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ONTARIO  
SECURITIES  
COMMISSION

# Ontario Securities Commission Charter of Governance

Effective April 1, 2020 and last amended February 28, 2023



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## Introduction

The Ontario Securities Commission has established this Charter of Governance to promote transparent, accountable and informed governance. The Ontario Securities Commission is committed to excellence in our governance practices. That commitment is supported by clear roles and responsibilities, effective processes and reporting, and extensive strategic planning and stakeholder engagement. It follows the best practices of corporate governance for public companies, where appropriate for a regulator. The Ontario Securities Commission aims to continuously advance and innovate its governance framework.

The Ontario Securities Commission is the regulator responsible for overseeing the capital markets in Ontario. It is a self-funded Crown agency, accountable to the Ontario Legislature through the Minister of Finance. The Ontario Securities Commission administers and enforces the [Securities Act](#), the [Commodity Futures Act](#) and carries out the powers, duties and functions given to it under the [Securities Commission Act, 2021](#) and any other Act, including the [Business Corporations Act](#).

The Capital Markets Tribunal is established by the [Securities Commission Act, 2021](#) as a division of the Ontario Securities Commission. It is the administrative tribunal that is assigned the power to conduct hearings under the [Securities Act](#) and the [Commodity Futures Act](#). The Chief Adjudicator is responsible for supervising and directing the operations of the Tribunal. The Board of Directors does not have any oversight of the Tribunal's adjudicative functions. The adjudicative functions of the Tribunal include presiding over, deciding, and issuing reasons and orders in Tribunal proceedings, and the Chief Adjudicator's related functions. These related functions include:

- Adjudicator recruitment, orientation, training and education
- assigning Adjudicators to hearings
- overseeing, monitoring, and evaluating Adjudicator performance
- setting service standards relating to Tribunal proceedings
- ensuring an appropriate orientation and training framework is in place for Governance & Tribunal Secretariat staff who support the Tribunal

## Organizational Structure

The Ontario Securities Commission is supported by staff, structured into three main areas:

1. Regulatory Operations
2. Business Operations
3. Advisory and Governance

## Regulatory Operations

Regulatory Operations include the branches of Compliance & Registrant Regulation, Corporate Finance, Derivatives, Enforcement, Investment Funds & Structured Products, Investor Office, Market Regulation, Office of the Chief Accountant, Office of Economic Growth & Innovation, Office of Mergers & Acquisitions, and Regulatory Strategy & Research. The Directors of these branches report to a designated Executive Director.

## Business Operations

Business Operations include the branches of Digital Solutions, Financial Management & Reporting, Human Resources & Corporate Services, Information Security, and Information Services. The Directors of these branches report to the Chief Administrative Officer. In addition, the Ontario Securities Commission is supported by the Enterprise Risk Management and independent Internal Audit functions.

## Advisory and Governance

Advisory and Governance include the branches of Communications & Public Affairs, General Counsel's Office, Global & Domestic Affairs, and Governance & Tribunal Secretariat. The Directors of the Communications & Public Affairs and Global & Domestic Affairs branches and the General Counsel report to the Chief Executive Officer. The Corporate Secretary & Director, Governance & Tribunal Secretariat reports to the Chief Executive Officer and separately to the Chief Adjudicator for matters relating to the Capital Markets Tribunal's adjudicative functions.

## Executive Leadership

### Chief Executive Officer

The Chief Executive Officer is responsible for the management and administration of the Ontario Securities Commission, other than matters relating to the Capital Markets Tribunal's adjudicative functions. By operation of the [Securities Commission Act, 2021](#) and [By-law No. 1](#), the Chief Executive Officer is also a Board Director. The Chief Executive Officer is appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance during the first two years after the *Securities Commission Act, 2021* comes into force. Thereafter, the Board shall appoint a Chief Executive Officer. The Chief Executive Officer reports to the Board.

### Responsibilities

The responsibilities of the Chief Executive Officer are set out in further detail in the [Memorandum of Understanding](#) between the Minister of Finance and the Ontario Securities Commission and include the key responsibilities set out below.

## Leadership

1. Leading and managing the Ontario Securities Commission, ensuring both a high level of staff morale and the highest ethical standards of honesty, integrity and fairness
2. Providing leadership and management to the Ontario Securities Commission's staff
3. Ensuring appropriate management systems are in place for the effective administration of the Ontario Securities Commission
4. Managing the day-to-day regulatory, operational, financial, analytical and administrative affairs of the Ontario Securities Commission
5. Representing the Ontario Securities Commission and assuming a leadership role in national regulatory bodies and organizations to help identify and address regulatory priorities, and overseeing the Commission's initiatives with other regulators, including serving as the Commission's representative on the Canadian Securities Administrators' CSA Chairs committee and Policy Coordination Committee
6. Representing the Ontario Securities Commission and assuming a leadership role in international regulatory bodies and organizations to help identify and address international regulatory priorities, and overseeing the Commission's initiatives with international regulators
7. Exercising any powers and duties delegated to the Chief Executive Officer by the Board or assigned to the Chief Executive Officer by the [Securities Act](#), the [Securities Commission Act, 2021](#), and the [Commodity Futures Act](#) and their regulations, including deciding applications for exemptive relief from Ontario securities law
8. On behalf of the Ontario Securities Commission, or in their capacity as statutory decision-maker, where appropriate, informing the Minister and Deputy Minister of Finance of significant or contentious matters regarding the Commission that are likely to be of interest to the Minister and Deputy Minister, or that are likely to be raised in the Legislature or media
9. Seeking support and advice from the Ministry on the Ontario Securities Commission's management issues
10. Consulting with the Deputy Minister of Finance as needed on matters of mutual importance

11. Keeping the Ministry and the Chair of the Board advised on issues or events that may reasonably concern the Minister of Finance, the Deputy Minister and the Chair in the exercise of their responsibilities
12. Cooperating with periodic reviews directed by the Minister of Finance or Treasury Board/Management Board of Cabinet
13. As the Ontario Securities Commission's chief spokesperson, carrying out effective public relations and communications for the Commission, other than for activities of the Capital Markets Tribunal
14. Fulfilling the role of ethics executive for public servants, other than government appointees, who work at the Ontario Securities Commission
15. Supporting the Chair of the Board in meeting their responsibilities

### Regulatory

16. Serving as the regulatory decision-maker on behalf of the Ontario Securities Commission, if delegated as such by the Board
17. Providing advice to the Minister and Deputy Minister on policy matters related to Ontario's capital markets
18. Translating the goals, objectives and strategic directions of the Board into operational plans and activities
19. Keeping the Board and the Chair of the Board informed of the implementation of policy and the operations of the Ontario Securities Commission

### Governance

20. Overseeing the management of the financial and other affairs of the Ontario Securities Commission in accordance with its statutory mandate and [Business Plan](#)
21. Establishing a governance and risk oversight framework for the Ontario Securities Commission to support the Board in fulfilling its responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines
22. Establishing and applying the Ontario Securities Commission's risk management framework and risk management plan, as directed by the Board
23. Establishing and applying control processes and systems to ensure that the Ontario Securities Commission operates within its approved [Business Plan](#)

24. Establishing policies and procedures so that the Ontario Securities Commission's funds, and any funds the Commission is responsible for administering, are used with integrity and honesty
25. Establishing and applying a financial management framework for the Ontario Securities Commission
26. Preparing the Ontario Securities Commission's [Annual Report](#), [Statement of Priorities](#), budget and annual [Business Plan](#) for review by the Board
27. Preparing financial statements and reports for approval by the Board
28. Advising the Chair of the Board on the requirements of, and the Ontario Securities Commission's compliance with, applicable government directives and policies, and Commission by-laws and rules and policies, including annually attesting to the Chair on the Commission's compliance with mandatory requirements
29. Attesting to the compliance of the Ontario Securities Commission with applicable directives and policies and supporting the Chair of the Board in providing the statement of compliance of the Commission
30. Undertaking timely risk-based reviews of the Ontario Securities Commission's management and operations
31. Carrying out in-year monitoring of the Ontario Securities Commission's performance and reporting on results to the Board

## Executive Directors

The Executive Directors are responsible for the oversight and leadership of the regulatory operations of the Ontario Securities Commission. The Executive Directors provide strategic regulatory advice and guidance to the Chief Executive Officer. This ensures regulatory policies and processes reflect a current and forward-thinking understanding of capital markets, which promotes confidence in Ontario's capital markets, reduces regulatory burden and facilitates financial innovation. The Executive Directors report to the Chief Executive Officer.

## Chief Administrative Officer

The Chief Administrative Officer is responsible for the oversight and leadership of business operations of the Ontario Securities Commission. The Chief Administrative Officer acts as the custodian of the organizational culture, providing strategic advice and guidance to the Chief Executive Officer, sustaining a leadership agenda that engages highly professional and motivated staff and a work environment that aligns with the organization's values. The Chief Administrative Officer reports to the Chief Executive Officer.



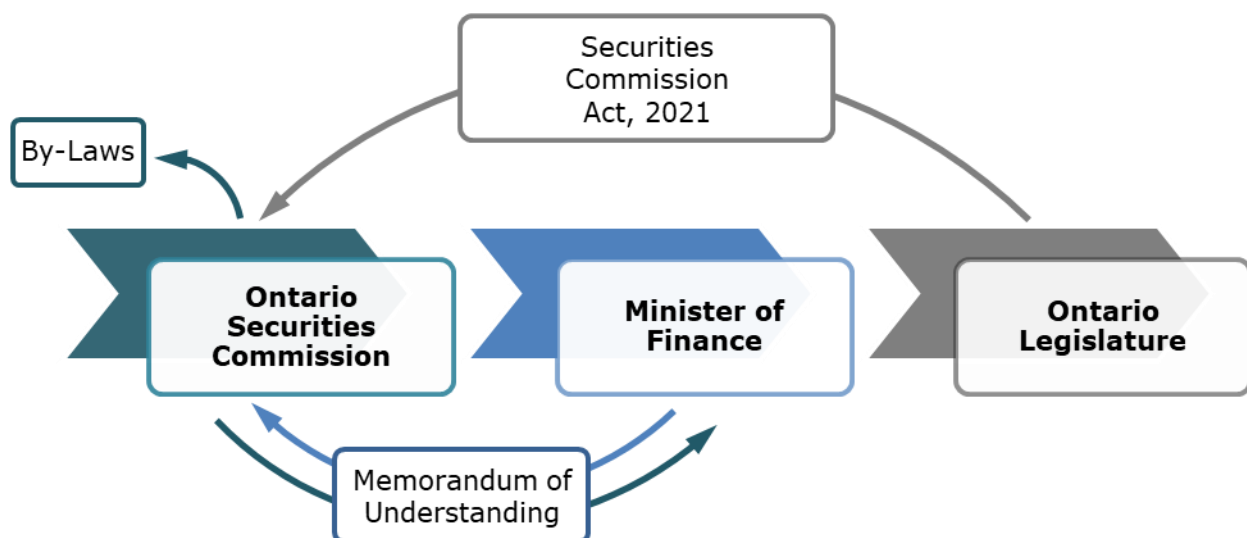
## Corporate Secretary & Director, Governance & Tribunal Secretariat

By-law No. 1 provides that the Board shall appoint a Corporate Secretary from among the staff of the Ontario Securities Commission in consultation with the Chief Executive Officer and the Chief Adjudicator. The Corporate Secretary is responsible for oversight and leadership of the governance framework. The Corporate Secretary leads the Governance & Tribunal Secretariat, which provides strategic governance advice, education and support to the Board Directors, advances communications between the Board and management, records the corporate minutes, administers the Capital Markets Tribunal, safeguards tribunal integrity and procedural fairness, and provides tribunal education to Adjudicators. Working with the Chair of the Board, the Corporate Secretary manages the system of corporate governance and plans and organizes the related activities in accordance with the highest standards of corporate governance. The Corporate Secretary reports to the Chief Executive Officer and separately to the Chief Adjudicator for matters relating to the Capital Markets Tribunal’s adjudicative functions.

## Executive Management Team

Over 600 staff support the work of the Ontario Securities Commission across the branches listed above, which perform a range of regulatory operations, business operations, and advisory and governance responsibilities. The leader of each branch is a member of the Ontario Securities Commission’s Executive Management Team.

## Governance Authorities



## ***Securities Commission Act, 2021***

The [Securities Commission Act, 2021](#) continues the Ontario Securities Commission as a corporation without share capital and establishes the separate positions of Chief Executive Officer, Chair of the Board, and Board Director. It also establishes the Capital Markets Tribunal as a division of the Ontario Securities Commission, with an independent Chief Adjudicator and Adjudicators. The Act outlines the basic governance and accountability structure for the Ontario Securities Commission. Unlike a business corporation, the Ontario Securities Commission does not have shareholders to whom the Board reports. Instead, it is accountable to the Minister of Finance and, through the Minister, the Ontario Legislature.

## ***Securities Act (Ontario)***

Although structured as a corporation, the Ontario Securities Commission is a regulator and its mandate, as specified by the [Securities Act](#) and the [Commodity Futures Act](#), is to:

- provide protection to investors from unfair, improper or fraudulent practices,
- foster fair, efficient and competitive capital markets and commodity futures markets and confidence in those markets,
- foster capital formation, and
- contribute to the stability of the financial system and the reduction of systemic risk.

The [Securities Act](#) and [Commodity Futures Act](#) set out the fundamental principles that the Ontario Securities Commission shall consider in administering and enforcing these Acts.

## **By-laws**

The [Securities Commission Act, 2021](#) provides that the Ontario Securities Commission's Board may propose by-laws governing the management of the Ontario Securities Commission's affairs. By-laws are subject to the approval of the Minister of Finance.

[By-law No. 1](#) describes, among other things, the powers of the Ontario Securities Commission, the conduct of Board and committee meetings, the appointment and roles of certain officers, and the indemnification and other protections of Board Directors and officers.

[By-law No. 2](#) governs the Ontario Securities Commission's borrowing and investing authority.

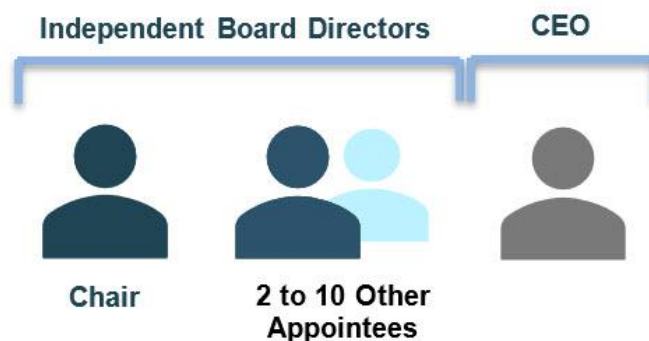
## Memorandum of Understanding

The [Agencies and Appointments Directive](#) requires the Ontario Securities Commission to enter into a [Memorandum of Understanding](#) with the Minister of Finance that reflects the accountability framework and sets out roles and responsibilities. The [Memorandum of Understanding](#) remains in effect until it is renewed, usually every five years.

## Board of Directors

The Commission may have a maximum of twelve Board Directors. The [Securities Commission Act, 2021](#), together with [By-law No. 1](#), provide that the Board be composed of at least three and not more than eleven individuals appointed by the Lieutenant Governor in Council, plus the full-time Chief Executive Officer. The appointee Board Directors are independent of management and are appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance. Though they are part-time appointees, they devote as much time as necessary to perform their duties. The Chair of the Board is designated by the Lieutenant Governor in Council from among those independent Board Directors.

### Board of Directors



The Board oversees adherence to the principles established by the Government of Ontario, the [Memorandum of Understanding](#), the [Public Service of Ontario Act, 2006](#) and the Ontario Securities Commission [Code of Conduct](#) relating to ethical behaviour, accountability, excellence in management, wise use of public funds, high-quality service to the public and fairness in the marketplace.

The Board holds strategic planning and priority setting meetings with management to determine the organization's [Statement of Priorities](#) and [Business Plan](#).

The Board holds regulatory meetings and governance meetings. Through regular and special regulatory meetings, the Board reviews and approves regulatory initiatives, priorities, policies and rules and discusses general oversight of the capital markets. Through quarterly and special governance meetings, the Board manages or supervises the management of the Ontario Securities Commission's affairs, other than matters relating to the Capital Markets Tribunal's adjudicative functions. At both regulatory and governance meetings, the Board holds closed sessions with and without the Chief Executive Officer and the Corporate Secretary.

## Appointment and Term

Each independent Board Director is appointed by the Lieutenant Governor in Council. The Lieutenant Governor in Council also designates one independent Board Director as Chair of the Board.

Appointments and reappointments are made in accordance with the [Agencies and Appointments Directive](#), the [Memorandum of Understanding](#) and the procedures of the [Public Appointments Secretariat of the Government of Ontario](#). In accordance with the [Agencies and Appointments Directive](#), government appointments will respect the needs of the entity to which they have been appointed, but will also reflect the diversity of the people in Ontario and the need to deliver services and decisions in a professional, ethical and competent manner.

The [Agencies and Appointments Directive](#) provides that a person appointed to a regulatory agency will serve an initial appointment for a period of up to two years, and may be eligible for reappointment for a second term of up to three years and a third term of up to five years. The Ontario Securities Commission has adopted a practice to recommend the reappointment of eligible independent Board Directors for up to two additional terms of two years each, resulting in a possible overall term of six years.

## Orientation and Continuing Education

The Governance & Tribunal Secretariat leads a strategic and comprehensive orientation program for newly appointed Board Directors. The orientation program is modular in design and is provided over time to assist with learning. It includes information about organizational structure, strategic priorities, the policy and rule-making process, risk management, the Ontario Securities Commission [Code of Conduct](#), conflict management, and governance framework.

The orientation program provides a valuable opportunity to acquaint new Board Directors with the work of the Ontario Securities Commission and its staff. Board Directors receive technology instruction and are assigned mentors from among the experienced Board Directors. Leaders of the executive, regulatory operations,

business operations, and governance and advisory branches introduce new Board Directors to the organization's priorities, emerging issues and ongoing work.

On an ongoing basis, Board Directors are briefed on current market and securities industry developments at regulatory meetings and governance meetings. Board Directors also participate in ongoing governance education.

## Remuneration

Independent Board Directors are remunerated in accordance with the *Agencies and Appointments Directive*. The *Public Sector Salary Disclosure Act, 1996* requires the disclosure of the total annual remuneration of an appointed Chief Executive Officer, Chair of the Board, and independent Board Director who receives annual remuneration in excess of \$100,000. Total remuneration, not including expenses, provided to each individual appointee is included in the Ontario Securities Commission [Annual Report](#).

## Attributes

The Ontario Securities Commission strives to ensure Board Directors collectively possess the required mix of skills and experience necessary to enable the Ontario Securities Commission to carry out its mandate and support an accessible, inclusive and innovative approach to stakeholder engagement.

Board Directors have an advanced understanding of the Canadian capital markets. Board Directors maintain an independent perspective and value public service. The integrity, competence and commitment of Board Directors are vital to the discharge of the Ontario Securities Commission's statutory mandate.

The key attributes of Board Directors include:

### Integrity

- Adhere to the Ontario Securities Commission [Code of Conduct](#) and values and promote the highest standards of corporate governance
- Avoid and disclose actual, apparent or potential conflicts of interest
- Value teamwork, diversity and inclusion, and interact respectfully with Board Directors, staff and stakeholders

### Competence

- Possess relevant regulatory experience, including experience relating to markets/exchanges, public policy/regulation, accounting/auditing, investor/public relations, investor education, the financial industry, capital markets, securities law and/or corporate/commercial law

- Possess relevant governance experience, including experience relating to for-profit/not-for-profit boards, public service, executive management positions, risk management, information technology/cybersecurity, human resources/compensation, corporate governance, financial literacy and/or strategic planning

### Commitment

- Demonstrate stewardship of the organization's interests over personal or stakeholder interests
- Allocate the time necessary to fulfill the duties of Board Directors and ensure current or future commitments do not materially interfere with the timely completion of requested or assigned activities
- Prepare for, attend and actively participate in Ontario Securities Commission business

### Responsibilities

The Responsibilities of the Board are set out in further detail in the [Memorandum of Understanding](#) between the Minister of Finance and the Ontario Securities Commission and include the key responsibilities set out below.

### Leadership

1. Setting and approving the goals, objectives, and strategic directions for the Ontario Securities Commission
2. Overseeing the implementation of actions that support the goals, objectives and strategic directions of the Ontario Securities Commission
3. Directing the development of, and approving, the [Business Plan](#) for submission to the Minister of Finance
4. Allocating sufficient funding for the proper operation of the Tribunal
5. Monitoring the Ontario Securities Commission's activities to ensure they are consistent with the [Business Plan](#) and Board-approved budget
6. Supervising the Chief Executive Officer to ensure that operational decisions are consistent with the [Business Plan](#) and ensuring that the Ontario Securities Commission operates within its approved budget and within all applicable legislation

7. Providing proactive advice to the Minister of Finance, through the Chair of the Board, on issues within or affecting the Ontario Securities Commission's mandate and operations
8. Engaging advisors as necessary to provide independent advice to the Board at the expense of the Ontario Securities Commission
9. Overseeing the proper exercise of any powers and duties delegated by the Board to the Chief Executive Officer, an Executive Director, the Chief Administrative Officer, a Commission branch Director or Deputy Director or other designated Commission staff
10. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the Minister of Finance or Treasury Board/Management Board of Cabinet

### Regulatory

11. Approving and overseeing the implementation of the Ontario Securities Commission's regulatory initiatives and priorities, making rules that have the force of law and adopting policies that influence the behaviour of capital markets participants
12. Overseeing the development of rules in accordance with the process and the requirements set out in the [Securities Commission Act, 2021](#), the [Securities Act](#) and the [Commodity Futures Act](#) and the scope of rule-making authority set out in those Acts and related legislation
13. Ensuring that stakeholders are consulted, as appropriate, on the Ontario Securities Commission's goals, objectives and strategic directions, and on any potential rulemaking or policy initiative by the Commission that will have an impact on Ontario's capital markets

### Governance

14. Governing the affairs of the Ontario Securities Commission within its mandate
15. Overseeing the management of the affairs of the Ontario Securities Commission so as to fulfil its mandate
16. Ensuring that the Ontario Securities Commission is governed in an effective and efficient manner
17. Ensuring that the Ontario Securities Commission has controls and processes in place to ensure the Commission uses funds with integrity and honesty

18. Directing the development of an appropriate risk management framework and plan and arranging for risk-based reviews and audits of the Ontario Securities Commission as needed
19. Appointing the Chief Executive Officer to the Ontario Securities Commission after the first two years after the [Securities Commission Act, 2021](#) comes into force
20. Setting performance objectives for the Chief Executive Officer during the first two years after the [Securities Commission Act, 2021](#) comes into force. Thereafter, the Board will set both the Chief Executive Officer's performance objectives and remuneration terms linked to these objectives
21. Evaluating the performance of the Chief Executive Officer pursuant to performance criteria established by the Board
22. Approving significant expenditures that exceed threshold amounts set by the Board
23. Establishing and overseeing performance measures, targets and management systems for monitoring and assessing the Ontario Securities Commission's performance
24. Directing corrective action to address improper functioning or operations of the Ontario Securities Commission, if needed
25. Establishing appropriate Board committees and oversight mechanisms for the effective management, governance and accountability of the Board
26. Directing the preparation of, and approving, the Ontario Securities Commission's [Annual Report](#) for submission to the Minister of Finance for approval
27. Approving the Ontario Securities Commission's reports and reviews that may be requested by the Minister of Finance for submission to the Minister
28. Subject to the approval of the Minister of Finance and pursuant to the [Securities Commission Act, 2021](#), the [Securities Act](#) and the [Commodity Futures Act](#), making by-laws governing a variety of corporate matters
29. Approving the [Memorandum of Understanding](#), and any amendments to the Memorandum of Understanding, and authorizing the Chair of the Board to sign the Memorandum of Understanding, or any amendments to the Memorandum of Understanding, on behalf of the Ontario Securities Commission



30. Approving changes to this Charter of Governance

31. Adopting a communications policy for the Ontario Securities Commission

## Chair of the Board

The Lieutenant Governor in Council shall, on the recommendation of the Minister of Finance, designate an independent Board Director as Chair. The Chair reports to the Minister of Finance. The Chair is a part-time appointee.

### Responsibilities

The Chair's responsibilities may be set forth in the [Securities Act](#), the regulations made under the [Securities Act](#), the [Memorandum of Understanding, by-laws](#) and [government directives and policies](#), and include the key responsibilities set out below. The Chair also carries out any other functions and duties under authority delegated by the Board.

### Leadership

1. Providing leadership to the Board and ensuring that the Board carries out its responsibilities for decisions regarding the Ontario Securities Commission
2. Providing leadership to the Ontario Securities Commission by working with the Board to set and approve the goals, objectives and strategic directions within the Commission's mandate
3. Fulfilling the role of Ethics Executive for government appointees, promoting ethical conduct and ensuring that those individuals are informed of their responsibilities and familiar with the ethical rules to which they are subject
4. Providing orientation to the Board with regard to the mandate of the Ontario Securities Commission, as well as the government's priorities and policy directions for the Commission
5. Chairing governance meetings and regulatory meetings, including the management of the agenda by working with the Board, the Chief Executive Officer and the Corporate Secretary
6. Working with the Corporate Secretary to promote Board cohesion and an understanding of Board and committee responsibilities, and ensuring Board Directors work together in a spirit of cooperation
7. Ensuring that the Board is advised and informed about any consultations or communications with the Minister or the Ministry of Finance

8. Subject to the oversight and recommendations of the Board, monitor the activities and performance of the Ontario Securities Commission and report to the Minister of Finance regularly
9. In conjunction with the Chief Executive Officer, inform the Minister of Finance, in a timely manner, of significant or contentious matters regarding the Ontario Securities Commission that are likely to be of interest to the Minister, or that are likely to be raised in the legislature or the media. This does not include discussing or exchanging confidential information about current, past or future investigations, cases or proceedings before staff of the Ontario Securities Commission, the Capital Markets Tribunal or the courts
10. Complying with information requests made by the Minister or the Deputy Minister of Finance. This does not include discussing or exchanging confidential information about current, past or future investigations, cases or proceedings before staff of the Ontario Securities Commission, the Capital Markets Tribunal or the courts
11. In conjunction with the Chief Executive Officer as appropriate, ensuring timely communications with the Minister of Finance regarding any issues or events that may reasonably be expected to concern the Minister in the exercise of the Minister's responsibilities relating to the Ontario Securities Commission
12. In conjunction with the Chief Executive Officer, as appropriate, consulting with the Minister of Finance in advance regarding any activity which may reasonably have an impact on the government and Ministry's policies, directives or procedures, or on the Ontario Securities Commission's mandate, powers or responsibilities
13. Cooperating with any review or audit of the Ontario Securities Commission directed by the Minister of Finance or Treasury Board/Management Board of Cabinet; providing both the Minister and the President of Treasury Board with a copy of every audit report, a copy of the Commission's response to each report, and any recommendation in the report; and advising the Minister annually on any outstanding audit recommendations
14. Exercising any powers and duties in the capacity as the designated head of the institution for the [\*Freedom of Information and Protection of Privacy Act\*](#) purposes

### Regulatory

15. Overseeing the provision of high-quality regulatory services that foster competitiveness and innovation in Ontario's capital markets, while protecting investors, fostering fair, efficient and competitive capital markets and

enhancing confidence in capital markets, fostering capital formation, and contributing to the stability of the financial system and the reduction of systemic risk

16. In conjunction with the Chief Executive Officer, ensure that regular updates on rule-making activity are provided to the Ministry of Finance, including proposed rules in development but not yet posted for public consultation

## Governance

17. Ensuring an appropriate framework is in place for compliance with legislative and governmental policy obligations
18. Ensuring that conflict of interest rules that the Ontario Securities Commission is required to follow are in place for appointees and staff of the Commission
19. Working with the Corporate Secretary to manage the corporate governance system and plan and organize related activities in accordance with the highest standards of corporate governance, including:
  - a. preparation for and the conduct of governance and Board committee meetings
  - b. quality and timeliness of the information that is provided to Board Directors
  - c. formation of Board committees and the integration of their activities with the work of the Board
  - d. recommendations to the Board regarding the appointment of Board committee chairs and committee members
  - e. evaluation of the Board's effectiveness and the implementation of improvements
  - f. Board Director recruitment, orientation and ongoing development
20. Keeping the Minister of Finance informed of upcoming Board appointment vacancies and communicating the recommendations of the Chair on candidates for appointment or re-appointment to the Board
21. Reviewing and approving claims for per diems and travel expenses for Board Directors
22. On behalf of the Commission, submitting the Ontario Securities Commission's [Business Plan](#), budget, [Annual Report](#) and financial reports, to the Minister of Finance
23. Working with the Chief Adjudicator to ensure integration of the Capital Markets Tribunal's contribution of necessary information into the Ontario Securities Commission's [Business Plan](#) and [Annual Report](#)

## Board Committees

The Board has delegated certain oversight responsibilities to its standing committees while retaining decision-making authority. The Board's four standing committees are the Audit and Finance Committee, Governance and Nominating Committee, Human Resources and Compensation Committee, and Risk Committee.

### Committee Establishment and Dissolution

Each standing and any special Board committees are established and dissolved pursuant to [By-law No. 1](#) to assist the Board in fulfilling its oversight responsibilities.

### Committee Membership

Each standing Board committee is comprised of three or more independent Board Directors. Committee members are appointed by the Board on the recommendation of the Chair of the Board. The Chair may be appointed to one or more Board committees.

The Board reviews each committee's membership and considers renewing membership or making any changes in appointments as recommended by the Chair of the Board at the first regular governance meeting immediately following March 31 of each year. The Board may also appoint one or more independent Board Directors to fill committee vacancies or make additional committee appointments throughout the year.

Some committees have additional membership requirements:

- Audit and Finance Committee – All members of the Audit and Finance Committee shall be financially literate, and at least one member shall have auditing, accounting or other related financial management expertise, as the Board shall determine. Financial literacy includes the ability to read and understand financial statements that present the breadth and complexity of the issues raised by the Ontario Securities Commission's financial statements
- Governance and Nominating Committee – The Chair of the Board serves as a member of the Governance and Nominating Committee
- Risk Committee – The members of the Risk Committee shall include the committee chairs of the Audit and Finance Committee, Governance and Nominating Committee, and the Human Resources and Compensation Committee

### Committee Chair

The committee chair is appointed by the Board on recommendation of the Chair of the Board and is rotated amongst qualified committee members, as deemed appropriate.

The committee chair shall:

- Chair all committee meetings or otherwise designate a committee member as acting committee chair
- Confirm whether quorum is present at committee meetings
- Meet annually with the Chair of the Board and Corporate Secretary to review the committee's deliverables and any other matters that the Chair or committee chair considers appropriate
- In advance of each meeting, review the committee's agenda and responsibilities with the Corporate Secretary
- Report to the Board on the activities and recommendations of the committee
- Monitor the fulfillment of the committee's responsibilities

#### Corporate Secretary & Director, Governance & Tribunal Secretariat

The Corporate Secretary acts as the secretary of and counsel to each Board committee. The Corporate Secretary, or their designate, records and maintains minutes of all proceedings of each committee and provides minutes of all committee meetings to be made available to the Board, following their approval by each committee. The Corporate Secretary may designate legal counsel of the Governance & Tribunal Secretariat to further support each Board committee.

#### Committee Meetings

Each Board committee shall meet as frequently as necessary, but not less than quarterly.

Each committee chair may call additional meetings and shall call a meeting when requested to do so by a member of the committee, the Chair of the Board, the Chief Executive Officer, an Executive Director, or the Chief Administrative Officer.

The Chair of the Board is entitled to attend all Board committee meetings. Unless appointed as a committee member, the Chair is not considered a committee member and does not have voting power.

The Chief Executive Officer and Chief Administrative Officer are entitled to attend meetings of the Audit and Finance Committee, Human Resources and Compensation Committee, and Risk Committee. The Executive Directors are entitled to attend all regular meetings of the Risk Committee.

Each committee may hold closed sessions with individuals as determined by the committee. The committee shall hold a closed session with the Chair of the Board, if

present. The Corporate Secretary and designated legal counsel who support each Board committee may attend closed sessions. Each meeting shall end with a closed session at which only committee members are present.

Notice of any committee meeting must be given by the Corporate Secretary to committee members, the Chair of the Board and, as required, the Chief Executive Officer, Executive Directors, and Chief Administrative Officer, not less than 48 hours prior to the time of the meeting, absent exceptional circumstances.

### Committee Quorum

A majority (more than half) of the voting committee members will constitute a quorum of each committee. Any powers of a committee to approve items or make recommendations to the Board can only be exercised at a meeting at which quorum is present and by a majority vote. Such committee powers may also be exercised by written resolution approved by all voting committee members.

If quorum is not present or is lost during a meeting, the minutes shall reflect the absence of quorum, but the committee may continue to discuss agenda items. No powers of the committee may be exercised after quorum is lost, but may be exercised if quorum is returned.

### Committee Powers

Each committee may make recommendations to the Board, but does not have approval authority unless provided by this Charter of Governance or unless delegated by the Board.

Where a Board committee has been tasked with reviewing policies relevant to its purpose, a policy only needs to be recommended to the Board for approval the first time the policy is introduced, or where significant changes are being made, unless otherwise stated in this Charter of Governance.

Excluding this Charter of Governance, Board committees may approve changes to documents, policies or procedures where changes are mandated, minor, stylistic or grammatical in nature, as needed.

The Commission may retain, at the request of a Committee and on terms consistent with Board approval, any outside advisor at the expense of the Ontario Securities Commission.

### Committee Governance Review

Each committee shall conduct an annual review of the adequacy of the committee's purposes and responsibilities and the content in common to all committees under the Board Committees section of this Charter of Governance, and shall submit any proposed amendments to the Governance and Nominating Committee for consideration.

## Committee Reporting

The committee chair shall report orally to the Board on the activities of the committee, including about any significant risks overseen by the committee, and any approvals or recommendations made by the committee, at the next regular governance meeting following each committee meeting. Each committee shall report in writing to the Board annually.

## Audit and Finance Committee

### Purpose

The Audit and Finance Committee is responsible for the oversight of the Ontario Securities Commission's financial affairs and financial risk, including the review and reporting of financial statements and public disclosure, financial reporting, budget and analysis, internal controls and the external audit process.

Management is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles and policies, and internal controls and procedures designed to ensure compliance with generally accepted accounting principles and applicable laws and regulations.

### Responsibilities

#### Financial Statements and Public Disclosure

Annually:

1. Review with management and the external auditor:
  - a. the draft annual financial statements and make a recommendation regarding the draft financial statements to the Board, including:
    - the accounting treatment of significant risks and uncertainties
    - key estimates and judgments of management that may be material to the Ontario Securities Commission's financial reporting
    - management's explanation of all significant variances between comparative reporting periods and approved operating and capital budgets
  - b. management's discussion and analysis
  - c. the draft annual financial statements of the Canadian Securities Administrators National Systems Financial Statement

Quarterly:

2. Review with management the draft quarterly financial statements and related reports as required to be reported under the Ontario Securities Commission's financial policies and procedures and make a recommendation regarding the draft quarterly financial statements and related reports to the Board. The review should include:
  - the accounting treatment of significant risks and uncertainties
  - key estimates and judgments of management that may be material to the Ontario Securities Commission's financial reporting
  - financial results including management's explanation of all significant variances between comparative reporting periods and approved operating and capital budgets
  - the status and performance of the Ontario Securities Commission's line of credit and investments in the Ontario Securities Commission's reserve fund, where applicable
3. Receive confirmation from management that the financial statements, along with all other financial information, fairly present in all material respects the financial condition, results of operations and cash flows as of the date or periods presented in the statements

### Financial Reporting

Annually:

4. Review reports on any litigation matters that could significantly affect the financial condition of the Ontario Securities Commission and, where the financial condition could be significantly affected, make recommendations with respect to such matters to the Board
5. Review the assumptions to be used in preparing the actuarial calculations for the Ontario Securities Commission provided supplemental unfunded defined benefit pension plans
6. Review the actuary's report on the performance of the Ontario Securities Commission provided supplemental unfunded defined benefit pension plans and any other issues relevant to such plans



Quarterly:

7. Review reports from management on the Ontario Securities Commission's procurement and contracting activities

As needed:

8. Review with management or the Chief Audit Executive significant financial reporting matters arising during the fiscal period and the method of resolution, and make recommendations to the Board as necessary

### Budget and Analysis

Annually and as needed:

9. Review with management the [Business Plan](#) and make a recommendation to the Board regarding the annual operating and capital budgets
10. If the Chief Adjudicator and Chief Executive Officer are unable to agree on the proposed Tribunal budget, the following process applies, as set out in the Tribunal Operations Protocol:
  - a. Both the Chief Adjudicator's proposed budget and the CEO's proposed changes will be submitted to:
    - i. the Chair of the Audit and Finance Committee, in advance of the normal budget process, and
    - ii. the Audit and Finance Committee, as part of the normal budget approval process
  - b. In advance of discussion at the Audit and Finance Committee, and if requested by the Chair of the Audit and Finance Committee:
    - i. Shared Services will prepare a detailed costing analysis for both the Chief Adjudicator's proposed budget and the CEO's proposed changes,
    - ii. the CEO will provide an assessment of how and to what extent implementing the Chief Adjudicator's proposed budget will impact the overall Commission budget (e.g., fees, Shared Services, other needed cuts),
    - iii. the Chief Adjudicator will provide an assessment of how and to what extent the CEO's proposed changes will affect the proper operation of the Tribunal, and
    - iv. the Chair of the Audit and Finance Committee will work with the Chief Adjudicator and the CEO to narrow the issues.

- c. The Audit and Finance Committee will consider the proposed budget and the proposed changes, along with any other information provided, and may work with the Chief Adjudicator and CEO to further narrow the issues. The Audit and Finance Committee must provide the Board with the Chief Adjudicator's proposed budget and the Chair's proposed changes. The Audit and Finance Committee will make a recommendation to the Board about the Tribunal budget
  - d. The Chief Adjudicator and CEO are both entitled to present to the Board and must answer questions from the Board
  - e. The Board has final decision-making authority about the Tribunal budget and the Tribunal business plan
11. Review with management the financial position of the Commission to determine implications to future fee rule developments
  12. Review and make a recommendation to the Board, in accordance with subsection 19(2) of the [Securities Commission Act, 2021 \(SCA\)](#) that enforcement moneys be allocated each year to be used in accordance with SCA authorized uses or paid into the Consolidated Revenue Fund
  13. Review and make a recommendation to the Board, in accordance with subsection 19(2) of the SCA, regarding the earmarking of the cumulative balance of enforcement moneys for various authorized uses through the establishment of internal reserves for each use

### Oversight of Internal Controls

Annually and as needed:

14. Monitor and review with management the appropriateness of, and compliance with, policies and procedures relating to accounting and financial controls, including:
  - a. guidelines and policies for the investment of the reserve fund and make a recommendation to the Board on any changes proposed
  - b. the signing policy, including approving changes to signing authorities or approval levels, and make a recommendation to the Board with respect to the adoption or approval of the signing policy, regardless of whether an amendment has been made
  - c. management proposals for significant changes to existing financial policies and practices and make a recommendation to the Board on any changes proposed

15. Review policies and procedures relating to procurement and contract management and where significant changes are proposed, make a recommendation to the Board
16. Review policies for the receipt, retention and disposition of complaints received by the Ontario Securities Commission regarding accounting, internal accounting controls, submissions by staff of concerns regarding questionable accounting or auditing matters and the protection from retaliation of those who report such complaints in good faith, and where significant changes are proposed, make a recommendation to the Board
17. Review the adequacy of the system of internal controls over financial reporting through discussions with management and the internal and external auditors

Quarterly:

18. Review report of the financial position of the funds held in the Designated Fund
19. Review the amounts to be transferred from the Designated Fund to the operating account to reimburse the Ontario Securities Commission for expenses that it has incurred

As needed:

20. Review any changes to reporting recommended by management or the internal or external auditors
21. Review and assess the impact of any significant internal audit findings on the adequacy and effectiveness of the Ontario Securities Commission's system of financial internal controls and make recommendations to the Board, where Board consideration is required
22. Review reports of the Chief Audit Executive on the oversight of financial internal controls, which may involve meeting privately with the Chief Audit Executive
23. Review any proposed off-balance sheet arrangements by the Ontario Securities Commission and proposed indebtedness of and guarantees by the Ontario Securities Commission and make recommendations to the Board with respect to such matters
24. The committee chair shall review and approve the expenses incurred by the Chief Executive Officer, the Chair of the Board, and the Chief Adjudicator

25. Review the limit and terms of the Ontario Securities Commission's line of credit, as necessary, and make a recommendation to the Board on the limit and terms when the line of credit is due for renewal

#### External Auditor

Annually:

26. Recommend to the Board the appointment of the external auditor
27. Review with the external auditor and management and approve the proposed audit plan and scope of the external audit
28. Review all other material written communications between the external auditor and management, including:
  - the post-audit management letter setting out the recommendations of the external auditor
  - management's response to the post-audit management letter
  - any follow-up
29. In the absence of management, review the external audit report with the external auditor, including:
  - the quality of accounting principles used, any alternative treatment of financial information that has been discussed with management, and the ramifications of their use and the external auditor's preferred treatment
  - any other material communications by the external auditor with management
30. In the absence of management, meet with the external auditor to discuss and review specific issues as appropriate, and ensure that any matter the external auditor seeks to bring to the attention of the Board has been given adequate attention

As needed:

31. Resolve any disagreements between management and the external auditor regarding financial reporting
32. Discuss matters with the external auditor, as considered appropriate

## Governance and Nominating Committee

### Purpose

The Governance and Nominating Committee is responsible for developing governance documents, policies and procedures that are consistent with the highest standards of corporate governance, considering appointments and reappointments of independent Board Directors and evaluating the performance of the Board and its committees.

### Responsibilities

#### Corporate Governance Documents

Annually and as needed:

1. Review and make any recommendations to the Board for changes to the:
  - a. governing documents, including any related policies and procedures
  - b. “Board Committees” section of this Charter of Governance
  - c. Board committee responsibilities proposed by the Audit and Finance Committee, Governance and Nominating Committee, Human Resources and Compensation Committee and Risk Committee
  - d. responsibilities of the Chief Executive Officer and the Chair of the Board under this Charter of Governance
  - e. public disclosure of the governing documents, including any related policies and procedures

#### Board and Committee Evaluation

Annually and as needed:

2. Evaluate the performance of the Board and its committees

As needed:

3. Review and make any recommendations to the Board for changes to the process for evaluating the performance of the Board and its committees

#### Orientation and Education

Annually and as needed:

4. Review plans for the education of Board Directors

As needed:

5. Review the orientation process for new Board Directors
6. Assign mentors to new independent Board Directors from existing independent Board Directors, as determined by the committee chair

### Board Director Competency

Annually and as needed:

7. Evaluate the size and composition of the Board, including the skills, attributes, qualifications and experience of Board Directors that are appropriate for the effective oversight of the Ontario Securities Commission

As needed:

8. Review and make any recommendations to the Board for changes to the process for assessing the skills, attributes, qualifications and experience of Board Directors that are appropriate for the effective oversight of the Ontario Securities Commission

### Appointment of Independent Board Directors

As needed:

9. Review and make any recommendations to the Board for changes to the selection and screening process for new independent Board Directors to ensure that suitable nominees are identified
10. Approve the position listing with the Public Appointments Secretariat describing the duties of an independent Board Director and the expected skills, attributes, qualifications and experience of candidates
11. Review and make any recommendations to the Chair of the Board with respect to the applications of candidates for independent Board Director positions

### Reappointment of Independent Board Directors

As needed:

12. Be consulted by the Chair of the Board with respect to the reappointment of independent Board Directors taking into consideration needed Board Director competencies, independent perspective, integrity, duty of care, professional or business judgment, commitment to allocate necessary time, valuing public service and collaboration within a team

## Human Resources and Compensation Committee

### Purpose

The Human Resources and Compensation Committee oversees human resources policies, procedures and programs, including workforce risk. Its oversight of Board Director compensation, including remuneration and any applicable performance bonuses and benefits, is subject to any applicable Government of Ontario acts, regulations, rules and directives.

### Responsibilities

#### Executive Employment Contracts

As needed and as permitted by the Lieutenant Governor in Council, the Public Appointments Secretariat of the Government of Ontario and the Minister of Finance during the appointment process:

1. Review the Chief Executive Officer's proposed terms of employment, subject to the [\*Securities Commission Act, 2021\*](#) and other applicable legislation and government directives, including an evaluation of whether the proposed terms:
  - are competitive for attracting and retaining qualified executives
  - are reasonably related to personal and organizational performance
  - have the appropriate balance between short-term and long-term incentives
2. Make recommendations to the Board about the Chief Executive Officer's proposed terms of employment and compensation
3. Review the recommendations of the Chief Executive Officer about the proposed appointments, terms of employment and compensation for the Executive Directors, and Chief Administrative Officer
4. Review the recommendations of the Chief Executive Officer and Chief Adjudicator about the proposed appointment, terms of employment and compensation for the Corporate Secretary & Director, Governance & Tribunal Secretariat

#### Executive Performance and Compensation

Annually:

5. Review the goals and objectives of the Chief Executive Officer, Chief Adjudicator, excluding goals and objectives relating to the Tribunal's

adjudicative functions, Executive Directors, Chief Administrative Officer and Corporate Secretary

6. Approve the goals and objectives of the Chief Executive Officer and Chief Adjudicator, excluding goals and objectives relating to the Tribunal's adjudicative functions
7. Review the mid-year achievement reports of the Chief Executive Officer, Executive Directors, Chief Administrative Officer and Corporate Secretary, including evaluations of their achievements against their goals and objectives
8. Review the mid-year and year-end achievement reports of the Chief Adjudicator, including evaluations of the Chief Adjudicator's achievements against goals and objectives, excluding goals and objectives relating to the Tribunal's adjudicative functions
9. Review the proposed year-end performance compensation for the Chief Executive Officer, including evaluation of their achievements against their goals and objectives
10. Make recommendations to the Board about the proposed year-end performance compensation for the Chief Executive Officer
11. Review the recommendation of the Chief Executive Officer about the proposed year-end performance compensation for the Executive Directors and Chief Administrative Officer, including evaluations of their achievements against their goals and objectives
12. Review the recommendations of the Chief Executive Officer and Chief Adjudicator about the proposed year-end performance compensation for the Corporate Secretary & Director, Governance & Tribunal Secretariat, including evaluations of their achievements against their goals and objectives

#### Independent Board Director and Adjudicator Remuneration

As needed:

13. Review and report to the Board about independent Board Director and Adjudicator remuneration, as fixed by the Lieutenant Governor in Council, including an evaluation of whether the remuneration is competitive for attracting and retaining qualified independent Board Directors and Adjudicators



## Human Resources Policies, Procedures and Programs

Annually and as needed:

14. Oversee compliance with government requirements through a review of management's human resources policy inventory. For each policy, the inventory will identify:
  - the date of adoption or execution
  - the last date of amendment, if any
  - the last date of management's review, if any
  - any related legislation, directives and policies
15. Review and make recommendations to the Board about:
  - a. significant human resources policies, procedures and programs,
  - b. employee succession planning, and
  - c. employee compensation policies and the Annual Compensation Budget
16. Oversee the status of organizational culture and strategic workforce management, through reviews of workforce metrics and of policies and practices intended to promote diversity, inclusion and a positive working culture

## Risk Committee

### Purpose

The Risk Committee is responsible for the oversight of the management of non-financial risk at the Ontario Securities Commission including risks related to compliance with legislation, directives and standards of ethics and integrity, and oversight of the internal audit process, exclusive of the risks associated with the adjudicative duties of the Capital Markets Tribunal.

### Responsibilities

#### Risk Management

Annually and as needed:

1. Review the Risk Management Policy and other supporting risk policies, which define the Enterprise Risk Management Framework, risk appetite, governance structure and risk culture

2. Review management's Risk Steering Committee terms of reference
3. Review the adequacy of the business continuity and crisis preparedness programs and supporting policies
4. Review the adequacy of the information security program
5. Review the adequacy of the insurance program
6. Review the compliance attestation required by the *Agencies and Appointments Directive*

Quarterly and as needed:

7. Review reports from management regarding the Ontario Securities Commission's management of:
  - a. the Ontario Securities Commission's risk profile and its compliance with the Enterprise Risk Management Framework
  - b. in the case of systemic risk, the Ontario Securities Commission's efforts to identify, analyze and monitor such risks
  - c. risks related to significant organizational projects
  - d. risks related to information security, cybersecurity, information technology systems and information recovery
  - e. legal matters, including litigation and claims for indemnification that may significantly affect the reputation of the Ontario Securities Commission
  - f. risks related to compliance with legislation, directives and policies

As needed:

8. Review any other material risks identified by or brought to the Risk Committee  
[Internal Audit](#)

Annually and as needed:

9. Assess through reports from the Chief Audit Executive and management and make any recommendations to the Board for the:
  - a. Chief Audit Executive's mandate, staffing, plans, activities and results to gain reasonable assurance that they are appropriately comprehensive, effective and coordinated with the external auditor
  - b. communications to the Chief Executive Officer, Executive Directors, Chief Administrative Officer and Chief Audit Executive regarding business needs

and expectations for an internal audit plan, including directions on internal audit priorities

- c. risk assessments, annual or multi-year internal audit plans, policies and procedures
- d. report of the Chief Audit Executive on the oversight of non-financial internal controls, which may involve meeting privately with the Chief Audit Executive

Quarterly:

- 10. Assess through reports from the Chief Audit Executive and management the:
  - a. impact of any significant internal audit findings on the adequacy and effectiveness of the Ontario Securities Commission's system of non-financial internal controls
  - b. appropriateness of management's response to the significant internal audit findings
  - c. process for addressing outstanding internal audit findings

Quarterly and as needed:

- 11. Meet with the Chief Audit Executive in closed session

As needed:

- 12. In consultation with the Chief Executive Officer and Chair of the Board, approve the appointment, removal, evaluation, and compensation of the Chief Audit Executive

### Compliance with Standards of Ethics and Integrity

Annually and as needed:

- 13. Oversee the application of policies and processes designed to ensure compliance by Board Directors and staff with the highest standards of corporate governance, ethics and integrity
- 14. Oversee compliance by Board Directors with the [Public Service of Ontario Act, 2006](#) and the Ontario Securities Commission [Code of Conduct](#)

As needed:

- 15. Review and make any recommendations to the Board with respect to proposed amendments to the Ontario Securities Commission [Code of Conduct](#)

## Capital Markets Tribunal

The Capital Markets Tribunal is a division of the Ontario Securities Commission. The Capital Markets Tribunal has exclusive jurisdiction to exercise the powers conferred on it under the [Securities Act](#) and the [Commodity Futures Act](#) and to determine all questions of fact or law in any proceeding before it under those Acts. The [Securities Commission Act, 2021](#), provides that the Capital Markets Tribunal be composed of at least nine Adjudicators appointed by the Lieutenant Governor in Council. On recommendation of the Minister of Finance, the Lieutenant Governor designates a Chief Adjudicator from among the appointed Adjudicators. The [Securities Commission Act, 2021](#) separates the regulatory and adjudicative functions. A separate Tribunal Memorandum of Understanding between the Chief Adjudicator and Chair of the Board sets out the accountability and reporting relationship with respect to the Capital Markets Tribunal and the Board. An Operations Protocol between the Chief Adjudicator and Chief Executive Officer provides for resource sharing and operational support to the Capital Markets Tribunal.

For more information see the [Capital Markets Tribunal](#) website.



## Contact Information

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