, we developed a Google Search Engine Optimization (SEO) campaign in January 2023 that ran through to the end of the 2023/24 fiscal year and beyond. This digital campaign ensures InvestRight.org and the BCSC's campaign ads appear prominently on Google when a variety of terms related to investing and regulation are searched.

Performance measures and related discussion

Performance Measure	2021/22 Baseline	2022/23 Actual	2023/24 Target	2023/24 Actual
2a Actions taken to disrupt misconduct				
i. Number of actions	290	299	147	251
ii. Average duration of complaint to action (days) ¹	48	57	45	45.3
2b Average life of cases either from complaint to a Notice of Hearing (NOH) or from complaint to settlement before an NOH is issued (months) ²	37.8	44.5	44.0	49.9
2c Number of views of investment fraud video ³	4,910	5,802	5,321	5,875
2d Percentage of B.C. public aware of the BCSC ⁴	39%	39%	49%	43%

Data source: 2a Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents. 2b Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents. 2c BCSC InvestRight YouTube channel. 2d Independent survey. Question: As you may know, there is a provincial agency in British Columbia responsible for regulating securities investments called the BC Securities Commission. Now that we have mentioned the BC Securities Commission, how familiar would you say you are with this agency?

¹PM 2a targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as 151; 45 and 156; 45, respectively. This measure has been revised, see [2024/25 - 2026/27 Service Plan](#).

²PM 2b targets for 2024/25 and 2025/26 are set at start of each fiscal year. This measure has been revised, see [2024/25 - 2026/27 Service Plan](#).

³PM 2c targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as 5,587 and 5,866, respectively.

⁴PM 2d targets for 2024/25 and 2025/26 were stated in the 2023/24 – 2025/26 Service Plan as 51% and 53%, respectively. Targets for 2024/25 and 2025/26 were stated in the 2024/25 – 2026/27 Service Plan as 51% and 54%, respectively.

(2a) (i.) We met this target. For the past four years, the number of actions has significantly exceeded our targets. As the number of disruptive actions varies from year-to-year, we have revised this measure to report on early disruption activity, using the percentage of files where a disruptive step was taken within 30 days of receipt of the file. (ii.) We narrowly missed this target (the timeline was exceeded by 0.3 days) and are below the eight-year average of 52 days. This year, 50.6% of our disruptive actions occurred within 30 days of the receipt of a complaint, and 74.5% occurred within 60 days.

(2b) We missed this target by six months. Timely and thorough investigations provide the public with confidence in the actions we take to address misconduct. Case complexity, delays receiving documents, delays obtaining testimony from witnesses, interlocutory applications and court challenges impact the length of time it takes to complete an investigation.

(2c) We met this target. Views are a result of an online advertising campaign targeted at British Columbians. This measure reflects the importance of educating British Columbians about fraud and reporting it to the BCSC. Targets are set through a five percent increase in year-over-year targets.

(2d) We did not meet this target. However, it increased by four percentage points from 2022/23, which may reflect our strategy to develop a more consistent “always on” approach to our public advertising.

Financial Report

For the auditor's report and audited financial statements, see [Appendix B](#). These documents can also be found on the [BCSC website](#).

Discussion of Results

We prepared this discussion of financial position and results of operations of the BCSC on May 9, 2024. Read it in conjunction with our audited financial statements for the year ended March 31, 2024.

We report in Canadian dollars. We round totals and percentages. Year references are to fiscal years ending March 31.

The BCSC is the provincial crown corporation responsible for regulating B.C. investment market activity. Results include 25 percent of a government partnership (Partnership) that operates certain shared information systems. We refer to all other operating results as local.

We incurred an operating deficit of \$9.3 million comprised of \$4.6 million for local operations and \$4.7 million for Partnership operations. The deficit of \$9.3 million compares to a break-even budget. The BCSC considered the need to strengthen investor protection, evolve the regulatory framework, leverage new regulatory technology, and facilitate and regulate capital markets innovation while operating in an environment of revenue shortfalls, higher operating costs, and higher shared national system costs. BCSC fees were designed so operations would break even over a complete market cycle, by generating surpluses during strong market activity that would accumulate and be used to fund deficits during periods of weak market activity. Government provided approval for BCSC to access up to \$10.5 million of its accumulated surplus for the year to cover the deficit.

The BCSC continues to assess the potential level of future deficits and the need for fee increases to fund operations.

The key operating budget variances were:

- Distribution revenue was \$1.5 million (5%) lower than budget due primarily to lower than expected prospectus percentage proceeds fees partially offset by higher than budgeted exempt distributions fees.
- Enforcement sanctions revenue was \$1.7 million (169%) higher than budget; enforcement sanction revenue is volatile and depends on collectability of sanctions imposed and the nature and timing of sanctions ordered.
- National systems user fees were \$0.8 million (12%) lower than budget due primarily to lower market activity.

- Investment income was higher than budget both locally (by \$0.7 million, 38%), and for the Partnership (by \$0.4 million, 114%) due primarily to higher than expected interest rates. Offsetting this was unbudgeted \$3.4 million of realized losses on investments.
- Local operations expenses were \$5.4 million (9%) higher than budget primarily due to:
 - Salaries and benefits were \$4.5 million (11%) higher than budget due primarily to not reducing the number of FTEs as budgeted, lower than planned capitalized staff effort, unbudgeted severance costs, higher than budgeted health and dental benefits, merit adjustments, and higher than budgeted vacancies.
 - Investor education expenditures were \$1.8 million higher than budgeted, reflecting a level of education initiatives consistent with the prior year.
 - Above two items were partly offset by \$0.9 million lower than planned professional services expense due to some delays in digital transformation.
- Partnership operations expenses were \$0.9 million (8%) higher than budget primarily due to professional services fees relating to the SEDAR+ filing system project.

Local capital spending was very close to budget with the main components being \$5.0 million for information technology and \$3.2 million for leasehold improvements. Partnership capital spending on information technology of \$12.1 million exceeded the budget of \$9.4 million due to higher than expected costs to complete the SEDAR+ national systems project.

Financial Summary

<i>(millions)</i>	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance
Revenue				
Regulatory and other local fees:				
Distributions	\$ 37.2	\$ 34.1	\$ 32.6	\$ (1.5)
Registration	20.1	20.1	20.3	0.2
Financial filings	5.2	5.0	4.6	(0.4)
Exemptive orders and other fees	0.8	0.7	0.7	-
	\$ 63.3	\$ 59.9	\$ 58.2	\$ (1.7)
Other revenue:				
National systems user fees	\$ 7.0	\$ 6.5	\$ 5.7	\$ (0.8)
Enforcement sanctions	1.9	1.0	2.7	1.7
Investment income	2.8	2.3	3.4	1.1
	\$ 11.7	\$ 9.8	\$ 11.8	\$ 2.0
Total Revenue	\$ 75.0	\$ 69.7	\$ 70.0	\$ 0.3
Expenses				
Local salaries and benefits	\$ 41.6	\$ 40.4	\$ 45.0	\$ 4.6
Other local operations expenses	19.7	19.0	19.7	0.7
National systems expenses	7.0	10.3	11.2	0.9
Realized losses on investments	0.4	-	3.4	3.4
Total Expenses	\$ 68.7	\$ 69.7	\$ 79.3	\$ 9.6
Annual (deficit) surplus	\$ 6.3	\$ -	\$ (9.3)	\$ (9.3)
Supplementary Information				
Unrestricted surplus & accumulated remeasurement gains/losses	\$ 73.0	\$ 77.1	\$ 74.7	\$ (2.4)
Restricted surplus	\$ 50.8	\$ 46.4	\$ 46.0	\$ (0.4)
Local capital expenditures	\$ 2.4	\$ 8.5	\$ 8.3	\$ (0.2)
Partnership capital expenditures	\$ 11.3	\$ 9.4	\$ 12.1	\$ 2.7
Debt	-	-	-	-

Variance and Trend Analysis

Revenues

The BCSC does not receive taxpayer funding. Most of our revenue comes from local filing, registration, and application fees paid by market participants under the Securities Act. Our revenue also includes 25 percent of the national systems user fees earned by the Partnership. The remainder of our revenue is enforcement sanctions and investment income.

Proportion of total revenue by source and year

	2019/20	2020/21	2021/22	2022/23	2023/24
Distributions	48%	53%	46%	50%	47%
Registration	29%	26%	34%	27%	29%
Financial filings	8%	7%	6%	7%	7%
Exemptive orders and other fees	1%	1%	1%	1%	1%
National systems user fees	10%	10%	8%	9%	8%
Enforcement sanctions	2%	0%	2%	2%	4%
Investment income	3%	2%	3%	4%	5%
Realized gains on investments	-	1%	-	-	-
Total	100%	100%	100%	100%	100%

Local revenue

<i>(thousands)</i>	2023/24 Actual versus Budget				2023/24 Actual versus 2022/23			
	Actual	Budget	Variance	%	2023/24	2022/23	Variance	%
Distributions	\$ 32,556	\$ 34,100	\$ (1,544)	(5%)	\$ 32,556	\$ 37,179	\$ (4,623)	(12%)
Registration	20,276	20,097	179	1%	20,276	20,133	143	1%
Financial filings	4,629	4,950	(321)	(6%)	4,629	5,180	(551)	(11%)
Exemptive orders and other fees	690	710	(20)	(3%)	690	809	(119)	(15%)
Enforcement sanctions	2,692	1,000	1,692	169%	2,692	1,857	835	45%
Investment income	2,683	1,950	733	38%	2,683	1,982	701	35%
	\$ 63,526	\$ 62,807	\$ 719	1%	\$ 63,526	\$ 67,140	\$ (3,614)	(5%)

We collect the following fees:

- *Distribution fees*, from companies and investment funds, to file offering disclosure documents, which includes fees related to proceeds of the offering
- *Registration fees*, from firms and individuals, to register with us to sell or advise on investments
- *Financial filings fees*, from public companies and investment funds, to file annual and interim financial statements
- *Other fees*, from market participants, primarily to request Securities Act exemptions

Distributions revenue was \$1.5 million (5%) lower than budget due primarily to lower prospectus percentage proceeds fees partly offset by higher exempt distributions fees. Distributions revenue was \$4.6 million (12%) lower than the prior year due primarily to lower prospectus percentage proceeds fees partly offset by higher exempt distributions fees.

Registration revenue was very close to budget and the prior year reflecting stability in the number of individual and firm registrations.

Enforcement sanctions revenue was \$1.7 million (169%) higher than budget and \$0.8 million (45%) higher than the prior year due to a couple of significant sanctions; fluctuations in this revenue category are normal.

Enforcement sanctions

We vigorously pursue outstanding sanctions arising from our enforcement actions. We register all our decisions with the Supreme Court and use a myriad of tools to collect outstanding sanction amounts. For example, we seize and sell assets, garnish bank accounts, and compel debtors to enter into court-ordered payment plans. We initiate legal proceedings as appropriate to recover assets and participate in other court proceedings that return money to investors.

Sanctions include administrative penalties, disgorgement orders, and amounts owing under settlement agreements. When monies are recovered, we take steps to return those monies to investors through our disgorgement process and court proceedings.

Enforcement sanctions revenue depends on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts. During the year, we assessed sanctions of \$5.1 million. We collected \$3.7 million of which \$2.1 million related to sanctions imposed in the current year and \$1.6 million related to sanctions imposed in prior years. In the preceding year we collected \$3.5 million.

We have a claims process for investors for any money that we obtain in payment of BCSC disgorgement orders. The Commission allocates to a reserve within accumulated operating surplus, amounts collected for disgorgement orders that the Commission has not paid to investors after adjudicating all claims, as well as revenue from administrative penalties, and settlement agreements. We use the reserve to educate securities market participants and the public about investing, financial matters or the operation or regulation of securities markets,

to benefit third parties the Commission considers appropriate, to enforce (including collecting on) these orders, and to process claims to proceeds from disgorgement orders.

Operating Expenses

Salaries and benefits and occupancy costs account for about 76 percent of local operating expenses.

Partnership expenses include fees paid to contracted IT service providers, the compensation of Partnership employees, and depreciation of the national filing systems.

Local and Partnership operations are exempt from income taxes. Locally, we pay PST (7%) and GST (5%) on taxable purchases, but recover the GST. Partnership fees are HST-exempt and the Partnership pays recoverable HST on taxable purchases.

Local operations expenses

Employee compensation accounts for approximately 69 percent of local expenses. We compete for professional staff with other regulators, law and accounting firms and the securities industry. We award performance-based salary increases and when appropriate make targeted market adjustments, all subject to provincial compensation guidelines.

We engage consultants when we need specialized services or when outsourcing is more cost-effective than performing the work ourselves. Fiscal 2024 professional service costs related primarily to our advanced analytics and IT consulting, legal services including collections support, our share of CSA project and management costs, legislative counsel services, internal and external audit services, and HR consulting.

We run local operations from a single office in downtown Vancouver. Our leasing arrangements expire in November 2031.

We educate the public and market participants about investing, financial matters and the operation or regulation of investment markets. Almost all of the education spending in 2024 was on investor education.

Local information management costs include fees for software licensing and maintenance and electronic information services. Depreciation expense is primarily for our local information technology. Other operating expenses include administration, telecommunications, business travel, training, and external communications.

(thousands)	2023/24 Actual versus Budget				2023/24 Actual versus 2022/23			
	Actual	Budget	Variance	%	2024	2023	Variance	%
Salaries and benefits	\$ 44,961	\$ 40,416	\$ 4,545	11%	\$ 44,961	\$ 41,618	\$ 3,343	8%
Professional services	4,078	5,020	(942)	(19%)	4,078	5,687	(1,609)	(28%)
Occupancy	4,144	3,871	273	7%	4,144	3,826	318	8%
Investor education	3,777	2,000	1,777	89%	3,777	3,487	290	8%
Information management	4,323	4,260	63	1%	4,323	3,732	591	16%
Depreciation	1,738	1,780	(42)	(2%)	1,738	1,549	189	12%
Other	1,708	1,959	(251)	(13%)	1,708	1,452	256	18%
	\$ 64,729	\$ 59,306	\$ 5,423	9%	\$ 64,729	\$ 61,351	\$ 3,378	6%

Total expenses for local operations exceeded budget by \$5.4 million (9%), primarily due to the following:

- Salaries & benefits were \$4.5 million (11%) higher than budget due primarily to not reducing the number of FTEs as budgeted, lower than planned capitalized staff effort, unbudgeted severance costs, higher than budgeted health and dental benefits, merit adjustments, and higher than budgeted vacancies.
- Investor education expenditures were \$1.8 million higher than budgeted, reflecting a level of education initiatives consistent with the prior year.
- Partly offsetting the budget variances noted above, professional services expense was \$0.9 million lower than budgeted due to delays in spending on the digital transformation work and delays in some HR initiatives.

Total expenses for local operations were \$3.4 million (6%) higher than the prior year due primarily to an increase in the number of staff, merit-based salary increases, higher information management expenditures due to the ongoing shift to subscription services, partially offset by lower professional services expenditures on digital transformation.

Partnership

Effective April 2, 2013, the BCSC, Alberta Securities Commission, Ontario Securities Commission, and Autorité des marchés financiers (collectively, the Principal Administrators or PAs), agreed to oversee certain shared information systems on behalf of the CSA. Each of the PAs has one vote on national systems matters. The Partnership is a government partnership under Canadian Public Sector Accounting Standards. Accordingly, our financial statements include 25 percent of the assets, liabilities, net assets, revenues and expenses of the Partnership.

<i>(thousands)</i>	2023/24 Actual versus Budget				2023/24 Actual versus 2022/23			
	Actual	Budget	Variance	%	2024	2023	Variance	%
National systems user fees	\$ 5,749	\$ 6,500	\$ (751)	-12%	\$ 5,749	\$ 7,032	\$ (1,283)	-18%
Partnership investment income	677	317	360	114%	677	819	(142)	-17%
National systems expenses	11,168	10,317	851	8%	11,168	6,967	4,201	60%
Annual (deficit) surplus	\$ (4,742)	\$ (3,500)	\$ (1,242)	35%	\$ (4,742)	\$ 884	\$ (5,626)	-636%

The annual deficit for Partnership operations was \$1.2 million (35%) higher than the budgeted deficit. National systems user fees were lower than budget due primarily to lower market activity. Investment income exceeded budget by \$0.4 million (114%) due to higher than expected interest rates. National systems expenses were higher than budget primarily due to professional services fees relating to the SEDAR+ filing system project.

The annual deficit for Partnership operations of \$4.7 million compares to a surplus of \$0.9 million in the prior year. Key reasons for the difference are lower revenue from user fees due to implementation of new fees for the SEDAR+ filing system implemented in late July 2023 and due to lower market activity, and higher expenses primarily relating to professional services.

Investment income and Realized losses on investments

Our four investment objectives are: ensure funds are available to withdraw as needed, protect against decreases in financial assets, avoid actual and perceived conflicts, and supplement local fee revenue by earning a positive real rate of return. We invest funds in bank deposits and in pooled investment funds managed by the British Columbia Investment Management Corporation.

At March 31, 2024 we had \$8.6 million in local demand deposits and \$54.1 million in pooled investment funds. The Partnership's investments of \$5.8M at March 31, 2024 are primarily in guaranteed investment certificates.

Local investment income was \$2.7 million which was \$0.7 million (38%) higher than budget primarily due to higher than expected interest rates. Investment income excludes unrealized gains and losses relating to measuring investments at fair value; unrealized gains and losses are recorded in accumulated surplus. During the year, we realized \$3.4 million in net losses upon sale of investments.

Capital Expenditures

Additions to local tangible capital assets of \$8.3 million included \$5.0 million for information technology infrastructure upgrades and \$3.2 million for leasehold improvements. Additions to the Partnership information technology of \$12.1 million was for development of SEDAR+, the new national system which was placed in service in late July 2023.

Risks and Uncertainties

This section discusses risks that may impact BCSC financial results.

We practice enterprise risk management to identify and manage our risks and support our strategic planning process. We maintain a business continuity plan for our critical functions.

Investment markets activity can be volatile, causing local revenue to fluctuate. Our accumulated reserves are intended to ensure we have funds to operate through market downturns.

The Partnership funds operations primarily from fees paid by market participants and by drawing down its accumulated surplus. Budgeted and projected Partnership fee revenue and the accumulated surplus are sufficient to fund Partnership operations for several years.

Under an agreement with CGI Information Systems and Management Consultants Inc. (CGI) that ends on January 12, 2025, CGI hosts and operates several national systems through which we collect most of our fee revenue. CGI maintains a comprehensive business continuity plan for these systems.

Internal control over financial reporting (ICFR)

During the year, we reviewed our ICFR processes and updated documentation where necessary. During the year ended March 31, 2024, we modified some of our payroll procedures and related ICFR. No other changes occurred during the year ended March 31, 2024 that materially affected, or are likely to materially affect, our ICFR. Our internal auditors tested operating effectiveness of our ICFR as at March 31, 2024 and concluded that the ICFR was operating effectively and that there are no material weaknesses.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023 Mandate Letters from the Minister Responsible.

2021/22 and 2023 Mandate Letter Priority	Status as of March 31, 2024
Protect B.C. investors through decisive enforcement and fine collection, delivering targeted education programs, and developing and using new regulatory tools.	<p>Ongoing:</p> <ul style="list-style-type: none"> See summary of progress made in 2023/24 under Objective 2.1: Act decisively against misconduct; and Objective 2.2: Educate investors.
Support strong public venture markets by streamlining and modernizing regulations.	<p>Ongoing:</p> <ul style="list-style-type: none"> Work related to CSA policy development. See “Review and modernize regulations affecting reporting issuers” under Objective 1.2: Advance cost-effective regulation.
Maintain a modern regulatory framework and make best efforts to harmonize securities rules with other provinces and territories.	<p>Ongoing:</p> <ul style="list-style-type: none"> We work with our CSA partners to harmonize securities rules across Canada to maximize streamlined processes and costs for reporting issuers and non-reporting issuers.
Leverage expertise with other regulatory authorities to ensure regulatory actions are coordinated, targeted and effective.	<p>Ongoing:</p> <ul style="list-style-type: none"> We continued to work in concert with other regulators regarding regulatory actions including the application of reciprocal orders across Canada.
Foster financial and other technology innovations in B.C. by adopting flexible regulatory strategies.	<p>Ongoing:</p> <ul style="list-style-type: none"> See “Regulate financial technologies to support innovation” under Objective 1.2: Advance cost-effective regulation.

2021/22 and 2023 Mandate Letter Priority	Status as of March 31, 2024
<p>Collaborate with government to improve the effectiveness of B.C.'s Anti-Money Laundering Regime.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • The BCSC is a Principal Partner in the Counter Illicit Finance Alliance of British Columbia. • We contribute to anti-money laundering efforts in the course of our ongoing registrant compliance and investigations work.
<p>Collaborate with regulatory partners to provide appropriate relief to industry to address issues arising from the pandemic.</p>	<p>Completed:</p> <ul style="list-style-type: none"> • The pandemic relief measures ended in the 2020 fiscal year.

Appendix B: Auditor's Report and Audited Financial Statements

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and fair presentation of the financial statements and other financial information included in this annual service plan report. Management has prepared the consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS).

We oversaw the design of internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with PSAS. We also directed the evaluation of the effectiveness of these internal controls and we are not aware of any material weakness in these controls.

We believe that the consolidated financial statements and other financial information in this annual service plan report fairly present in all material respects the financial condition, results of operations and cash flows of the British Columbia Securities Commission (BCSC) as of the dates and for the periods presented. The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. It is possible that circumstances will cause actual results to differ. We do not believe it is likely that any differences will be material.

The Board is responsible for ensuring that management fulfills its financial reporting and control responsibilities, and has appointed an independent Audit & Risk Committee to oversee the financial reporting process. The Audit & Risk Committee meets regularly throughout the year with management, the internal auditors and the external auditors to review the consolidated financial statements, adequacy of internal controls relating to financial reporting, and internal and external audit functions. The external auditor has full and open access to the Audit & Risk Committee, with and without the presence of management.

BDO Canada LLP (BDO), the BCSC's independent auditor, has examined the consolidated financial statements and its report follows.



Brenda M. Leong
Chair and Chief Executive Officer



Peter J. Brady
Executive Director



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Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3 Canada

Independent Auditor's Report

To the Commissioners of the British Columbia Securities Commission
And to the Minister of Finance, British Columbia

Opinion

We have audited the consolidated financial statements of British Columbia Securities Commission (the "Commission"), which comprise the Consolidated Statement of Financial Position as at March 31, 2024, and the Consolidated Statements of Operations and Change in Accumulated Surplus, Remeasurement Gains and Losses, Change in Net Financial Assets and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commission as at March 31, 2024, and its consolidated results of operations, remeasurement gains and losses, change in net net financial assets, and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise



professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

BDO Canada LLP

Vancouver, British Columbia
June 6, 2024



**BC Securities
Commission**
Invest Right

**Consolidated Financial Statements
For the Year Ended March 31, 2024**

Consolidated Statement of Financial Position

As at March 31, 2024

	Notes	March 31, 2024	March 31, 2023
Financial assets			
Cash	4	\$ 14,408,407	\$ 16,483,061
Restricted cash - 161(1)(g) payments		2,788,496	2,810,678
Investments	5	59,771,346	80,966,527
Amounts receivable	6	4,827,435	3,035,579
		81,795,684	103,295,845
Liabilities			
Accounts payable and accrued liabilities	7	6,873,005	8,907,378
Accrued salaries and benefits		570,970	442,780
Employee vacation liability	8	1,515,330	1,478,846
161(1)(g) liabilities		2,788,496	2,810,678
Asset retirement obligation - leasehold improvements	9	957,550	928,350
		12,705,351	14,568,032
Net financial assets		69,090,333	88,727,813
Tangible capital assets		49,974,160	33,699,400
Prepaid expenses		1,700,469	1,365,375
		51,674,629	35,064,775
Accumulated Surplus		120,764,962	123,792,588
Accumulated Surplus is comprised of:			
Unrestricted operating surplus	12	73,095,945	77,667,679
Restricted operating surplus	12	46,031,329	50,773,317
		119,127,274	128,440,996
Accumulated remeasurement gains (losses)		1,637,688	(4,648,408)
		\$ 120,764,962	\$ 123,792,588

Commitments and contingencies (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.


Brenda M. Leong
Chair and Chief Executive Officer



Jim Kershaw
Independent Commissioner

Consolidated Statement of Operations and Change in Accumulated Surplus

For the Year Ended March 31, 2024

	Notes	March 31, 2024 Budget (Note 20)	March 31, 2024 Actual	March 31, 2023 Actual
Revenues				
Regulatory and other local fees				
Prospectus and other distributions		\$ 34,100,000	\$ 32,556,175	\$ 37,179,260
Registration		20,097,000	20,276,118	20,132,639
Financial filings		4,950,000	4,629,053	5,180,300
Exemptive orders and other		710,000	690,173	809,091
National systems user fees	13	6,500,000	5,748,901	7,032,137
Enforcement sanctions	14	1,000,000	2,691,522	1,856,853
Investment income	15	2,267,000	3,360,057	2,800,377
		69,624,000	69,951,999	74,990,657
Expenses				
Local operations	16	59,306,200	64,728,648	61,350,977
Partnership operations	13 & 16	10,317,000	11,168,296	6,966,813
Realized losses on investments	15	–	3,368,777	362,201
		69,623,200	79,265,721	68,679,991
Annual (deficit) surplus		\$ 800	(9,313,722)	6,310,666
Accumulated operating surplus, beginning of year			128,440,996	122,130,330
Accumulated operating surplus, end of year			\$ 119,127,274	\$ 128,440,996

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended March 31, 2024

	Notes	March 31, 2024	March 31, 2023
Accumulated remeasurement losses, beginning of year		\$ (4,648,408)	\$ (3,515,289)
Remeasurement gains (losses) on investments during the year	15	2,917,319	(1,495,320)
Realized losses on investments	15	3,368,777	362,201
Accumulated remeasurement gains (losses), end of year		\$ 1,637,688	\$ (4,648,408)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

For the Year Ended March 31, 2024

	March 31, 2024 Budget (Note 20)	March 31, 2024 Actual	March 31, 2023 Actual
(Deficit) Surplus, for the year	\$ 800	\$ (9,313,722)	\$ 6,310,666
Additions to tangible capital assets	(17,883,000)	(20,418,573)	(14,560,914)
Depreciation of tangible capital assets	4,538,000	4,141,919	1,846,131
Loss on disposal of tangible capital assets		1,894	23,792
	\$ (13,345,000)	(16,274,760)	(12,690,991)
Acquisition of prepaid expenses		(4,815,132)	(4,268,430)
Use of prepaid expenses		4,480,038	4,382,940
		(335,094)	114,510
Remeasurement gains (losses) on investments during the year		2,917,319	(1,495,320)
Realized losses on investments		3,368,777	362,201
		6,286,096	(1,133,119)
Decrease in net financial assets, for the year		(19,637,480)	(7,398,934)
Net financial assets, beginning of year		88,727,813	96,126,747
Net financial assets, end of year		\$ 69,090,333	\$ 88,727,813

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended March 31, 2024

	March 31, 2024	March 31, 2023
Operating transactions		
Cash received from:		
Fees	\$ 62,042,633	\$ 70,264,069
Enforcement sanctions	2,749,722	1,849,953
Interest	1,238,495	1,161,526
	66,030,850	73,275,548
Cash paid to and on behalf of employees	(46,382,557)	(42,779,918)
Cash paid to suppliers and others	(27,538,436)	(20,926,021)
	(73,920,993)	(63,705,939)
Cash (used) provided by operating transactions	(7,890,143)	9,569,609
Capital transactions		
Cash used to acquire tangible capital assets	(20,418,573)	(13,660,914)
Investing transactions		
Proceeds from disposals of investments	81,057,230	20,524,508
Purchase of investments	(54,823,168)	(10,740,086)
	26,234,062	9,784,422
(Decrease) increase in cash	(2,074,654)	5,693,117
Cash, beginning of year	16,483,061	10,789,944
Cash, end of year	\$ 14,408,407	\$ 16,483,061

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

1. Nature of operations

The British Columbia Securities Commission (BCSC) is a Crown corporation created by the Province of British Columbia on April 1, 1995. We are responsible for the administration of the *Securities Act*. As a Crown corporation, the BCSC is exempt from income taxes. We pay PST (7%) and GST (5%) on taxable purchases but recover the GST.

2. Significant accounting policies

We have prepared these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant accounting policies followed in the preparation of these financial statements are:

a) Interest in national systems partnership (Partnership)

The Canadian Securities Administrators (CSA) is an umbrella organization of Canada's ten provincial and three territorial securities regulators, whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. BCSC, Alberta Securities Commission, Ontario Securities Commission, and Autorité des marchés financiers (collectively, the Principal Administrators or PAs) have agreed to oversee CSA's shared national information systems, on behalf of the CSA. Each of the PAs has one vote on shared national system matters.

We collect approximately 87 percent of our local fee revenue through the national systems. The Partnership contracted CGI Information Systems and Management Consultants Inc. (CGI) to provide IT services to January 12, 2025. CGI maintains a comprehensive business continuity plan for the national systems.

The Partnership charges user fees to recover systems development and operating costs. The Partnership has agreed to use its accumulated surpluses only for the benefit of systems users.

The national systems arrangement is a government partnership under PSAS. Accordingly, these financial statements include 25 percent of the assets, liabilities, net assets, revenues and expenses of the Partnership.

b) Financial instruments

Our financial instruments include cash, restricted cash, investments, amounts receivable, accounts payable and accrued liabilities, accrued salaries and benefits and 161(1)(g) liabilities.

We measure our financial instruments at fair value.

We report remeasurement gains and losses in the statement of remeasurement gains and losses. We report realized gains and losses in the statement of operations and change in accumulated surplus. We reinvest any investment earnings relating to investments in the portfolio and adjust the carrying value of the units we own accordingly.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

c) 161(1)(g) payments

The BCSC can order respondents to pay it money obtained as a result of contravening the *Securities Act*. If the BCSC receives money under such an order, we receive and consider applications for payment to eligible claimants from the money collected. We disburse funds to eligible claimants after adjudicating all claims, and retain any funds not disbursed after adjudicating all claims.

d) Tangible capital assets

We record tangible capital assets at cost. We depreciate them using the straight-line method over their useful lives.

We estimate the useful lives of our tangible capital assets as follows:

- Local information technology – three to ten years
- Local leasehold improvements – the remaining lease term to November 30, 2031
- Local furniture and equipment – ten years
- Partnership information technology – three to ten years

e) Asset retirement obligation

We have recognized the BCSC's obligation to return its leased premises to its original state upon end of lease term, November 30, 2031. We implemented this policy April 1, 2022 by recording the liability and a corresponding increase in tangible capital assets at an amount equal to the present value of the estimated future obligation at that date. Estimated costs have been discounted to the present value using a discount rate of 3.15% per annum. The increase in tangible capital assets is being amortized in accordance with the accounting policies outlined in note 2d. The asset retirement obligation is adjusted yearly for accretion expense up to its ending value at the date the obligation is to be settled.

f) Revenue recognition

We recognize revenue for prospectus and other distributions, registration, financial filings, exemption orders and other statutory filing fees when filings are made and collectability is assured.

We recognize revenue for National Systems user fees when filings are made and collectability is assured.

We recognize enforcement sanctions revenue when we determine sanctions are collectible.

g) Expenses

We recognize expenses on an accrual basis. We expense the cost of goods consumed and services received during the year.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

h) Employee future benefits

We participate in the Public Service Pension Plan, a multi-employer defined benefit pension plan. We account for the plan as a defined contribution plan as we have insufficient information to apply defined benefit plan accounting. Pension costs included in our financial statements are comprised of the cost of employer contributions related to the current service of employees during the year.

i) Measurement uncertainty

PSAS require management to make estimates and assumptions for certain amounts disclosed in the financial statements.

In our financial statements, we have estimated the:

- portion of amounts receivable that we will collect
- useful lives of tangible capital assets
- value of the employee leave liability
- value of asset retirement obligation

Estimates reflect the best information available when we prepared these consolidated financial statements. Actual results may differ from these estimates. We will record any adjustments to these estimates in the period that additional information becomes available.

j) Foreign currency translation

Our investment in Principal Credit Fund is denominated in the United States dollar and is translated into Canadian dollars at the prevailing exchange rate on the year-end date.

3. Financial instruments

Cash and restricted cash are demand deposits held at federally regulated financial institutions.

We invest funds in investment pools managed by the British Columbia Investment Management Corporation (BCI). Refer to Note 5 for the description of these BCI pooled investment funds.

We determine the fair value of our investments in pooled funds, except the Principal Credit Fund, based on the net asset market value provided by the fund administrator (fair value measurement hierarchy level two); these pooled funds hold investments that are actively traded. The fair value of our investment in the Principal Credit Fund is based on unobservable inputs (fair value measurement hierarchy level three). Some of the unobservable inputs are derived from market prices or rates, or estimated based on assumptions. For our other financial instruments (amounts receivable, accounts payable and accrued liabilities, accrued salaries and benefits and 161(1)(g) liabilities), due to their short-term nature, we use cost as an approximate of fair value.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

Our investments in the BCI pooled investment funds expose us to financial risks associated with the funds and the underlying securities held in the investment funds, including credit risk, market risk, and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the risk of loss from unfavorable changes in fair value or future cash flows of a financial instrument. Market risk is comprised of currency risk, interest rate risk, and price risk. Liquidity risk is the risk that the BCSC will encounter difficulty in meeting obligations associated with its financial liabilities.

In management's opinion, our investments do not expose the BCSC to significant credit risk because our investment policy is to target having 90% of our investments in liquid, high quality money market instruments, government securities, and investment-grade corporate debt and equity securities. However, we target having 5% of our investments in corporate bonds (Corporate Bond Fund) and 5% in private debt (Principal Credit Fund) which expose us to credit risk. In addition to these low target levels, credit risk exposure is mitigated through diversification within the Corporate Bond Fund and Principal Credit Fund.

Our investments in money market and pooled funds are highly liquid and therefore, liquidity risk is low for our investments with the exception of our investment in private debt. Because our investment policy sets a 5% target for private debt, in management's opinion, we have low exposure to liquidity risk.

Currency risk is the risk that the value of financial instruments denominated in currencies other than the Canadian dollar will fluctuate due to changes in foreign exchange rates. We invest in Canadian dollar denominated investment pools with the exception of our investment in the Principal Credit Fund, which is denominated in the United States dollar. We are exposed to some currency risk through our investments in the US Dollar Money Market Fund, the Corporate Bond Fund, the Indexed Global Equity Fund, and the Indexed Emerging Markets Equity Fund. BCI manages the currency risk for these pools through hedging within the funds. Because our investment policy sets a 5% target for private debt, in management's view we have low exposure to currency risk with respect to our investment in the Principal Credit Fund.

Our investments expose us to interest rate risk associated with the underlying interest-bearing securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of fixed rate investments will change due to future fluctuations in market interest rates. In general, bond values are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term interest-bearing securities. Based on the March 31, 2024 composition of our investment portfolio, an immediate 1 percent increase in interest rates across the entire yield curve, with all other variables held constant, would result in a decrease in market value of approximately \$0.8 million. In addition, future investment income earned on variable rate cash deposits and investments would increase after an interest rate increase. BCI manages interest rate risk by monitoring portfolio duration and yields. The current investment duration of the Canadian Money Market Fund, US Money Market Fund and the Principal Credit Fund is less than a year.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

The current investment duration of the Corporate Bond Fund is 5.5 years and of the Government Bond Fund is 7.9 years.

In our opinion, amounts receivable, accounts payable and accrued liabilities, and accrued salaries and benefits do not expose us to significant financial risk because of their short-term nature.

4. Cash

	March 31, 2024	March 31, 2023
Local demand deposits	\$ 8,623,810	\$ 11,195,480
Partnership demand deposits	5,784,597	5,287,581
	\$ 14,408,407	\$ 16,483,061

Local cash and the Partnership's cash are on deposit with federally regulated financial institutions and earn interest ranging from prime minus 1.9% to prime minus 1.7%.

5. Investments

	March 31, 2024		March 31, 2023	
	Market Value	Cost	Market Value	Cost
BCI pooled funds				
Canadian Money Market Fund	\$ 21,560,478	\$ 21,558,649	\$ 8,522,489	\$ 8,508,457
Corporate Bond Fund	3,306,835	3,770,432	5,929,512	6,750,601
Government Bond Fund	7,134,669	7,086,035	17,623,996	19,155,158
Indexed Emerging Market Equity Fund	3,554,324	3,525,009	8,739,658	10,373,456
Indexed Global Equity Fund	15,518,286	13,835,217	14,760,777	15,542,710
Principal Credit Fund	2,753,611	2,415,865	2,693,421	2,591,733
US Dollar Money Market Fund	297,083	296,391	116,552	112,698
	\$ 54,125,286	\$ 52,487,598	\$ 58,386,405	\$ 63,034,813
Partnership investments				
Notice account	\$ 256,560	\$ 256,560	\$ 2,324,122	\$ 2,324,122
Guaranteed Investment Certificate	5,389,500	5,389,500	20,256,000	20,256,000
	\$ 5,646,060	\$ 5,646,060	\$ 22,580,122	\$ 22,580,122
	\$ 59,771,346	\$ 58,133,658	\$ 80,966,527	\$ 85,614,935

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

During the year we invested in the following BCI pooled investment funds:

- Canadian Money Market Fund - Invests in Canadian government and Canadian dollar denominated corporate debt securities, including commercial paper, having a maximum term to maturity of 15 months.
- US Dollar Money Market Fund – Invests in short term (up to 45 days) corporate and government debt securities, including commercial paper. Investments may be in US dollar denominated paper issued by Canadian corporations or governments. The Pool may also hold United States Treasury bills (T-bills).
- Government Bond Fund – Invests in bonds issued or guaranteed by the Canadian government and its Provinces with terms to maturity of up to 30 years.
- Corporate Bond Fund – Invests in corporate investment grade and high yield securities issued in the United States and Canada.
- Principal Credit Fund – Invests in publicly traded or privately negotiated transactions involving private, and on occasion, public companies.
- Indexed Global Equity Fund – Invests in equity markets from across the globe by holding companies, sectors and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index.
- Indexed Emerging Markets Equity Fund – Invests in emerging markets equity by holding companies, sectors, and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) Emerging Markets Net Index.

Refer to note 15 for information about investment income earned on the investments.

The Partnership's investments are held in a notice account and guaranteed investment certificates at interest rates ranging from 5.5% to 5.95%.

6. Amounts receivable

	March 31, 2024	March 31, 2023
SEDAR+ and other filings	\$ 2,331,981	\$ 306,977
National systems user fees	1,470,089	1,707,564
Enforcement sanctions	337,950	396,150
National project recoveries	301,163	344,225
Employee advances and other	174,219	68,211
GST refunds	155,133	170,452
Late insider report filing fees	56,900	42,000
	\$ 4,827,435	\$ 3,035,579

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

7. Accounts payable and accrued liabilities

	March 31, 2024	March 31, 2023
Local trade accounts payable	\$ 3,417,492	\$ 3,303,022
Partnership trade accounts payable	3,344,654	5,251,962
Other	110,859	352,394
	\$ 6,873,005	\$ 8,907,378

8. Employee vacation liability

Employee vacation liability is what we owe to our employees for their earned but unused vacation time.

9. Asset retirement obligation – leasehold improvements

	March 31, 2024	March 31, 2023
Opening balance	\$ 928,350	\$ –
Additions (see note 2e)	–	900,000
Accretion expense	29,200	28,350
Closing balance	\$ 957,550	\$ 928,350

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

10. Tangible capital assets

	March 31, 2024					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 16,255,825	\$ 6,621,236	\$ 2,697,084	\$ 27,736,960	\$ 53,311,105	
Additions	5,044,310	3,203,481	35,294	12,135,488	20,418,573	
Disposals	(4,077,740)	(67,996)	(55,633)	–	(4,201,369)	
Closing balance	\$ 17,222,395	\$ 9,756,721	\$ 2,676,745	\$ 39,872,448	\$ 69,528,309	
Accumulated depreciation						
Opening balance	\$ 9,926,997	\$ 5,663,658	\$ 2,594,383	\$ 1,426,667	\$ 19,611,705	
Depreciation	1,480,109	201,907	55,809	2,404,094	4,141,919	
Disposals	(4,077,740)	(66,595)	(55,140)	–	(4,199,475)	
Closing balance	\$ 7,329,366	\$ 5,798,970	\$ 2,595,052	\$ 3,830,761	\$ 19,554,149	
Net book value	\$ 9,893,029	\$ 3,957,751	\$ 81,693	\$ 36,041,687	\$ 49,974,160	

	March 31, 2023					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 14,951,085	\$ 5,911,949	\$ 2,718,473	\$ 16,486,074	\$ 40,067,581	
Additions	2,410,028	–	–	11,250,886	13,660,914	
Increase due to asset retirement obligation	–	900,000	–	–	900,000	
Disposals	(1,105,288)	(190,713)	(21,389)	–	(1,317,390)	
Closing balance	\$ 16,255,825	\$ 6,621,236	\$ 2,697,084	\$ 27,736,960	\$ 53,311,105	
Accumulated depreciation						
Opening balance	\$ 9,647,484	\$ 5,734,788	\$ 2,547,201	\$ 1,129,699	\$ 19,059,172	
Depreciation	1,374,371	111,194	63,598	296,968	1,846,131	
Disposals	(1,094,858)	(182,324)	(16,416)	–	(1,293,598)	
Closing balance	\$ 9,926,997	\$ 5,663,658	\$ 2,594,383	\$ 1,426,667	\$ 19,611,705	
Net book value	\$ 6,328,828	\$ 957,578	\$ 102,701	\$ 26,310,293	\$ 33,699,400	

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

11. Prepaid expenses

	March 31, 2024	March 31, 2023
Local IT and information service contracts	\$ 1,157,619	\$ 874,115
Partnership IT and information service contracts	542,850	491,260
	\$ 1,700,469	\$ 1,365,375

12. Accumulated operating surplus

	March 31, 2024			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 77,667,679	\$ –	\$ 50,773,317	\$ 128,440,996
Annual Surplus	(7,263,256)	2,691,522	(4,741,988)	(9,313,722)
Education expenses paid from reserve	2,691,522	(2,691,522)	–	–
Closing balance	\$ 73,095,945	\$ –	\$ 46,031,329	\$ 119,127,274

	March 31, 2023			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 72,240,946	\$ –	\$ 49,889,384	\$ 122,130,330
Annual Surplus	3,569,880	1,856,853	883,933	6,310,666
Investment income allocation	(16,231)	16,231	–	–
Education expenses paid from reserve	1,873,084	(1,873,084)	–	–
Closing balance	\$ 77,667,679	\$ –	\$ 50,773,317	\$ 128,440,996

a) Reserve (internally-restricted)

The following administrative penalties and other financial orders can be made following a determination there was a contravention under the *Securities Act* or a conviction for an offence under the *Securities Act*:

- administrative penalties after a commission hearing
- administrative monetary penalties imposed by notice
- disgorgement orders
- orders against family members or third parties who received undervalued property from a person who contravened the *Securities Act* or committed an offence
- orders to forfeit property

We also negotiate settlement amounts.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

We designate revenue from settlements, unclaimed amounts of disgorgement orders and from the other orders to a Reserve, which we spend in accordance with s.15(3) of the *Securities Act* on educating securities market participants and members of the public about investing, financial matters or the operation or regulation of securities markets, benefiting third parties the commission considers appropriate, enforcing (including collecting on) these orders, and processing claims to proceeds from disgorgement orders.

b) Partnership (restricted)

The partners have agreed to use Partnership surplus only for the benefit of systems users.

13. Partnership – summarized annual financial information

	March 31, 2024		March 31, 2023	
	Partnership	25% share	Partnership	25% share
Financial Position				
Financial assets	\$ 51,602,987	12,900,747	\$ 118,301,072	\$ 29,575,268
Liabilities	13,815,815	3,453,954	22,414,014	5,603,504
Net Financial assets	\$ 37,787,172	\$ 9,446,793	\$ 95,887,058	\$ 23,971,764
Non-financial assets	146,338,144	36,584,536	107,206,213	26,801,553
Accumulated surplus	\$ 184,125,316	\$ 46,031,329	\$ 203,093,271	\$ 50,773,317
Operations				
Revenues:				
National systems user fees	\$ 22,995,604	\$ 5,748,901	\$ 28,128,547	\$ 7,032,137
Investment income and other	2,709,628	677,407	3,274,437	818,609
Expenses	44,673,183	11,168,296	27,867,252	6,966,813
Surplus	\$ (18,967,951)	\$ (4,741,988)	\$ 3,535,732	\$ 883,933

14. Enforcement sanctions

Enforcement sanctions revenue includes administrative penalties, settlements, and unclaimed 161(1)(g) payments, if any. Revenues depend on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts.

We assessed enforcement sanctions of \$5.1 million (fiscal 2023 – \$5.5 million) during the year, of which we did not recognize \$2.9 million (fiscal 2023 – \$2.7 million) as revenue because we have not determined that the sanctions are collectible.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

15. Investment income, realized gains (losses) on investments, and remeasurement gains (losses) on investments

	For the Year Ended March 31, 2024			
	Investment Income	Realized Gains (Losses)	Total Income	Remeasurement Gains (Losses) during the year
Cash, term deposits and GIC	\$ 1,076,991	\$ –	\$ 1,076,991	\$ –
Restricted cash - 161(1)(g) payments	161,504	–	161,504	–
Canadian Money Market Fund	394,701	8,399	403,100	(3,804)
Corporate Bond Fund	373,332	(453,501)	(80,169)	(96,009)
Government Bond Fund	584,958	(2,154,082)	(1,569,124)	(574,286)
Indexed Emerging Market Equity	298,502	(1,346,949)	(1,048,447)	316,164
Indexed Global Equity Fund	473,079	419,428	892,507	2,884,430
Principal Credit Fund	(10,547)	147,339	136,792	383,397
US Money Market Fund	7,537	10,589	18,126	7,427
	\$ 3,360,057	\$ (3,368,777)	\$ (8,720)	\$ 2,917,319

	For the Year Ended March 31, 2023			
	Investment Income	Realized Gains (Losses)	Total Income	Remeasurement Gains (Losses) during the year
Cash, term deposits and GIC	\$ 1,095,821	\$ –	\$ 1,095,821	\$ –
Restricted cash - 161(1)(g) payments	65,705	–	65,705	–
Canadian Money Market Fund	227,774	8,462	236,236	37,175
Corporate Bond Fund	315,255	(131,659)	183,596	(509,426)
Government Bond Fund	473,870	(46,572)	427,298	(661,548)
Indexed Emerging Market Equity	238,524	-	238,524	(458,832)
Indexed Global Equity Fund	384,374	(212,286)	172,088	(82,552)
Principal Credit Fund	(2,167)	2,703	536	152,224
US Money Market Fund	1,221	17,151	18,372	27,639
	\$ 2,800,377	\$ (362,201)	\$ 2,438,176	\$ (1,495,320)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

16. Operating Expenses

	Year ended March 31		
	Budget 2024	2024	2023
Local operations			
Salaries and benefits	\$ 40,416,000	\$ 44,961,395	\$ 41,617,706
Information management	4,260,000	4,322,921	3,731,835
Occupancy	3,871,000	4,143,641	3,826,274
Professional services	5,020,000	4,078,131	5,686,621
Education	2,000,000	3,777,018	3,486,624
Depreciation	1,780,000	1,737,825	1,549,163
Administration	439,200	498,801	627,489
External communication	200,000	281,559	138,348
Travel	250,000	275,377	156,761
Staff training	350,000	268,942	341,938
Funding International Sustainability Standards Board	200,000	200,000	–
Telecommunications	170,000	183,038	188,218
Whistle blower payments	350,000	-	–
Total local operations	59,306,200	64,728,648	61,350,977
Partnership operations			
Professional services	5,728,000	6,924,723	5,114,858
Depreciation	2,758,000	2,404,094	296,968
Salaries and benefits	1,586,000	1,578,248	1,369,212
Information management and administration	245,000	261,231	185,775
Total Partnership operations	10,317,000	11,168,296	6,966,813
	\$ 69,623,200	\$ 75,896,944	\$ 68,317,790

17. Related party transactions

We are related through common control to all B.C. provincial government ministries, agencies, and Crown corporations. We conducted all transactions with these entities as though we were unrelated parties.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2024

18. Post-retirement employee benefits

We, and our employees, contribute to the Public Service Pension Plan, a multi-employer plan. The plan is contributory, and its basic benefits are defined. The plan has approximately 71,000 active members, 55,000 retired members, and 24,000 inactive members. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

An actuarial valuation of the plan performed every three years assesses the plan's financial position. The latest valuation, as at March 31, 2023, indicated a \$4,491 million (March 31, 2020 – \$2,667 million, restated) surplus for basic pension benefits. In addition to basic benefits, the plan also provides supplementary benefits, including inflation indexing. These supplementary benefits are paid only to the extent that they have been funded, which is currently done on a "pay-as-you-go" basis.

The plan trustees monitor the impact of the financial environment on plan health. Plan surpluses and deficits are not attributable to individual employers, but affect future contribution levels. We charged \$3.6 million (fiscal 2023 – \$3.4 million) to expense for employer contributions during the period.

19. Commitments and contingencies

Our contractual obligations relating to lease agreements for local office space and equipment are as follows:

Fiscal years	2025 - 2026	2027 - 2028	2029 - 2030	2031 - 2032	Total
	\$ 7,408,000	\$ 7,706,000	\$ 8,028,000	\$ 6,931,000	\$ 30,073,000

The Partnership has contracted with CGI to host and operate the national systems until January 12, 2025. The Partnership has also contracted with First Derivatives Canada Inc. to host and operate a shared investment market analysis system until July 30, 2028. The Partnership has certain rights to terminate the agreements, with and without cause, as set out in the agreements.

The BCSC has committed to pay 25 percent of any claim or expenses related to operation and redevelopment of the shared filing systems that exceed the Partnership's surplus funds.

20. Budgeted figures

Budgeted figures are approved by the Board and published in the BCSC's Service Plan; they are presented in these financial statements for comparison purposes.