BC Securities Commission

2025/26
Annual Service Plan Report

August 2026

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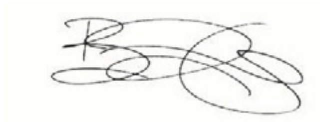
Board Chair's Accountability Statement

The BC Securities Commission 2025/26 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2025/26 – 2027/28 Service Plan published in 2025. I am accountable for those results as reported.



Signed on behalf of the Board by:

Brenda M. Leong
Chair and CEO, BC Securities Commission
July 27, 2026

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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 for all investors and market participants.

In 2025/26, the BCSC focused on Government's priorities of making a tangible difference in people's lives through growing the economy and making our community safer for British Columbians.

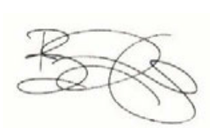
Given the unpredictability of U.S. trade policy and the magnitude of its impact, the BCSC, together with the Canadian Securities Administrators (CSA), continued to implement initiatives to support competitive Canadian capital markets. This included measures to facilitate capital formation in Canada and to reduce regulatory burden without reducing investor protection. Despite trade and geopolitical uncertainty, capital raising and investment fund distributions in Canadian markets remained exceptionally strong in 2025/26, which is reflected in the BCSC's strong financial results.

We operate in a world influenced by rapidly emerging technologies, changing investor behaviours, and a proliferation of online fraudulent investment schemes. We registered two B.C.-based crypto asset trading platforms and, with our CSA partners, continued to advance a modern regulatory framework for stablecoins. We also began to consider the emergence in Canada of prediction markets, which are platforms that offer trading in event contracts that pay out based on specific event outcomes.

Recognizing that traditional enforcement approaches are not as effective in combatting online fraud, we are taking more disruptive actions to protect B.C. investors. We led a CSA project to tackle abusive transactions that harm the reputation of our venture markets. We also recognized that we needed to cut through the noise on social media to reach investors. So we continued our bold advertising campaign aimed at helping investors protect themselves against fraudulent investment schemes that use artificial intelligence (AI). The award-winning campaign has received overwhelmingly positive attention from around the world.

We supported Government's commitment to advancing reconciliation with Indigenous peoples by continuing to build relationships and through the Canadian Securities Administrators' Indigenous Information Sharing Forum.

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



Brenda M. Leong
Chair and Chief Executive Officer
July 27, 2026

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 2024 and the Board Chair's Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BCSC's 2025/26 – 2027/28 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 British Columbia (B.C.). The BCSC's enabling legislation is the *Securities Act*, and its 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. It aims to deliver effective regulation of markets that are rapidly evolving. The BCSC:

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

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2025/26 – 2027/28 service plan. For forward-looking planning information, including current and future performance targets, please see the latest service plan.

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

Objective 1.1: Promote a culture of compliance

Investors expect that the firms and individuals that trade or advise in securities will treat them honestly and fairly. Investors also expect the businesses and investment funds raising money in the capital markets to provide accurate and transparent information. BCSC regulatory activities, including examining registered firms and reviewing listed company continuous disclosure, promote a culture of compliance. We encourage market participants to build processes and organizational cultures that help them to proactively comply with securities law requirements.

Key results

- Published proposed amendments to NI 43-101 Standards of Disclosure for Mineral Projects for public comment. The proposed amendments aim to clarify, harmonize, and streamline Canada's mining disclosure regime, without introducing any new requirements. The CSA is reviewing the 80 comment letters received.
- In response to changes in the global economic and geopolitical landscape in early 2025, the CSA, including the BCSC, paused its work on the development of a climate-related disclosure rule and amendments to the existing diversity-related disclosure requirements to support the competitiveness, efficiency, and resilience of Canadian capital markets.
- Continued development of a new national instrument that improves the transparency of promotional spending and conflicts to protect investors while minimizing regulatory burden for issuers.
- Issued guidance designed to help finfluencers and the firms they work with understand and follow securities laws when sharing investment information online.

Summary of progress made in 2025/26

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

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

The BCSC also imposed administrative penalties to address less serious violations of investment market rules that require more than a warning to deter future non-compliance.

To enhance compliance in emerging areas, in partnership with the CSA and the Canadian Investment Regulatory Organization (CIRO), the BCSC registered two local crypto asset trading platforms and began working with two additional platforms that want to offer crypto contract trading in the future.

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

- As part of the digital transformation project, launched new tools to support regulatory work across four major divisions. This includes functionality to streamline key workflows, such as compliance reviews of registered firms and management of contact centre inquiries and complaints, and enhancements to tracking of regulatory history for enforcement subjects and management of regulatory orders.
- Provided regulatory authorizations for the launch of a Canadian dollar-denominated stablecoin and engaged with federal authorities to consider the federal *Stablecoin Act* in relation to provincial securities legislation applicable to stablecoins.
- In collaboration with the CSA, launched two innovation initiatives under the CSA Collaboratory, focused on data portability and tokenization.
- Increased capital-raising limits under the listed issuer financing exemption to allow listed issuers to raise more capital in a cost-effective way.
- Adopted a semi-annual financial reporting pilot allowing eligible issuers to voluntarily report on a semi-annual basis instead of quarterly.

Summary of progress made in 2025/26

During the year, the CSA, together with the BCSC, launched several additional initiatives to support the competitiveness of Canada's capital markets.

On April 17, 2025, the CSA published blanket orders that reduce prospectus financial statement requirements for non-venture companies and increase capital raising flexibility for newly public companies.

On July 24, 2025, the CSA issued orders that facilitate access to the Bank of Canada's Contingent Term Repo Facility for eligible investment funds, a potential liquidity risk management tool that allows eligible investment funds to better manage their liquidity during severe market-wide liquidity stress events.

On August 28, 2025, the CSA adopted an expedited shelf prospectus regime for well-known seasoned issuers to reduce regulatory burden for eligible issuers.

On January 22, 2026, the CSA published final amendments to modernize the continuous disclosure regime for investment funds by removing duplicative conflict of interest reporting requirements and eliminating certain financial disclosures not required under International Financial Reporting Standards (IFRS).

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
1a Percentage of reviewed issuers that reduce deficiencies[1]			
i. Following a continuous disclosure review, subsequent disclosure improved	92%	>95%	92%
ii. Following a continuous disclosure review, subsequent disclosure fully met form requirements	92%	>95%	92%
1b Percentage of issuers reviewed that do not comply with standards for technical disclosure[2]			
i. Percentage of issuers' technical reports reviewed that were required to be amended and refiled	27.8%	<30%	21.2%
ii. Percentage of issuers reviewed placed in default for non-compliant technical disclosure in documents other than technical reports	16.9%	<25%	12.1%
1c Average number of repeat deficiencies per examination in Capital Markets Regulation[3]	1.14	0.86	0
1d Average score on cost-effective regulation scorecard[4]	92%	>90%	98%

Data sources:
[1] Internal evaluation of subsequent disclosure. PM 1a targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as >95% and >95%, respectively.
[2] Data recorded in established tracking systems. PM 1b targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as <30% and <25%, respectively. The targets were revised in the latest service plan.
[3] Data recorded in established tracking systems. PM 1c targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 0.86 and 0.86, respectively. This measure has been discontinued in the latest service plan.
[4] Internal evaluation based on staff and management judgement and project documents. PM 1d targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as >90% and >90%, respectively.

(1a) The BCSC narrowly missed the target. One issuer failed to improve disclosure due to broader compliance issues and is no longer allowed to sell securities to the public.

(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. The BCSC met both target percentages. The BCSC has adjusted targets for measures 1b (i) and (ii) in the

2026/27-2028/29 Service Plan as it continues to see fewer issuers being placed in default for non-compliant technical disclosure.

(1c) BCSC staff participated in the CSA cybersecurity sweep by examining current cybersecurity practices at registered firms. This sweep comprised the majority of the work that BCSC compliance staff completed in 2025/26. Consequently, staff identified no repeat deficiencies. Given the broader nature of the work that compliance staff now engage in and considering other factors that may affect the effectiveness of this measure, the BCSC has discontinued PM 1c in its 2026/27-2028/29 Service Plan.

(1d) The BCSC met this target. The target of greater than 90% is set so that, on average, the BCSC achieves its objectives if it hits the standards on the scorecard in all but one area. This year, it scored nine completed policy initiatives that went into effect in 2025/26.

Goal 2: Inspire investor confidence

Objective 2.1: Act decisively against misconduct

Our 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 be prosecuted.
- Pursue the collection of financial sanctions and return money to harmed investors when possible.

Key results

- Completed work with CSA colleagues to address abusive transactions in venture markets. The CSA issued guidance on problematic acquisitions, reached agreement with CIRO and exchanges on roles when suspected abuse is encountered, and also reached agreement on record keeping requirements for trade instructions.
- During the Global Week of Action Against Unlawful Finfluencers from June 2 to 6, partnered with other securities regulators to raise awareness and combat unauthorized “finfluencers” who put millions of social media users at risk by illegally promoting financial products or services. The BCSC conducted educational outreach

with finfluencers explaining how securities regulations may apply to them and worked to boost investor awareness to help prevent investing based on misleading content.

- Collaborated with CSA colleagues to successfully facilitate the deactivation of more than 7,586 fake investment platforms and crypto scam websites involving more than 13,000 individual URLs associated with those sites.
- Issued three preservation orders, issued five notices of hearing, issued one decision after a hearing, entered into 15 settlement agreements, and initiated one administrative penalty imposed by notice.

Summary of progress made in 2025/26

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

The BCSC aims to stop illegal investment schemes before they start and prevent further participation in existing schemes. Disruptive action provides a visible, valuable benefit to the public.

The BCSC took various actions to collect outstanding sanctions from debtors who refused to pay, including successfully pursuing court proceedings and using a tool it has had since 2021 that requires ICBC to not issue or renew driver's licenses and registration to debtors. The BCSC also ran several claims processes to return money to harmed investors.

The BCSC's Criminal Investigations Branch referred two cases to the Crown for prosecution, and obtained charges against three individuals in three previously referred cases.

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

- Continued to expand the use of social media and email newsletters to strengthen reach with British Columbians and educate them about investment fraud. The BCSC increased its use of trending audio and video across social media channels to raise awareness of risks such as messaging app scams, AI-driven fraud, and romance scams.
- Ran additional flights of the BCSC's AI fraud prevention campaign. This educational campaign was designed to help British Columbians identify the signs of an AI investment scam; it ran on TV, radio, Spotify, in cinemas, and on social media. In addition, the BCSC created and ran two additional social media campaigns designed to raise awareness of the BCSC's Whistleblower program and to highlight the dangers of investment fraud by phone.

- Refreshed content on the BCSC enforcement microsite, “Guardians of the Investment Market,” with three new case studies and two new staff profiles. The case studies were promoted with a paid digital campaign through Meta and LinkedIn, with click-through rates well above the benchmark for posts about similar content.

Summary of progress made in 2025/26

During 2025/26, the BCSC continued sharing investor education and fraud awareness content across its multiple channels, including social media, email newsletters, BCSC websites, and in-person outreach. Fraud associated with AI and crypto is one of the key issues facing investors today, and we continued to develop content around these themes.

Fraud knows no boundaries, so the BCSC seeks to reach all British Columbians regardless of age, gender, demographic, and language. Research shows that younger adults have lower investment literacy and are taking on more risk through speculative investing habits, so the BCSC’s social media channels focus on those audiences. Protecting seniors remains a focus year-round, and the BCSC marks World Elder Abuse Awareness Day each June 15.

This year, the BCSC focused on the following:

- Developing and publishing new content to its investor education website, InvestRight.org
- Refreshing its Get Started with Investing video series to better support new investors
- Increasing newsletter subscribers to diversify its ability to reach British Columbians outside social media
- Reaching seniors and their loved ones to protect seniors from investment fraud
- Sharing multilingual resources through paid social media campaigns in multiple languages
- Delivering mini campaigns on various investor education topics

The BCSC continued a Google search campaign which aimed to share its resources when a variety of terms related to investing and regulation were searched.

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
2a Percentage of files where a disruptive step was taken within 30 days of receipt of the file[1]	89.7%	>80%	85.1%
2b Percentage of Notice of Hearings, settlement agreements, Reports to Crown Counsel and APIN notices completed within 40 months of receipt of the file[2]	95.8%	>70%	90.9%
2c Number of views of investment fraud video[3]	7,342	5,866	7,923
2d Percentage of B.C. public aware of the BCSC[4]	48%	45%	45%

Data source:
[1,2] Data recorded in established tracking systems, primarily the BCSC Enforcement Case Tracking system and in official documents. PM 2a targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as >80% and >80%, respectively. PM 2b targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as >70% and >70%, respectively.
[3] BCSC InvestRight YouTube channel. PM 2c targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 6,159 and 6,467, respectively. This measure has been replaced with a new one in the latest service plan.
[4] 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? PM 2d targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 45% and 45%, respectively.

(2a) This measure focuses on reporting on disruptive actions taken during active misconduct. The BCSC, along with other securities regulators, has increased its focus on disruptive action against securities misconduct in recent years, particularly because of the significant rise in schemes promoted online and through social media, and the significant challenges in investigating and prosecuting this type of misconduct. Where some form of disruptive action is taken, the goal is to complete 80% of the disruptive actions within 30 days of the Enforcement Division receiving the file. In 2025/26, the BCSC surpassed its goal by taking disruptive action within 30 days of receipt of the file in 85.1% of files.

(2b) This measure encompasses administrative cases, criminal and quasi-criminal cases, and Administrative Penalties Imposed by Notice (APIN). The BCSC strives to finalize 70% of Notices of Hearings, settlement agreements, reports to crown counsel and APIN notices within 40 months of the Enforcement Division receiving the file. This is the second year it has used and reported this measure. It finalized 10 out of 11 matters (or 90.9%) within 40 months of the matter being received by Enforcement.

(2c) The BCSC 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. This measure has been replaced in the latest Service Plan with a new one: InvestRight newsletter growth. The BCSC believes this new measure is a better way to manage its ongoing investor education efforts.

(2d) The BCSC met this target. Awareness remained at high levels throughout the year. This success can be attributed to a consistent “always-on” approach to public advertising and continued strategic flights of its AI fraud prevention campaign.

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

The BCSC prepared this discussion of financial position and results of operations of the BCSC on May 7, 2026. Read it in conjunction with the BCSC's audited financial statements for the year ended March 31, 2026.

The BCSC reports in Canadian dollars. It rounds 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. It refers to all other operating results as local.

The BCSC generated an operating surplus of $5.2 million comprised of an operating surplus of $9.2 million for local operations and an operating deficit of $4.0 million for Partnership operations.

The key operating budget variances were:

- Distribution revenue was $14.0 million (35%) higher than budget due primarily to exempt distributions fees, fees from mutual funds, including exchange traded funds, and percentage-of-proceeds fees for corporate entities, reflecting a favourable distributions market.
- Registration revenue was $1.1 million (5%) higher than budget due primarily to an increase in the number of registrants compared to a budget assumption of no changes.
- Realized gains on local investments were $1.3 million compared to a nil budget.
- National systems user fees were $2.0 million (30%) higher than budget due primarily to higher fee rates and a higher-than-expected number of filings.
- Expenses for local operations were $2.0 million (3%) higher than budget primarily due to:
    - Salaries and benefits were higher than budget due primarily to lower than budgeted capitalized staff effort on information technology projects and lower than budgeted vacancy levels, partly offset by not hiring six new FTEs as budgeted.
    - Investor education expenses were higher than budget due to a campaign to promote the Whistleblower Program.

- Depreciation was higher than budget due to revising the useful life of certain information technology assets.

Local capital spending was $3.1 million related primarily to information technology infrastructure upgrades. Additions to the Partnership information technology of $1.3 million related to the national filing system SEDAR+.

Financial Summary

(millions)	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance
Revenue				
Regulatory and other local fees:				
Distributions	$ 43.0	$ 40.5	$ 54.4	$ 13.9
Registration	20.2	20.2	21.3	1.1
Financial filings	5.8	4.9	5.3	0.4
Derivatives and Other fees	1.0	0.9	1.0	0.1
	$ 70.0	$ 66.5	$ 82.0	$ 15.5
Other revenue:				
National systems user fees	$ 5.8	$ 6.6	$ 8.5	$ 1.9
Enforcement sanctions	1.1	1.0	1.0	-
Investment income	2.6	2.0	2.3	0.3
Realized gains on investments	1.3	-	1.3	1.3
	$ 10.8	$ 9.6	$ 13.1	$ 3.5
Total Revenue	**$ 80.8**	**$ 76.1**	**$ 95.1**	**$ 19.0**
Expenses				
Local salaries and benefits	$ 48.7	$ 51.1	$ 52.2	$ 1.1
Other local operations expenses	22.1	24.2	25.0	0.8
National systems expenses	11.6	12.4	12.7	0.3
Total Expenses	**$ 82.4**	**$ 87.7**	**$ 89.9**	**$ 2.2**
Annual (Deficit) Surplus	**$ (1.6)**	**$ (11.6)**	**$ 5.2**	**$ 16.8**
Supplementary Information				
Unrestricted surplus & accumulated remeasurement gains/losses	$ 79.9	$ 67.8	$ 90.7	$ 22.9
Restricted surplus	$ 40.6	$ 34.9	$ 36.7	$ 1.8
Local capital expenditures	$ 5.8	$ 4.9	$ 3.1	$ (1.8)
Partnership capital expenditures	$ 2.0	$ -	$ 1.3	$ 1.3
Debt	$ -	$ -	$ -	$ -

Variance and Trend Analysis

Revenues

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

Proportion of total revenue by source and year

	2021/22	2022/23	2023/24	2024/25	2025/26
Distributions	46%	50%	47%	53%	57%
Registration	34%	27%	29%	25%	23%
Financial filings	6%	7%	6%	7%	6%
Derivatives and Other fees	1%	1%	1%	1%	1%
National systems user fees	8%	9%	8%	7%	9%
Enforcement sanctions	2%	2%	4%	2%	1%
Investment income	3%	4%	5%	3%	2%
Realized gains on investments	-	-	-	2%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Local revenue

	2025/26 Actual versus Budget				2025/26 Actual versus 2024/25			
(thousands)	**Actual**	**Budget**	**Variance**	**%**	**2025/26**	**2024/25**	**Variance**	**%**
Distributions	$ 54,452	$ 40,460	$ 13,992	35%	$ 54,452	$ 42,954	$ 11,498	27%
Registration	21,282	20,200	1,082	5%	21,282	20,232	1,050	5%
Financial filings	5,284	4,930	354	7%	5,284	5,755	(471)	(8%)
Derivatives and Other fees	1,012	940	72	8%	1,012	989	23	2%
Enforcement sanctions	959	1,000	(41)	(4%)	959	1,110	(151)	(14%)
Investment income	2,127	1,800	327	18%	2,127	2,189	(62)	(3%)
Realized gains on investments	1,344	-	1,344	100%	1,344	1,333	11	1%
	$ 86,460	$ 69,330	$17,130	25%	$ 86,460	$ 74,562	$ 11,898	16%

The BCSC collects 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 the BCSC 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

Distribution revenue was $14.0 million (35%) higher than budget due primarily to exempt distributions fees exceeding budget by $6.5 million, fees from mutual funds, including exchange traded funds, exceeding budget by $6.0 million, and percentage-of-proceeds fees for corporate entities exceeding budget by $1.4 million. These positive budget variances are similar to the increases over the preceding year and reflect the volatility of capital markets.

Registration revenue was $1.1 million (5%) higher than budget due primarily to an increase in the number of individual registrants compared to a budget assumption of no changes.

Unbudgeted realized gains of $1.3 million occurred relating to local investments.

Enforcement sanctions

The BCSC vigorously pursues outstanding sanctions arising from its enforcement actions. It registers all its decisions with the Supreme Court and uses a myriad of tools to collect outstanding sanction amounts. For example, it seizes and sells assets, garnishes bank accounts, and compels debtors to enter into court ordered payment plans. The BCSC initiates 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, the BCSC takes steps to return those monies to investors through its disgorgement process and court proceedings.

Enforcement sanctions revenue depends on the timing of enforcement actions completed during the year and on the BCSC's ability to collect assessed amounts. During the year, it assessed sanctions of $9.9 million. It collected $4.7 million of which $4.6 million related to sanctions imposed in the current year and $0.1 million related to sanctions imposed in prior years. In the preceding year, it collected $1.4 million.

The BCSC has a claims process for investors for any money that it obtains 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. It uses the reserve to:

- educate securities market participants and the public about investing, financial matters or the operation or regulation of securities markets,
- benefit third parties the Commission considers appropriate,
- enforce (including collecting on) these orders, and

- process claims to proceeds from disgorgement orders.

Operating Expenses

Salaries and benefits and occupancy costs account for about 73 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, the BCSC pays PST (7%) and GST (5%) on taxable purchases but recovers the GST. Partnership fees are HST-exempt, and the Partnership pays recoverable HST on taxable purchases.

Local operations expenses

Employee compensation accounts for approximately 68 percent of local expenses. The BCSC competes for professional staff with other regulators, law and accounting firms, and the securities industry. It awards performance-based salary increases, and when appropriate, makes targeted market adjustments, all subject to provincial compensation directives.

The BCSC engages consultants when it needs specialized services, or when outsourcing is more cost-effective than performing the work itself. Professional service costs related primarily to information technology agency hires and consulting, legal services including collections support and HR matters, the BCSC's share of CSA project and management costs, legislative counsel services, and internal and external audit services.

The BCSC runs local operations from an office in downtown Vancouver. Its leasing arrangements expire in November 2031.

The BCSC educates the public and market participants about investing, financial matters, and the operation or regulation of investment markets. Almost all of the education spending in 2026 was on investor education.

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

	2025/26 Actual versus Budget				**2025/26 Actual versus 2024/25**			
(thousands)	**Actual**	**Budget**	**Variance**	**%**	**2026**	**2025**	**Variance**	**%**
Salaries and benefits	$ 52,234	$ 51,050	$ 1,184	2%	$ 52,234	$ 48,675	$ 3,559	7%
Professional services	5,826	5,540	286	5%	5,826	4,550	1,276	28%
Information management	5,302	5,710	(408)	(7%)	5,302	4,801	501	10%
Investor education	4,139	3,650	489	13%	4,139	4,700	(561)	(12%)
Occupancy	3,910	3,908	2	0%	3,910	3,835	75	2%

Depreciation	3,265	2,700	565	21%	3,265	2,273	992	44%
Other	2,605	2,723	(118)	(4%)	2,605	1,991	614	31%
	$ 77,281	**$ 75,281**	**$ 2,000**	**3%**	**$ 77,281**	**$ 70,825**	**$ 6,456**	**9%**

Total expenses for local operations were $2.0 million (3%) higher than budget primarily due to the following:

- Salaries and benefits were $1.2 million (2%) higher than budget due primarily to lower than budgeted capitalized staff effort on information technology projects and lower than budgeted vacancy levels, partly offset by not hiring six new FTEs as budgeted.
- Professional services expenses were $0.3 million (5%) higher than budget due primarily to capitalizing less for agency hires and higher than planned external legal counsel.
- Investor education expenses were $0.5 million (13%) higher than budget due to a campaign to promote the Whistleblower Program.
- Depreciation was $0.6 million (21%) higher than budget due primarily to revising the useful life of certain information technology assets.
- Partially offsetting the above factors, information management expenses were $0.4 million (7%) lower than budget due to not subscribing to certain Gen-AI and project management tools as budgeted.

Total expenses for local operations were $6.5 million (9%) higher than the prior year due primarily to the following:

- Salaries and benefits were $3.6 million (7%) higher due primarily to lower capitalization of staff effort, merit-based salary increases, and lower vacancy levels.
- Professional services expenses were $1.3 million (28%) higher due primarily to an increase in agency hires, more spending on investigative services, higher legal consulting costs, and higher spending on sanction collections.
- Depreciation expense was $1.0 million (44%) higher reflecting the impact of recent information technology projects.

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, the BCSC's financial statements include 25 percent of the assets, liabilities, net assets, revenues, and expenses of the Partnership.

	2025/26 Actual versus Budget				**2025/26 Actual versus 2024/25**			
(thousands)	**Actual**	**Budget**	**Variance**	**%**	**2026**	**2025**	**Variance**	**%**

National systems user fees	$ 8,530	$ 6,564	$ 1,966	30%	$ 8,530	$ 5,821	$ 2,709	47%
Partnership investment income	149	206	(57)	(28%)	149	424	(275)	(65%)
National systems expenses	12,671	12,370	301	2%	12,671	11,630	1,041	9%
Annual (deficit) surplus	**$ (3,992)**	**$ (5,600)**	**$ 1,608**	**(29%)**	**$ (3,992)**	**$ (5,385)**	**$ 1,393**	**(26%)**

The annual deficit for Partnership operations was $4.0 million, $1.6 million (29%) lower than the budgeted deficit. National systems user fees were $2.0 million (30%) higher than budget due primarily to higher fee rates and a higher-than-expected number of filings. National systems expenses were $0.3 million (2%) higher than budget primarily due to professional services fees relating to the SEDAR+ filing system.

The annual deficit for Partnership operations of $4.0 million compares to a deficit of $5.4 million in the prior year primarily due to higher systems user fee revenue partially offset by higher professional services expense.

Investment income and Realized gains on investments

The BCSC's four investment objectives for local investments 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. It invests funds in bank deposits and in pooled investment funds managed by the British Columbia Investment Management Corporation.

At March 31, 2026, the BCSC had $8.9 million in local demand deposits and $68.0 million in pooled investment funds. The Partnership's investments of $0.3 million as of March 31, 2026, are in a notice account.

Investment income was $2.3 million compared to budget of $2.0 million. Investment income excludes unrealized gains and losses relating to measuring investments at fair value; unrealized gains and losses are recorded in accumulated surplus. The BCSC realized gains of $1.3 million on its investments in pooled funds.

Capital Expenditures

Additions to local tangible capital assets of $3.1 million were primarily for information technology infrastructure upgrades. Additions to the Partnership information technology of $1.3 million related to the national filing system SEDAR+.

Risks and Uncertainties

This section discusses risks that may impact BCSC financial results.

The BCSC practices enterprise risk management to identify and manage its risks and support its strategic planning process. It maintains a business continuity plan for its critical functions.

Investment markets activity can be volatile, causing local revenue to fluctuate. The BCSC's accumulated reserves are intended to ensure it has 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, 2030, CGI hosts and operates several national systems through which the BCSC collects most of its fee revenue. CGI maintains a comprehensive business continuity plan for these systems.

Internal Control Over Financial Reporting (ICFR)

During the year, the BCSC reviewed its ICFR processes and updated documentation where necessary. No changes were made during the year ended March 31, 2026, that materially affected, or are likely to materially affect, its ICFR. The BCSC's internal auditors tested operating effectiveness of its ICFR as at March 31, 2026, 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 2025 Mandate Letter from the Minister Responsible.

2025 Mandate Letter Priority	Status as of March 31, 2026
Protect B.C. investors through decisive enforcement and fine collection, delivering targeted education programs, and developing and using new regulatory tools.	Ongoing: • See key results and summary of progress made under Objective 2.1: Act decisively against misconduct; and Objective 2.2: Educate investors.
Support strong, competitive capital markets including by facilitating capital formation and protecting investor interests.	Ongoing: • See key results and summary of progress made under Objective 1.2: Advance cost-effective regulation.
Maintain a modern regulatory framework, make best efforts to harmonize securities rules with other provinces and territories, and explore opportunities to reduce interprovincial trade barriers.	Ongoing: • The BCSC works with its 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.	Ongoing: • The BCSC works 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.	Ongoing: • See key results under Objective 1.2: Advance cost-effective regulation.
Collaborate with government to improve the effectiveness of B.C.'s Anti-Money Laundering Regime.	Ongoing: • The BCSC is a Principal Partner in the Counter Illicit Finance Alliance of British Columbia. • The BCSC contributes to anti-money laundering efforts in the course of its ongoing registrant compliance and investigations work.

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	Peter J. Brady
Chair and Chief Executive Officer	*Executive Director*

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BDO Canada LLP
Royal Centre, 1055 West Georgia Street
Unit 1100, P.O. Box 11101
Vancouver, British Columbia
V6E 3P3

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, 2026, 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, 2026, and its consolidated results of operations, remeasurement gains and losses, change in 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.

BDO Canada LLP
Chartered Professional Accountants

Vancouver, British Columbia
June 19, 2026

BC Securities Commission
Invest Right

Consolidated Financial Statements
For the Year Ended March 31, 2026

Consolidated Statement of Financial Position
As at March 31, 2026

	Notes	March 31, 2026	March 31, 2025
Financial assets			
Cash	4	$ 14,016,641	$ 13,005,576
Restricted cash - 161(1)(g) payments		6,570,249	2,824,474
Investments	5	68,304,761	57,468,409
Amounts receivable	6	3,133,399	2,986,688
		92,025,050	76,285,147
Liabilities			
Accounts payable and accrued liabilities	7	3,971,370	2,789,078
Accrued salaries and benefits		810,383	704,453
Employee vacation liability	8	1,748,536	1,462,605
161(1)(g) liabilities		6,570,249	2,824,474
Asset retirement obligation - leasehold improvements	9	1,040,813	1,004,839
		14,141,351	8,785,449
Net financial assets		77,883,699	67,499,698
Tangible capital assets	10	47,397,554	51,373,348
Prepaid expenses	11	2,096,073	1,668,141
		49,493,627	53,041,489
Accumulated Surplus		127,377,326	120,541,187
Accumulated Surplus is comprised of:			
Unrestricted operating surplus	12	86,010,732	76,832,274
Restricted operating surplus	12 & 13	36,654,656	40,646,297
		122,665,388	117,478,571
Accumulated remeasurement gains		4,711,938	3,062,616
		$ 127,377,326	$ 120,541,187

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
Chair, Audit & Risk Committee

Consolidated Statement of Operations and Change in Accumulated Surplus

For the Year Ended March 31, 2026

	Notes	**March 31, 2026 Budget** (Note 20)	**March 31, 2026 Actual**	**March 31, 2025 Actual**
Revenues				
Regulatory and other local fees				
Prospectus and other distributions		$ 40,460,000	$ 54,452,288	$ 42,954,061
Registration		20,200,000	21,281,780	20,232,043
Financial filings		4,930,000	5,283,525	5,755,479
Derivatives and Other fees		940,000	1,011,873	989,037
National systems user fees	13	6,564,000	8,529,730	5,821,443
Enforcement sanctions	14	1,000,000	958,873	1,109,542
Realized gains on investments	15	–	1,344,439	1,333,015
Investment income	15	2,006,000	2,276,337	2,612,118
		76,100,000	95,138,845	80,806,738
Expenses				
Local operations	16	75,280,667	77,281,319	70,825,492
Partnership operations	13 & 16	12,370,000	12,670,709	11,629,949
		87,650,667	89,952,028	2,455,441
Annual surplus (deficit)		$ (11,550,667)	5,186,817	(1,648,703)
Accumulated operating surplus, beginning of year			117,478,571	119,127,274
Accumulated operating surplus, end of year			$ 122,665,388	117,478,571

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, 2026

	Notes	March 31, 2026	March 31, 2025
Accumulated remeasurement gains, beginning of year		$ 3,062,616	$ 1,637,688
Remeasurement gains on investments during the year	15	2,993,761	2,757,943
Realized gains on investments	15	(1,344,439)	(1,333,015)
Accumulated remeasurement gains, end of year		$ 4,711,938	$ 3,062,616

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, 2026

	March 31, 2026 Budget (Note 20)	**March 31, 2026 Actual**	**March 31, 2025 Actual**
Surplus (deficit), for the year	$ (11,550,667)	$ 5,186,817	$ (1,648,703)
Additions to tangible capital assets	(4,933,400)	(4,400,173)	(7,819,655)
Depreciation of tangible capital assets	6,966,000	7,286,276	6,385,050
Loss on disposal of tangible capital assets		1,089,691	35,417
	$ 2,032,600	3,975,794	(1,399,188)
Acquisition of prepaid expenses		(6,286,665)	(5,202,967)
Use of prepaid expenses		5,858,733	5,235,295
		(427,932)	32,328
Remeasurement gains on investments during the year		2,993,761	2,757,943
Realized gains on investments		(1,344,439)	(1,333,015)
		1,649,322	1,424,928
Increase (decrease) in net financial assets, for the year		10,384,001	(1,590,635)
Net financial assets, beginning of year		67,499,698	69,090,333
Net financial assets, end of year		$ 77,883,699	$ 67,499,698

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

Consolidated Statement of Cash Flows
For the Year Ended March 31, 2026

	March 31, 2026	March 31, 2025
Operating transactions		
Cash received from:		
Fees	$ 90,282,478	$ 77,633,664
Enforcement sanctions	986,573	1,091,442
Interest	691,852	795,332
	91,960,903	79,520,438
Cash paid to and on behalf of employees	(53,646,060)	(50,399,996)
Cash paid to suppliers and others	(26,645,499)	(29,581,285)
	(80,291,559)	(79,981,281)
Cash provided (used) by operating transactions	11,669,344	(460,843)
Capital transactions		
Cash used to acquire tangible capital assets	(4,400,173)	(7,819,655)
Investing transactions		
Proceeds from disposals of investments	4,460,332	16,138,478
Purchase of investments	(10,718,438)	(9,260,811)
	(6,258,106)	6,877,667
Increase (decrease) in cash	1,011,065	(1,402,831)
Cash, beginning of year	13,005,576	14,408,407
Cash, end of year	$ 14,016,641	$ 13,005,576

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

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2026

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 90 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, 2030. 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.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2026

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.

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 3.73% 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.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2026

g) Expenses

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

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.

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

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

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 ST3, 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, 2026 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 ST2, US Money Market Fund ST3 and the Principal Credit Fund is less than a year. The current investment duration of the Corporate Bond Fund is 6.2 years and of the Government Bond Fund is 7.3 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, and in the case of amounts receivable there are numerous individual amounts.

4. Cash

	March 31, 2026	March 31, 2025
Local demand deposits	$ 8,940,461	$ 5,851,647
Partnership demand deposits	5,076,180	7,153,929
	$ 14,016,641	$ 13,005,576

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%.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2026

5. Investments

	March 31, 2026 Market Value	March 31, 2026 Cost	March 31, 2025 Market Value	March 31, 2025 Cost
BCI pooled funds				
Canadian Money Market Fund ST2	$ 27,685,890	$ 27,694,323	$ 19,837,627	$ 19,827,379
Corporate Bond Fund	3,305,859	3,779,492	3,490,020	3,983,360
Government Bond Fund	7,681,695	7,620,344	7,655,991	7,356,744
Indexed Emerging Market Equity Fund	5,153,552	3,738,291	4,091,136	3,641,314
Indexed Global Equity Fund	20,332,057	16,577,945	17,681,673	15,103,022
Principal Credit Fund	3,056,798	3,047,743	2,714,373	2,502,476
US Dollar Money Market Fund ST3	812,410	858,185	1,729,195	1,723,104
	$ 68,028,261	$ 63,316,323	$ 57,200,015	$ 54,137,399
Partnership investments				
Notice account	$ 276,500	$ 276,500	$ 268,394	$ 268,394
	$ 68,304,761	$ 63,592,823	$ 57,468,409	$ 54,405,793

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

- Canadian Money Market Fund (ST2) – Invests primarily in high-quality Canadian government and corporate debt securities, including fixed income securities issued by a Canadian government or Canadian government-related entities.
- US Dollar Money Market Fund ST3 – Invests primarily in short-term (up to 45 days) reverse repurchase agreements, term deposits, and debt securities issued by high-quality corporations, the U.S. government, or a Canadian government (federal, provincial, or municipal).
- Government Bond Fund – Invests primarily in bonds issued or guaranteed by a Canadian government (federal, provincial, or municipal), with terms to maturity across the yield curve.
- Corporate Bond Fund – Invests primarily in corporate investment grade and high yield securities issued in the U.S. 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 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 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 with an interest rate of 2.75%.

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

6. Amounts receivable

	March 31, 2026	March 31, 2025
SEDAR+ and other filings	$ 1,656,234	$ 1,351,222
National systems user fees	794,162	769,246
Enforcement sanctions	326,700	356,050
National project recoveries	134,820	233,171
GST refunds	119,835	157,261
Late insider report filing fees	58,400	55,150
Employee advances and other	43,248	64,588
	$ 3,133,399	$ 2,986,688

7. Accounts payable and accrued liabilities

	March 31, 2026	March 31, 2025
Local trade accounts payable	$ 2,675,524	$ 979,796
Partnership trade accounts payable	1,015,171	1,580,669
Other	280,675	228,613
	$ 3,971,370	$ 2,789,078

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, 2026	March 31, 2025
Opening balance	$ 1,004,839	$ 957,550
Accretion expense	35,974	47,289
Closing balance	$ 1,040,813	$ 1,004,839

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

10. Tangible capital assets

	March 31, 2026				
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology	Total
Cost					
Opening balance	$ 20,210,377	$ 9,836,458	$ 2,804,221	$ 41,889,958	$ 74,741,014
Additions	2,995,091	46,539	72,069	1,286,474	4,400,173
Disposals	(3,006,094)	–	(106,897)	–	(3,112,991)
Closing balance	$ 20,199,374	$ 9,882,997	$ 2,769,393	$ 43,176,432	$ 76,028,196
Accumulated depreciation					
Opening balance	$ 6,484,539	$ 6,326,618	$ 2,613,556	$ 7,942,953	$ 23,367,666
Depreciation	2,711,206	531,071	22,720	4,021,279	7,286,276
Disposals	(1,916,403)	–	(106,897)	–	(2,023,300)
Closing balance	$ 7,279,342	$ 6,857,689	$ 2,529,379	$ 11,964,232	$ 28,630,642
Net book value	$ 12,920,032	$ 3,025,308	$ 240,014	$ 31,212,200	$ 47,397,554

	March 31, 2025				
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology	Total
Cost					
Opening balance	$ 17,222,395	$ 9,756,721	$ 2,676,745	$ 39,872,448	$ 69,528,309
Additions	5,581,812	79,737	140,596	2,017,510	7,819,655
Disposals	(2,593,830)	–	(13,120)	–	(2,606,950)
Closing balance	$ 20,210,377	$ 9,836,458	$ 2,804,221	$ 41,889,958	$ 74,741,014
Accumulated depreciation					
Opening balance	$ 7,329,366	$ 5,798,970	$ 2,595,052	$ 3,830,761	$ 19,554,149
Depreciation	1,713,586	527,648	31,624	4,112,192	6,385,050
Disposals	(2,558,413)	–	(13,120)	–	(2,571,533)
Closing balance	$ 6,484,539	$ 6,326,618	$ 2,613,556	$ 7,942,953	$ 23,367,666
Net book value	$ 13,725,838	$ 3,509,840	$ 190,665	$ 33,947,005	$ 51,373,348

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

11. Prepaid expenses

	March 31, 2026	March 31, 2025
Local IT and information service contracts	$ 1,504,612	$ 1,423,548
Partnership IT and information service contracts	591,461	244,593
	$ 2,096,073	$ 1,668,141

12. Accumulated operating surplus

	March 31, 2026			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	$ 76,832,274	$ –	$ 40,646,297	$ 117,478,571
Annual surplus (deficit)	8,219,585	958,873	(3,991,641)	5,186,817
Education expenses paid from reserve	958,873	(958,873)	–	–
Closing balance	$ 86,010,732	$ –	$ 36,654,656	$ 122,665,388

	March 31, 2025			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	$ 73,095,945	$ –	$ 46,031,329	$ 119,127,274
Annual surplus (deficit)	2,626,787	1,109,542	(5,385,032)	(1,648,703)
Education expenses paid from reserve	1,109,542	(1,109,542)	–	–
Closing balance	$ 76,832,274	$ –	$ 40,646,297	$ 117,478,571

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, 2026

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, 2026		March 31, 2025	
	Partnership	**25% share**	**Partnership**	**25% share**
Financial Position				
Financial assets	$ 24,587,369	6,146,842	$ 32,766,276	$ 8,191,569
Liabilities	5,183,385	1,295,846	6,947,477	1,736,869
Net Financial assets	$ 19,403,984	$ 4,850,996	$ 25,818,799	$ 6,454,700
Non-financial assets	127,214,638	31,803,660	136,766,387	34,191,597
Accumulated surplus	$ 146,618,622	$ 36,654,656	$ 162,585,186	$ 40,646,297
Operations				
Revenues:				
National systems user fees	$ 34,118,919	$ 8,529,730	$ 23,285,771	$ 5,821,443
Investment income and other	597,351	149,338	1,693,895	423,474
Expenses	50,682,834	12,670,709	46,519,794	11,629,949
Deficit	$ (15,966,564)	$ (3,991,641)	$ (21,540,128)	$ (5,385,032)

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 $9.95 million (fiscal 2025 – $23.9 million) during the year, of which we did not recognize $5.31 million (fiscal 2025 – $22.9 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, 2026

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

	For the Year Ended March 31, 2026			
	Investment Income	Realized Gains (Losses)	Total Income	Remeasurement Gains (Losses) during the year
Cash, term deposits and GIC	$ 503,758	$ –	$ 503,758	$ –
Restricted cash - 161(1)(g) payments	188,094	–	188,094	–
Canadian Money Market Fund ST2	522,475	(475)	522,000	(19,156)
Corporate Bond Fund	189,969	(43,836)	146,133	(24,129)
Government Bond Fund	263,599	–	263,599	(237,896)
Indexed Emerging Market Equity	96,977	–	96,977	965,439
Indexed Global Equity Fund	383,725	1,091,198	1,474,923	2,266,659
Principal Credit Fund	58,528	303,438	361,966	100,596
US Money Market Fund ST3	69,212	(5,886)	63,326	(57,752)
	$ 2,276,337	$ 1,344,439	$ 3,620,776	$ 2,993,761

	For the Year Ended March 31, 2025			
	Investment Income	Realized Gains (Losses)	Total Income	Remeasurement Gains (Losses) during the year
Cash, term deposits and GIC	$ 667,368	$ –	$ 667,368	$ –
Restricted cash - 161(1)(g) payments	127,964	–	127,964	–
Canadian Money Market Fund ST2	844,628	12,860	857,488	21,279
Corporate Bond Fund	212,928	–	212,928	(29,743)
Government Bond Fund	270,709	–	270,709	250,613
Indexed Emerging Market Equity	115,611	694	116,305	421,201
Indexed Global Equity Fund	365,373	902,433	1,267,806	1,798,015
Principal Credit Fund	(16,853)	406,039	389,186	280,190
US Money Market Fund ST3	24,390	10,989	35,379	16,388
	$ 2,612,118	$ 1,333,015	$ 3,945,133	$ 2,757,943

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

16. Operating Expenses

	Budget 2026	Year ended March 31 2026	2025
Local operations			
Salaries and benefits	$ 51,050,000	$ 52,234,128	$ 48,674,512
Professional services	5,540,000	5,825,531	4,549,656
Information management	5,710,000	5,301,953	4,801,034
Investor Education	3,650,000	4,139,466	4,699,581
Occupancy	3,908,000	3,909,992	3,834,618
Depreciation	2,700,000	3,264,996	2,272,858
Loss on write off of local systems no longer in use	–	1,089,691	–
Administration	392,000	528,187	533,797
Funding International Sustainability Standards Board	266,667	266,667	266,667
Travel	350,000	240,450	309,538
Staff training	530,000	237,765	531,717
Telecommunications	184,000	169,685	169,674
External communication	300,000	72,808	181,840
Whistleblower payments	700,000	–	–
Total local operations	75,280,667	77,281,319	70,825,492
Partnership operations			
Professional services	6,504,000	6,574,831	5,499,204
Depreciation	4,266,000	4,021,279	4,112,192
Salaries and benefits	1,600,000	1,814,039	1,785,616
Information management and administration	–	260,560	232,937
Total Partnership operations	12,370,000	12,670,709	11,629,949
	$ 87,650,667	$ 89,952,028	$ 82,455,441

17. Related party transactions

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

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2026

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 80,000 active members, 58,000 retired members, and 27,000 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 $4.1 million (fiscal 2025 – $3.9 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	2027- 2028	2029 - 2030	2031 - 2032	Total
	$ 7,983,000	$ 8,315,000	$ 7,155,000	$23,453,000

The Partnership has contracted with CGI to host and operate the national systems until January 12, 2030. 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.