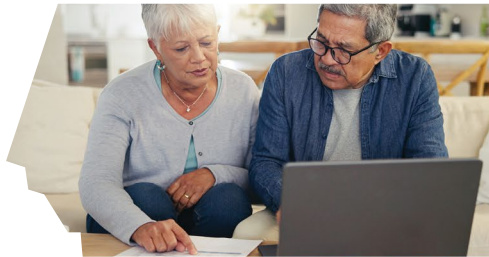




Intelligent regulation.  
Investor protection.

PRACTICAL, FOCUSED AND INNOVATIVE.



A|S|C  
Alberta Securities Commission

2024 ANNUAL REPORT



# AISC

Alberta Securities Commission

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**Stan Magidson**  
Chair and Chief Executive Officer

# Message from the Chair

Alberta has one of the most important capital markets in Canada, and the Alberta Securities Commission (ASC) strives to be a practical, innovative and intelligent securities regulator that fosters a fair and efficient capital market, and protects investors.

We operate within a world that is challenged by global political and social turmoil, which impacts our collective economic well-being. Our markets have been influenced by significant developments in emerging technologies; data security issues; environmental, social and governance (ESG) considerations; investor behaviours, expectations and needs; and the proliferation of online fraud and market manipulation. The ASC monitors all of these local and global trends, and considers possible implications for our market as we implement our strategic plan and look ahead to the future.

The recently completed fiscal year, F2024, is the first year of our new ASC three-year strategic plan. Our F2024–2026 plan is rooted in our experience and was developed following extensive engagement with market participants, an environmental scan and analysis, and valuable internal feedback from ASC staff. At its foundation is a commitment to protecting investors, delivering practical and innovative regulation, and fostering a market that facilitates economic growth for Albertans.

This report highlights some of the work we achieved in F2024. We have implemented and advanced a number of pivotal initiatives and I believe our progress is a testament to our plan’s flexibility and guiding principles.

One of those principles is the importance of collaboration. We work closely with other securities regulators across Canada as a member of the Canadian Securities Administrators (CSA). We live in a large country with diverse regions, and the CSA provides a regulatory structure that enables us to consider all Canadian perspectives and views. It is through meaningful discussion and

collaboration that we are able to achieve harmonized regulation that serves the interests of all the unique capital markets within Canada. I continue to serve as Chair of the CSA and I appreciate the opportunity to play a role in encouraging collaboration and a cohesive regulatory regime.

The CSA continues to advance a coordinated regulatory regime for crypto assets and crypto asset trading platforms (CTPs). This year, we proposed regulatory requirements for public investment funds that seek to invest in crypto assets, and we provided more clarity on our interim approach to value-referenced crypto assets (or stablecoins). Canadians continue to invest in crypto assets, and we encourage all investors to exercise caution and use only registered crypto trading platforms if they are considering investing in these high-risk assets. More information about our work in this area can be found starting on pages [10](#) and [17](#).

Industry and investors alike are keenly interested in how the CSA will move forward with two significant ESG-related initiatives the ASC is proud to co-lead. F2024 saw major developments in the CSA’s climate-related disclosure and diversity projects.

The International Sustainability Standards Board (ISSB) [adopted](#) its first two sustainability disclosure standards this year. This was followed by the establishment of the Canadian Sustainability Standards Board (CSSB), which works to advance the adoption of voluntary sustainability disclosure standards in Canada. The CSSB also [published](#) its Canadian Sustainability Disclosure Standards 1 and 2 and is currently seeking feedback on these standards.

Our project team continues to monitor and assess international developments in this area, including the United States Securities and Exchange Commission (SEC)’s climate-related disclosures rule approved on March 6, 2024. We remain committed to working towards appropriate Canadian disclosure requirements, and when we publish our revised rule we will seek public comments on a number of matters.

Enhanced diversity disclosure for boards and executive officer positions is another key CSA project. We’re considering how broader aspects of diversity that go beyond the representation of women can be incorporated into our corporate governance disclosure requirements. This year we [published](#) proposed amendments to our corporate governance instrument and sought comments from the market on possible approaches. We received thoughtful feedback on the best way to encourage meaningful diversity disclosure and we look forward to publishing final amendments in F2025.

Ensuring investors have the information necessary to make informed investment decisions is an important part of our mandate and early this year we were happy to [publish](#), in collaboration with the Canadian Council of Insurance Regulators, enhanced total cost reporting requirements for investment funds and individual segregated fund contracts. These new requirements will help investors understand the costs they pay to invest and the value they receive in return.

Additionally, we were pleased to participate in the CSA’s announcement of a proposed regulatory framework for an affordable and fair independent dispute resolution service whose



At our F2024–2026 plan’s foundation is a commitment to protecting investors, providing stability through practical and innovative regulation, and fostering a market that facilitates economic growth for Albertans.

decisions would be binding. We [proposed](#) that the Ombudsman for Banking Services and Investments (OBSI) would be recognized as the independent dispute resolution service for the investment industry, allowing investors to secure redress. More information about both of these investor protection initiatives begins on [page 10](#).

This year, we continued to prioritize reducing regulatory burden in order to foster innovation and promote market efficiency for the benefit of our capital markets. We published guidance on the listed issuer financing exemption to allow smaller issuers listed on a Canadian stock exchange to raise capital from the public more efficiently and we collaborated with Saskatchewan’s securities regulator to continue to grant smaller businesses and investors an exemption that allows self-certified investors to be treated in a similar manner to accredited investors. The CSA also proposed rule amendments that would allow for more efficient capital raising for well-known seasoned issuers (WKSI) and published in final form amendments concerning the implementation of an access model for prospectuses of non-investment fund reporting issuers, which are intended to modernize the way prospectuses are made accessible to investors. Additional details about these burden reduction projects are available starting on [page 13](#).

In 2023, we also launched [SEDAR+](#), which is the secure, web-based system used by market participants to file, disclose and search for information in Canada’s capital markets. The launch was the first step in the CSA’s efforts to modernize our national IT systems. As with many technology projects, there were unexpected challenges, yet the team has demonstrated flexibility and commitment to listening to concerns shared by market participants and making enhancements where possible. More information is available on [page 13](#) of this report.

Complementing our regulatory work is our continued effort to protect investors through education and enforcement. Of particular note, one individual received a record seven-year prison sentence for defrauding victims of \$2.4 million, the longest sentence rendered resulting from a securities investigation in Alberta. We also concluded settlement agreements for two insider trading cases, issued decisions on two fraud-related cases, and disciplined numerous individuals and entities whose misconduct threatens the integrity of our capital markets and impacts investors’ financial and personal well-being.

We educate investors on a number of topics, including the risks of investing in crypto assets. Unfortunately, there continues to be growth in a variety of crypto-related scams. As a result, in F2024, we continued our efforts to raise Albertans’ awareness of these scams and the steps they can take to protect themselves and others. We interacted with investors face-to-face, through classes and by providing resources on CheckFirst.ca. Our investor education efforts are summarized on [page 21](#).

In October 2023, we were delighted to host the seventh annual [ASC Connect](#) conference in person for the first time since 2019. Each year ASC Connect brings together hundreds of Alberta business leaders, industry experts and entrepreneurs to discuss the critical issues and evolving trends affecting Alberta’s capital

market. The conference was just one of many efforts undertaken over the course of the last year to engage and provide enhanced information for market participants, entrepreneurs and small business leaders.

Our employees continue to be the backbone of the ASC and it is important that they have the ability to learn and advance. We strive to provide opportunities for professional growth and other training. At the start of F2024 we [created](#) a new Advanced Research and Knowledge Management (ARKM) division to enhance our organizational learning and to support the ongoing development of our people.

On behalf of our senior management team, I would like to recognize and express my thanks to three groups of important contributors to the ASC. We would not be able to fulfill our mission and continue to make progress without our staff, Commission Members and advisory committee members. We are fortunate to work with outstanding individuals who contribute their time, skills and energy, providing valuable insight, experience, wisdom and guidance. The ASC has a strong foundation thanks to the dedication of our Commission Members. In particular, I would like to thank Steve Cohen, who completed his second term this year, for his outstanding contributions over the last six years. We are also privileged to have access to important market information and insight through the members of our eight [advisory committees](#). This is combined with the hard work and dedication of our employees, whose commitment to serving Albertans is unmatched and greatly appreciated.

Collaboration is key to a strong capital market and I am pleased that we have so many dedicated individuals working together to bring our vision to life. As we move forward with our F2024–2026 strategic plan, I have confidence that we will continue to be recognized as a practical, focused and innovative regulator.



**Stan Magidson**  
Chair and Chief Executive Officer

**MISSION, VISION, STRATEGY AND VALUES AT-A-GLANCE**

F2024 was the first year of our new strategic plan that will guide our priorities to F2026. This flexible plan allows us to address the emerging trends, challenges and opportunities that we face in achieving our vision to be a practical, best-in-class regulator and to protect investors from improper, misleading or fraudulent practices.

This annual report provides an update on our progress and offers highlights from F2024 within each of the three pillars of our strategic plan. Our work this past year demonstrates how we are a focused and innovative securities regulator that aims at fostering a thriving capital market in Alberta.

<b>MISSION</b>	To foster a fair and efficient capital market in Alberta and to protect investors.
<b>VISION</b>	To be a practical, intelligent, best-in-class regulator. We strive to protect investors from improper, misleading or fraudulent practices while allowing our capital market to thrive.

**STRATEGY**  
The pillars of our strategy to realize our mission and vision are:

Intelligent regulation aimed at fostering a thriving capital market

Protect investors and market integrity through effective compliance oversight, enforcement and education

Foster a culture of engagement

<b>VALUES</b>  The values that guide employee action at the ASC are:	<b>STAKEHOLDER RESPONSIVENESS</b>
	<b>QUALITY RESULTS</b>
	<b>CONTINUOUS IMPROVEMENT</b>
	<b>TEAMWORK</b>
	<b>PRINCIPLED ENVIRONMENT</b>





## PILLAR ONE

# Intelligent regulation aimed at fostering a thriving capital market

## ADDRESSING EMERGING REGULATORY FRONTIERS

The availability of decision-useful disclosure continues to be of interest to capital markets and investors worldwide. The ASC co-leads efforts on behalf of the CSA to bring transparency and consistency to climate- and diversity-related disclosure in Canada. Aligning with this work, the ASC created the new Sustainability and ESG Disclosure department in 2023 to coordinate our efforts in this new policy area.

Last year, the [International Sustainability Standards Board \(ISSB\)](#) adopted its first two sustainability disclosure standards — a general standard for disclosure of sustainability-related information and a specific climate-related disclosure standard. In Canada, the CSA welcomed the [appointment](#) of the Chair and members to the [Canadian Sustainability Standards Board \(CSSB\)](#), which intends to develop Canadian Sustainability Disclosure Standards (CSDS) that align with the global baseline standards developed by the ISSB, but with modifications to serve the Canadian public interest.

In March 2024, the CSSB began public consultation on its first proposed voluntary [Canadian Sustainability Disclosure Standards](#). Once the CSSB consultation is complete and its standards finalized, the CSA anticipates seeking public comment on a revised proposed climate-related disclosure rule, [National Instrument 51-107 Disclosure of Climate-related Matters](#).

The ASC co-leads efforts on behalf of the CSA to bring transparency and consistency to climate- and diversity-related disclosure in Canada.

The CSA proposal would consider the final CSSB climate-related standard and may include modifications appropriate for the Canadian capital markets. The CSA aims to establish consistent and comparable climate-related disclosure standards that consider the needs and capabilities of Canadian issuers of all sizes. This is a complex initiative and we will continue to monitor

and assess international developments in this area, including the March 2024 publication by the U.S. Securities and Exchange Commission of its final climate-related disclosure rules.

In parallel with climate-related disclosure, the CSA continues to see increased interest from investors for enhanced disclosure of diversity respecting those on boards of directors and in executive officer positions of reporting issuers. We are considering how broader aspects of diversity can be incorporated into our corporate governance disclosure requirements. In June 2023, the CSA

published proposed amendments to [National Instrument 58-101 Disclosure of Corporate Governance Practices](#) and [National Policy 58-201 Corporate Governance Guidelines](#) to address the need for diversity disclosure beyond the representation of women to help inform investment decisions.

We actively engaged industry to seek input on how best to encourage meaningful diversity disclosure and extended the consultation period to September 29, 2023, to allow additional



time to receive feedback on this important topic. We have reviewed and considered the public comments received and are working towards a proposal designed to address the spectrum of perspectives on this issue.

In addition, the ASC is also involved in the CSA’s Taskforce on Indigenous Peoples in the Capital Markets. With representation from securities regulators across Canada, the Taskforce remains committed to developing a consistent approach to engagement with Indigenous communities in our regulatory and investor education work.

Some investors remain interested in crypto assets and this continues to be a focus area for the CSA and the ASC. In January 2024, the CSA published proposed regulatory requirements for public investment funds that seek to invest in crypto assets. The proposed amendments to [National Instrument 81-102 Investment Funds](#) would tailor requirements for public investment funds investing in crypto assets to better protect investors and reduce risk through appropriate crypto asset investment restrictions and custodial obligations.



QUESTIONING THE REGULATORY STATUS QUO

In an effort to improve the transparency of total fees and costs to certain fund holders, in April 2023, the CSA and the Canadian Council of Insurance Regulators published final changes to enhance total cost reporting disclosure for investment funds and individual segregated fund contracts. The changes to [National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations](#) and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* will require that annual client reports show the ongoing costs of owning mutual funds, exchange-traded funds (ETFs), scholarship plans and segregated funds, expressed both as a percentage for each fund and as an aggregate dollar amount.

Enhanced cost disclosure will go into effect in January 2026, provided all ministerial approvals are obtained, to allow time for industry to adjust its systems and implement the new reporting requirements. We are further supporting industry by setting up a CSA implementation committee to assist dealers and investment fund managers to achieve this timeline. Overall, the changes will benefit retail investors by increasing awareness of the ongoing embedded costs of owning certain products.

The CSA made significant strides in a proposal to create a regulatory framework for an independent dispute resolution service whose decisions would be binding. [National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations](#) currently sets out the requirement that registered dealers and advisers outside Québec must take reasonable steps to make the dispute resolution services of the Ombudsman for Banking Services and Investments (OBSI) available to their clients. However, they are not bound by OBSI’s recommendations, and in some cases, clients have not been compensated or have received less than the recommended amount.

The CSA has proposed a framework to address these limitations in effectiveness under which OBSI would be the designated or recognized independent dispute resolution service for the investment industry, with authority to issue binding decisions, and would be overseen by the CSA jurisdictions. The proposed regulatory framework also includes proposed rule amendments to certain complaint handling provisions under Canadian securities law. The proposal considered various public reports, consultations and reviews that contemplated the benefits of giving OBSI binding authority.

The CSA recognizes that the ability for investors to secure redress is crucial to investor protection and confidence in our capital markets. Stakeholders were invited to participate in a comment period, which ended on February 28, 2024, and the CSA is now considering the feedback.

In June 2023, the CSA proceeded with a final publication of [Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators](#), which incorporated provisions intended to enhance the accuracy, integrity and reliability of designated commodity benchmarks and their administrators. The amendments came into effect in late September 2023.



In August 2023, the CSA announced a [review](#) to assess whether the current regulations applicable to ETFs remain appropriate, focusing on the unique features of ETFs, such as secondary market trading, creation and redemption of ETF units by authorized dealers, and the arbitrage mechanism that acts to keep the market price of an ETF close to the underlying value of its portfolio. The review will assess secondary market activity and factors that may affect their liquidity and trading. It will also consider whether the Good Practices Relating to the Implementation of the IOSCO Principles for Exchange Traded Funds, published by the International Organization of Securities Commissions (IOSCO) in May 2023, are appropriate for the Canadian market.



Following an extensive three-stage consultation process, in September 2023 the CSA adopted [Multilateral Instrument 93-101 Derivatives: Business Conduct](#), which sets out a comprehensive regime for regulating the business conduct of dealers and advisers in the over-the-counter (OTC) derivatives market.

The framework establishes fundamental obligations for OTC derivatives dealers and advisers that are aligned with international standards, and includes requirements related to fair dealing, conflicts of interest, suitability, reporting non-compliance and recordkeeping. The business conduct rule is intended to help protect market participants by improving transparency, increasing accountability and promoting responsible business conduct in the OTC derivatives market. This key milestone could not have been achieved without our stakeholders’ meaningful participation and commentary during the consultation process that included a public roundtable to consider various regulatory, implementation and compliance matters. The final rule was streamlined to address potential negative impacts on derivatives market liquidity and to reduce implementation burden by better enabling firms to leverage their existing compliance systems.

Following consultation with relevant industry and regulatory groups on activist short selling in Canada, the CSA provided a market update that indicated that there appear to be some concerns with short selling in general. In November 2023, the CSA along with the Canadian Investment Regulatory Organization (CIRO) published a summary of responses and comments from consultation on [CSA/CIRO Staff Notice 23-329 Short Selling in Canada](#).

The CSA and CIRO received 23 comment letters from a wide range of stakeholders. Feedback received has identified potential areas for further study, including pre-borrow requirements, different treatment of junior issuers, shortening the timeline for reporting failed trades, transparency, and mandatory close-outs or buy-ins of short positions. Staff are reviewing whether any changes may be appropriate for our markets. Any CSA and CIRO proposals will be published for comment.





The CSA and CIRO also collaborated on a review of conflicts of interest practices at 172 firms across various registration categories. Joint [Staff Notice 31-363 Client Focused Reforms: Review of Registrants’ Conflicts of Interest Practices and Additional Guidance](#) summarizes the regulators’ findings and provides additional staff guidance to securities advisers, dealers and representatives (registrants), including suggested practices to comply with the conflicts of interest requirements under the Client Focused Reforms.

Final amendments to [National Instrument 24-101 Institutional Trade Matching and Settlement](#) and changes to its Companion Policy were published at the end of 2023, signalling the migration to a shorter settlement cycle to align with associated regulatory rule changes in the United States. The standard settlement cycle for equity and long-term debt market trades in Canada will move from two days after the date of a trade (T+2) to one day after the date of a trade (T+1). To help firms prepare for this transition, the CSA Notice encouraged market participants to review their processes and procedures. The T+1 settlement cycle in Canada [came into force](#) on May 27, 2024.

We also published for comment proposed rule amendments to National Instrument 81-102 *Investment Funds* in October 2023, that would help mutual funds that voluntarily shorten their trade settlement cycle from two trading days to one (T+1).

The proposals are intended to complement the shift to T+1 in Canada by accommodating a range of settlement cycles for mutual funds, including those that make this change. The amendments clarify payment dates for transactions and the timeframe for forced redemption of securities for non-payment. In particular, for funds moving to T+1, the timeframe for forced redemption of securities for non-payment has changed from three days to two days after the pricing date. The comment period closed in January 2024, and feedback is currently being reviewed.

Aligning with the CSA’s 2022–2025 Business Plan, in June 2023, the CSA launched a review of the mutual fund industry’s use of chargebacks due to concerns that they create potential conflicts of interest. The review was initiated as part of an overall assessment of whether rule modernization is needed to improve investor protection and maintain investor confidence in the Canadian capital markets. The review of chargebacks follows, and complements, the review of the practices of mutual funds that have principal distributor relationships with registrants to distribute their securities, announced in September 2022. The CSA will use the information obtained from both reviews to determine whether regulatory amendments to [National Instrument 81-105 Mutual Fund Sales Practices](#) or other instruments are needed now that the Client Focused Reforms have been implemented.

In April 2024, the CSA published [Staff Notice 21-334 Next Steps to Facilitate Access to Real-Time Market Data](#), which summarizes the comments received to the Consultation Paper published in November 2022, and advises stakeholders of the CSA’s next steps to address the access to and use of real-time market data (RTMD). RTMD provides vital information about equity securities markets and access to this data is key for market participants, investors, and their advisers to make informed investment decisions, and order routing and executions decisions.

After considering all the comments received and conducting its own analysis, the ASC expects to review whether to pursue a similar approach for the TSX Venture Exchange.

In July 2023, the CSA launched [SEDAR+](#), the national system to be used by market participants to file, disclose and search for issuer information in Canada’s capital markets. The new platform brought several systems together, replacing the legacy SEDAR system. This was a foundational step in the CSA’s multi-year process to modernize our national IT systems. We are continuing to update processes with the goal of reducing the time and cost of regulatory compliance.

REDUCING REGULATORY BURDEN

In June 2023, the CSA published guidance on the listed issuer financing exemption in National Instrument 45-106 *Prospectus Exemptions*. The exemption allows issuers listed on a Canadian stock exchange to more efficiently raise capital, permitting them to issue freely tradeable securities without a prospectus for financings up to the greater of \$5 million and 10 per cent of market value of listed securities to a maximum of \$10 million.

Also in June 2023, the CSA announced a temporary exemption from the applicability of a section of National Instrument 24-101 *Institutional Trade Matching and Settlement*. The temporary exemption was related to the exception reporting requirement for registered dealers and advisers. The CSA implemented relief through local blanket orders, which came into effect in July 2023, that are substantively harmonized across the country.

In September 2023, the CSA published proposed amendments to [National Instrument 44-102 Shelf Distributions](#) and proposed changes to Companion Policy 44-102CP to NI 44-102 and [National Policy 11-202 Process for Prospectus Reviews in Multiple Jurisdictions](#), to provide an expedited shelf prospectus regime to allow more efficient capital raising for well-known seasoned issuers (WKSIs) with a strong market following and a complete continuous disclosure record that meets certain criteria. The comment period closed on December 20, 2023.



Staff are considering the comments and developing the amendments to implement the WKSI regime.

In January 2024, the CSA published final form amendments and changes concerning the implementation of an access model for prospectuses of non-investment fund reporting issuers. The amendments and changes were made to several national instruments and companion policies, including [National Instrument 41-101 General Prospectus Requirements](#), National Instrument 44-101 *Short Form Prospectus Distributions*, [National Instrument 44-102](#)

*Shelf Distributions*, [National Instrument 44-103 Post-Receipt Pricing](#), Companion Policy 41-101CP to NI 41-101 *General Prospectus Requirements*, Companion Policy 44-102CP to NI 44-102 *Shelf Distributions*, Companion Policy 44-103CP to NI 44-103 *Post-Receipt Pricing*, and [National Policy 47-201 Trading Securities Using the Internet and Other Electronic Means](#).

The model modernizes the way prospectuses are made accessible to investors and reduces costs associated with the printing and mailing of prospectuses, providing a more cost-efficient, timely and environmentally friendly manner of communicating information with investors. These amendments and changes came into force on April 16, 2024.

The ASC, along with the Financial and Consumer Affairs Authority of Saskatchewan (FCAA), [amended](#) the self-certified investor prospectus exemption via blanket order to remove the previous expiry date of April 1, 2024. This exemption will continue to grant greater flexibility to businesses and investors in Alberta and Saskatchewan by allowing self-certified investors to be treated in a similar manner to accredited investors.



The CSA made significant strides in a proposal to create a regulatory framework for an independent dispute resolution service whose decisions would be binding, recognizing that the ability for investors to secure redress is crucial to investor protection and confidence in our capital markets.







ENGAGING EFFECTIVELY WITH OTHER REGULATORS

The ASC aims to be a practical, best-in-class regulator that protects investors from harmful or fraudulent practices, and fosters a fair and efficient capital market. Though our jurisdiction is Alberta, we recognize that our efforts are greatly enhanced when we collaborate with regulators from across the country to bring an intelligent and harmonized approach to regulation and to the administration of Canadian securities laws.

Our Enforcement division liaises with counterparts from across the country, as well as law enforcement agencies and other partners locally and internationally, to support an approach that is collaborative and fosters better information sharing. This in turn allows for more timely responses to securities misconduct including fraud.

The ASC is an engaged member of the CSA, and our knowledgeable subject matter experts regularly lead and co-lead CSA initiatives to consistently bring a perspective that accounts for the unique nature of the Alberta market. Some of the projects we lead or co-lead include climate-related disclosure, diversity disclosure, trade reporting, as well as crypto-related projects, such as margin and leverage, staking, custody, and the operation of CTPs in Canada or those accessible to Canadians. The ASC regularly supports CSA-related procurement activity and manages the CSA's intellectual property portfolio as the Intellectual Property Designated Principal Administrator on behalf of the other CSA jurisdictions.

The ASC continues to lead or is actively involved in a number of CSA committees and working groups, such as the Legislative and Regulatory Coordination Committee, the Standing Committee on Systemic Risk, the Corporate Finance Steering Committee, the Investment Funds and Structured Product Steering Committee, the Chief Accountants Committee, the Communications Committee, the Registration Operational Working Group, the Data Governance Group, and more. We also participate in the Financial Innovation Hub to coordinate the approach to financial innovation across Canada.

On the national and international stage, the ASC is involved in the Heads of Regulatory Agencies Committee, the North American Securities Administrators Association (NASAA), IOSCO, the Global Financial Innovation Network (GFIN), and other groups that allow us to stay abreast of and collaborate on important issues that may impact the Canadian capital markets. These partnerships allow us to be aware of emerging issues early, so that we can monitor and plan approaches to address and mitigate potential risks.

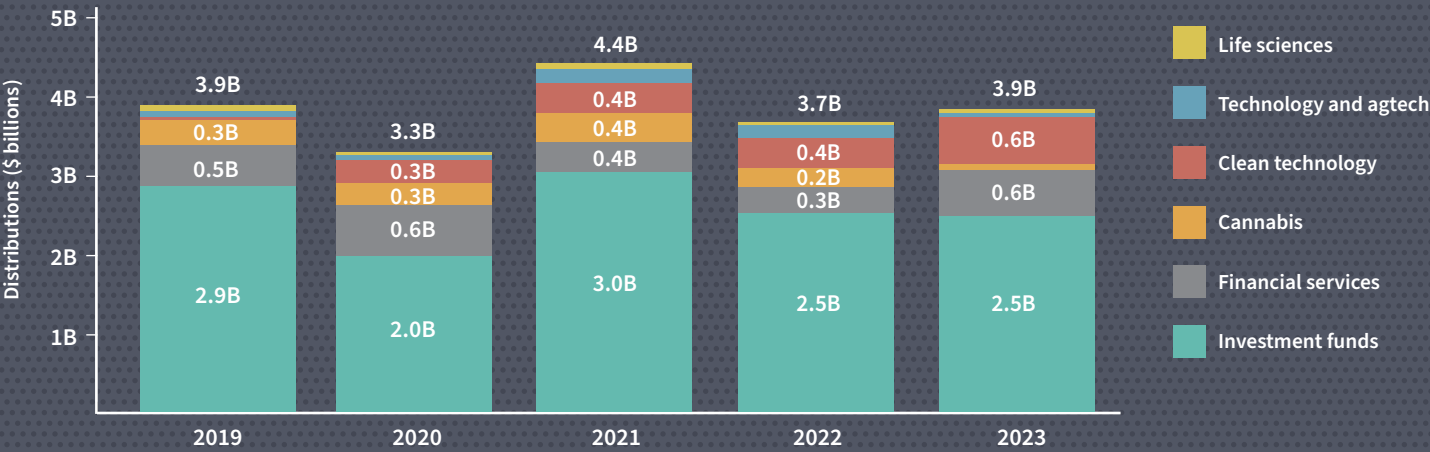
CAPITAL MARKET STATISTICS

(As of December 31, 2023)

Alberta continues to be one of Canada’s most important capital markets. We are Canada’s leading energy jurisdiction, and industries such as oil and gas, utilities, pipelines, renewable energy and agriculture play critical roles in our economy.



DISTRIBUTIONS IN SECTORS WITH GROWTH POTENTIAL:\*



\*Since the 2023 Annual Report, the totals in some previous years may have changed due to a variety of reasons, including changes in data source values for issuer’s head office, name and industry categorization, as well as staff assumptions, which are retroactive in the ASC database.





## PILLAR TWO

# Protect investors and market integrity through effective compliance oversight, enforcement and education

### ENSURING EFFECTIVE COMPLIANCE OVERSIGHT

One of the ASC's core responsibilities is to deliver effective compliance oversight. We work to proactively identify trends, risks and emerging issues in securities and derivatives market structures, as well as associated trading, dealing and advising, to help foster confidence in Alberta's capital market. We work with our CSA colleagues to issue guidance to the market in the form of staff notices that set out staff's expectations in respect of compliance with securities laws. Through this published guidance, we strive to appropriately meet the needs of market participants, while maintaining investor protection by taking a proactive approach to regulation and compliance oversight.

With the potential for greenwashing, in March 2024, the CSA updated guidance aimed at bringing greater clarity and consistency to ESG-related investment fund disclosure and sales communications, which will ultimately help investors make more informed investment decisions. The revised notice builds on guidance that was published in January 2022, and addresses matters not covered in the original notice, reflecting developments and issues that have arisen since that time. The CSA will continue to monitor developments in this rapidly evolving space.

We strive to appropriately meet the needs of market participants, while maintaining investor protection by taking a proactive approach to regulation and compliance oversight.

In early 2023, the CSA communicated its view in [CSA Staff Notice 21-332](#) *Crypto Asset Trading Platforms: Pre-Registration Undertakings Changes to Enhance Canadian Investor Protection* that value-referenced crypto assets (some of which are commonly referred to as stablecoins) may constitute securities and/or derivatives under Canadian securities laws. These crypto

assets are promoted as maintaining a stable value over time in relation to a referenced asset. [CSA Staff Notice 21-333](#) *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* provided further clarity and guidance, and set out interim terms and conditions that would apply to crypto asset trading platforms (CTPs) and issuers of fiat-backed crypto assets if they wish to continue allowing Canadian clients to purchase or deposit these assets. While CTPs operating in Canada are prohibited from trading crypto assets that are

securities and/or derivatives, the CSA understands that value-referenced crypto assets may have certain uses for the Canadian clients of CTPs. The CSA continues to consider an appropriate long-term framework for these types of crypto assets and the market participants involved in distributing and trading them.



We continue to conduct routine and for-cause compliance examinations and reviews as part of our ongoing risk-based oversight of Alberta-based issuers and registered firms.

Furthermore, in July 2023, the CSA also published [Staff Notice 81-336](#) *Guidance on Crypto Asset Investment Funds that are Reporting Issuers* to provide guidance to help fund managers understand and comply with securities laws for public investment funds holding crypto assets, also referred to as public crypto asset funds. The guidance provided an overview of the crypto asset funds operating in Canada and oversight initiatives by CSA members, including the ASC, in this area.

In February 2024, the CSA published updated guidance on virtual shareholder meetings. The guidance focused on what reporting issuers should consider in order to provide clear and comprehensive disclosure to shareholders about accessing and participating in virtual meetings. This update came about as a result of stakeholders who raised concerns about their experience participating in virtual-only shareholder meetings.

Our Corporate Finance division conducts annual reviews and issue-oriented reviews, the results of which are summarized and shared with reporting issuers in our annual Corporate Finance Disclosure Report and Energy Matters Report and corresponding webinars, as described on [page 24](#).

Our Market Regulation division continues to conduct routine and for-cause compliance examinations as part of our ongoing risk-based oversight of Alberta-based registered firms. We also complete compliance sweep reviews of conflicts of interest practices as noted in joint [Staff Notice 31-363](#) *Client Focused Reforms: Review of Registrants’ Conflicts of Interest Practices and Additional Guidance*, discussed starting on [page 12](#). This Notice, issued in August 2023, reflects regulators’ expectations that registrants abide by a high standard of conduct and address material conflicts of interest in the best interest of the client, which is key to the protection of retail investors across Canada.

As part of compliance reviews that identify material deficiencies, we take regulatory action to ensure that firms rectify their compliance deficiencies when identified, including imposing terms and conditions on a firm’s registration, requiring compliance monitoring oversight, and, if necessary, making referrals to the ASC’s Enforcement division and notifying other CSA jurisdictions.

EXPANDING ENFORCEMENT TOOLS

The ASC’s ability to detect, disrupt and deter wrongdoing is critical to trust and confidence in our capital markets, making enforcement a cornerstone of what we do every day. With the rapid growth in technology, social media and other online tools, “bad actors” have a greater ability to reach potential victims. The speed at which fraudsters operate is also increasing at an alarming rate, requiring new strategies and approaches.

To adapt to these changing trends, the ASC continues to expand our disruption efforts by working in partnership with Canadian provincial and territorial securities regulators, and also collaborating with other regulatory agencies and law enforcement organizations, the Alberta Crown Prosecution Service, the Financial Transactions and Reports Analysis Centre of Canada and others.

Our Enforcement division, together with other partners, gathers intelligence, issues warnings and investor alerts, and takes other action to protect Albertans and our capital market. We also obtain interim cease trade orders, which are intended to protect against ongoing harm while an investigation is underway. Our Whistleblower Program also receives and acts on tips from whistleblowers about suspected securities misconduct.

F2024 KEY ENFORCEMENT DECISIONS AND ORDERS

The ASC’s Enforcement division works to stop misconduct and deter it from happening in the future. When an ASC panel determines through administrative proceedings that Alberta securities laws have been violated, the panel may impose sanctions on the respondents, including administrative penalties, disgorgement of profits, market bans, suspensions or terminations of registration, or other restrictions from capital

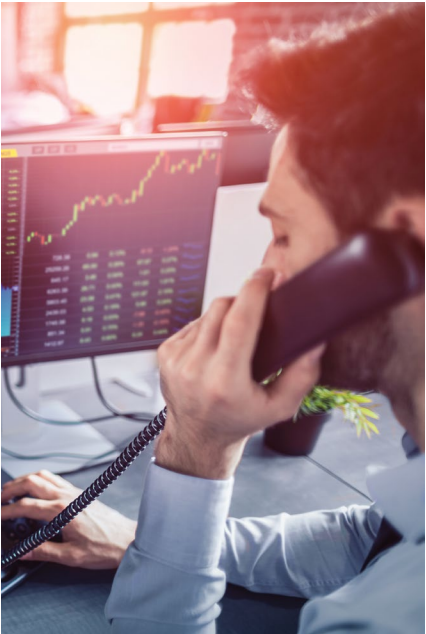
market activities. Alternatively, where it is in the public interest, Staff may address misconduct through a settlement agreement with the person or company.

When appropriate, the ASC Joint Serious Offences Team (JSOT) works collaboratively with the RCMP to investigate and enforce quasi-criminal or criminal offences through the courts. This can result in prison sentences, fines, restitution orders and criminal records. More information about JSOT is on [page 20](#).

In F2024, we concluded settlement agreements in two insider trading-related cases. [Behjat Haghshenas](#) admitted to illegal insider trading by trading on material information before a public announcement that her then employer, an oil and gas company, was acquiring another company. Haghshenas paid \$400,000 to the ASC and is banned for 10 years from trading in or purchasing securities or derivatives.

[Paul Raymond Baay](#), President and Chief Executive Officer of an oil and gas exploration and production company, engaged in tipping when he informed another person of material non-public information about the company prior to general disclosure of that information. Baay received credit pursuant to ASC Policy 15-601 *Credit for Exemplary Cooperation in Enforcement Matters*. He paid the ASC \$40,000 and committed to complete training in best practices for public company governance and disclosure.

ASC panels issued decisions in two cases involving fraud. Ali Ghani and entities controlled by him were found by an ASC panel to have [perpetrated a fraud](#) on investors and misappropriated more than \$3.4 million from the development and sale of a strip mall in the Summerside neighbourhood of Edmonton, Alberta. As a result, Ghani and certain other entities are subject to a broad array of permanent market access bans and [were ordered](#) to pay





monetary sanctions for violating Alberta securities laws. Ghani was also ordered to resign from all positions he might have as a director or officer of any issuer.

An ASC panel [permanently banned](#) Logan Keith Shaw and 1681502 Alberta Ltd. (1681502) from Alberta’s capital market for perpetrating a fraud on investors, after diverting the majority of funds raised from investors to his personal use. The panel also ordered an array of monetary sanctions against Shaw and 1681502.

An ASC panel [sanctioned](#) Devon Christopher Edwards and KB Crypto Inc., ordering penalties and bans, after finding that the respondents breached registration requirements and engaged in illegal distributions. Edwards and KB Crypto were ordered to cease trading in or purchasing the company's securities. Between February 2021 and November 2022, Edwards and KB Crypto raised approximately \$446,600 USD from 75 investors to invest capital into a pooled investment used to purchase and trade in contracts for difference on the investors’ behalf. Edwards and KB Crypto also engaged in the business of trading in securities but did not register as required under Alberta securities laws.

Lambert (Bert) Joseph Lavallee was also [sanctioned](#) for trading in securities of North America Frac Sand, Inc. while those securities were subject to a cease trade order, and for withholding information reasonably required for an ASC investigation.

The Joint Serious Offences Team (JSOT) is an enforcement partnership between the ASC and the Alberta RCMP Federal Policing Integrated Market Enforcement Team (IMET).

Following are investigations conducted by the Joint Serious Offences Team (JSOT) this past year:

- William Jordan McBean was [sentenced](#) to seven years in jail on May 31, 2023. McBean was found guilty of 12 counts of fraud over \$5,000 under the Criminal Code after defrauding \$2 million from 11 victims. An appeal has been filed by McBean.
- David Del Bianco was [sentenced](#) to four years and six months in jail after being convicted of one count of fraud over \$5,000 and one count of laundering the proceeds of crime under the Criminal Code. His sentence includes an order to pay restitution to seven investors.
- Cheryl-Lynn Braun [pleaded guilty](#) to three counts of fraud over \$5,000 under the Criminal Code. Braun is scheduled to be sentenced in 2024.
- An individual was criminally charged with three counts of disobeying a court order, contrary to section 127 of the Criminal Code. The matter is currently before the courts.

ENHANCING INVESTOR EDUCATION

Building greater investment literacy in Alberta is an important contributor to the ASC’s key strategic pillar to protect investors and market integrity through effective compliance oversight, enforcement and education. We aim to help Albertans learn how to invest and achieve financial goals, while decreasing the likelihood they will become victims of investment fraud.

Each year, we review investor complaints, ongoing investigations and current enforcement trends to [raise awareness of scams](#) targeting Alberta investors. In recent years, there has been explosive growth across Canada and globally in investment-related scams. In particular, cryptocurrency continues to pose a risk to Albertans and variations of crypto scams were the most pervasive in F2024. These included romance scams, where victims were first befriended by fraudsters on dating apps; celebrity endorsements and AI-generated “deepfake” videos encouraging investment in crypto; and recovery room scams targeting those who had already been victimized by scammers.

The ASC works to disrupt this misconduct and increase awareness of these scams by educating Albertans on the steps they can take to protect themselves and others.

The [Investment Caution List](#) that was launched last year on asc.ca was enhanced this year. It is now a searchable resource that includes individuals, companies and websites that may pose a high risk to investors. This list is only one of several tactics used as part of our disruption and education efforts to protect investors.

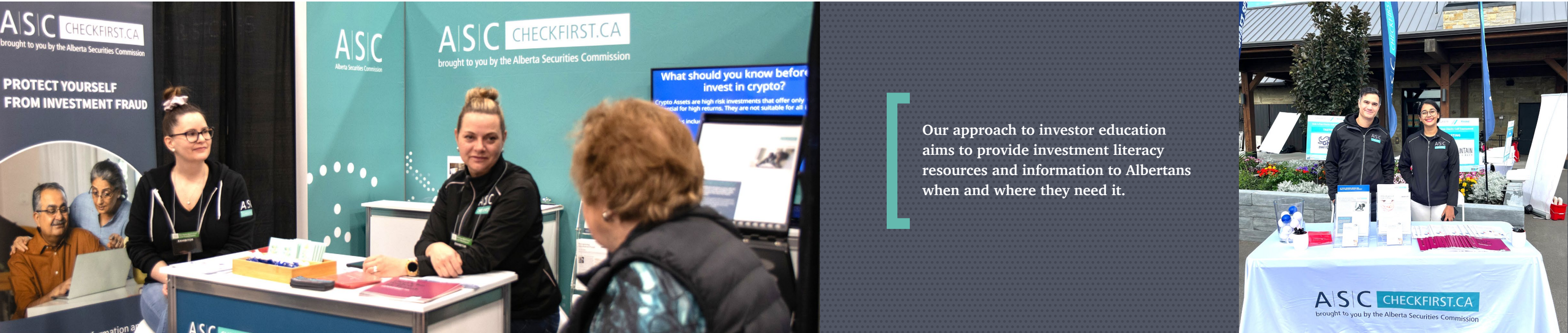
Our approach to investor education aims to provide [investment literacy resources](#) and messaging to Albertans when and where they need it. We foster strong partnerships with community-based organizations as one way to deliver this information. This year, the ASC provided [in-person and virtual](#)

[presentations](#) and supplemental information to a number of organizations, including post-secondary institutions, new seniors’ associations and centres, libraries, student organizations and others, such as the Community Hubs program, which is a partnership between The City of Calgary and the United Way of Calgary and Area, as well as the Kerby Senior Abuse Shelter.

Our partnerships are bolstered by our attendance at community events around Alberta, along with radio, television and print advertising, sponsored content and digital advertising. We regularly deliver presentations free of charge on topics including financial literacy, investing in crypto, do-it-yourself (DIY) investing, and fraud awareness.

Each year, World Elder Abuse Day is recognized on June 15, and once again the ASC joined with the other provincial and territorial securities regulators to [raise awareness](#) of financial abuse and scams targeting older adults, and to provide information on the warning signs of fraud and how older adults and their loved ones can better protect themselves. Recognizing an opportunity to blend entertainment with investor education, we took part in an informative panel discussion on fraud prevention after a performance of *Old Mule*, a local play presented by the Seniors’ Acting Lab Society, about a senior who gets scammed and decides to fight back.

At both a provincial and national level through the CSA, the ASC [shared](#) steps investors can take to verify sources of information during Investor Education Month in October 2023, and Financial Literacy Month in November 2023, and participated in raising awareness of online investment scams in March 2024, for Fraud Prevention Month.



Our approach to investor education aims to provide investment literacy resources and information to Albertans when and where they need it.





### [ PILLAR THREE ]

## Foster a culture of engagement

### ENGAGING OUR STAKEHOLDERS

Every year, the ASC looks to foster connections with market participants to listen, consider feedback on our initiatives, share information, build understanding, and maintain trust and confidence in Alberta's capital market. This year we continued to both leverage technology and take advantage of opportunities to connect with stakeholders in person, allowing us to reach our audiences in more ways.

The ASC has eight advisory committees whose members contribute their time along with meaningful and thoughtful guidance in their specialty areas. The advisory committees were established to keep our staff updated on industry and other professional expert views, and current business practices, to better support intelligent regulation. They provide advice concerning the development of new or amended securities regulation related to corporate finance, access to capital, market regulation, derivatives, energy industry, financial innovation and the impact of new technologies.

With the evolution of financial technology and its growing use in our capital market, the ASC saw an opportunity to form the Technology and Innovation Advisory Committee. This new committee brings together experts who

will inform and enhance our understanding of new technology and its application to the Alberta capital market. The committee will recommend responses to potential opportunities and challenges created by the introduction and proliferation of new technology and enhance the ASC's knowledge of emerging risks, trends and potential impacts. Concurrently, the committee will

identify areas of securities regulation that create challenges for financial technology entrepreneurs and existing businesses, dealers, investors and advisers to ensure that securities regulation considers such emerging issues and responds appropriately.

As part of our efforts to engage with industry on rule amendments, we took the opportunity to engage with market participants and industry associations to provide regulatory updates and to gather information to better understand their perspectives on and implications of climate-related disclosure requirements.

In June 2023, we hosted an information session to discuss the CSA's proposal to enhance diversity disclosure on

boards and in executive officer positions. As noted on [page 9](#), to help further inform investment decisions, the CSA proposed new diversity disclosure requirements that go beyond the

Every year, the ASC looks to foster connections with market participants to listen, consider feedback on our initiatives, share information, build understanding, and maintain trust and confidence in Alberta's capital market.

ASC Connect, the ASC's signature event, took place on October 12, 2023.





representation of women on boards and in executive officer positions. The ASC hosted the information session to discuss the proposal and to solicit additional feedback from the market.

The ASC supported the CSA’s second annual [systemic risk survey](#), which provides regulators with important information on market participants’ concerns about the stability of the Canadian financial system. Overall, respondents indicated that they were somewhat more concerned than in the previous year. Their main concerns related to household debt, high interest rates, the housing market, the geopolitical environment and cyber vulnerabilities. This information helps the CSA consider appropriate risk mitigation initiatives within securities law jurisdiction, in line with one of the CSA’s core mandates.

ASC staff also materially contributed to the publication of the CSA’s 2023 [Annual Report on Capital Markets](#), which was released by the Systemic Risk Committee in February 2024. Though the Committee was established in 2009 to analyze and monitor systemic and emerging risks, 2024 was the first time the Committee’s work had been published in a report. The report provides an analysis of recent financial market trends and

key vulnerabilities in Canadian capital markets and highlights the CSA’s efforts to mitigate those vulnerabilities and associated risks.

Each year, the ASC develops several market-focused publications with important information for Alberta issuers to consider. We published the [Alberta Capital Market Report](#), which provides an in-depth descriptive analysis of the Alberta capital market in relation to other major capital markets in Canada. This report delivers important context for ASC staff and market participants, and is used by the ASC to consider unique Alberta impacts when participating in the CSA policymaking process.

We also published the [Corporate Finance Disclosure Report](#) and the [Energy Matters Report](#). These reports provide guidance to help Alberta reporting issuers deliver the highest quality disclosure and financial reporting. To enhance compliance, learning and offer an opportunity for reporting issuers to ask questions, ASC Corporate Finance staff hosted [interactive webinars](#) on the respective reports to expand upon findings highlighted in the reports.



As part of the efforts to strengthen and diversify Alberta’s economy, we took the opportunity to host an information session and networking event aimed at supporting small businesses and entrepreneurs on the offering memorandum rule that was amended in 2023.

We attended several events around Alberta to raise awareness of the self-certified investor exemption and the small business financing exemption. We continue to look for opportunities to engage with entrepreneurs, small businesses and others who could benefit from awareness of the exemptions and the need to follow securities regulations as a way to access capital in Alberta while maintaining investor protection.

Recognizing the value of the resources available on our website, we continue to develop content to assist market participants to understand securities law requirements. Last year, we added a new section on [investment funds](#), which provides an overview of these investments, how registration requirements apply, prospectus requirements, the rules governing their operation and more.

In October 2023, we hosted the seventh annual [ASC Connect](#) conference. Returning to an in-person event for the first time since 2019, the conference brought together more than 300 industry and market leaders, along with experts, to examine pressing topics influencing Alberta’s capital market. This year’s event — with the theme of *Growth, innovation and intelligent regulation* — provided an opportunity for industry experts and regulatory leaders to provide insights on climate-related disclosure, the relationships between data, emerging technologies and capital markets, opportunities for Alberta’s energy industry, and much more. Feedback from attendees included appreciation of the engaging panel conversations and ASC updates, along with the opportunity to connect and network with colleagues and other market participants once again.

In addition to hosting industry events, ASC staff regularly interact with issuers, registrants, professional advisers, investors and other market participants through our advisory committees, policy consultations, presentations, meetings, participation in conferences, providing information for publications and more.

We made strides toward bridging emerging technologies and the capital market by participating in panel discussions and presentations on crypto asset market developments, artificial intelligence and other technology-driven, securities-related matters to a variety of professional audiences.

In 2022, the ASC created the ASC Capital Market Scholarships with the University of Calgary’s Haskayne School of Business, and this year, the first recipient received the award. In time, these scholarships will support five full-time Indigenous students in achieving a Bachelor of Commerce degree, enabling more Indigenous peoples to participate in and enhance Alberta’s capital market.

In 2023, the ASC joined forces with Momentum to support financial literacy and empowerment programs for low-income Albertans. Our investment brought together the power of money management and financial coaching. We provided key financial literacy training to frontline staff and supported a network of over 20 organizations to empower thousands of low-income Albertans to reduce debt, increase savings and build assets during difficult economic times.



With the evolution of financial technology and its growing use in our capital market, the ASC saw an opportunity to form the Technology and Innovation Advisory Committee. This new committee brings together experts who will inform and enhance our understanding of new technology and its application to the Alberta capital market.





ENGAGING INVESTORS

To provide Albertans with the information they need to make informed investment decisions, the ASC continues to expand and enhance our outreach, education and communication activities. We engage Albertans in person and online about timely topics, trends and risks in our changing market landscape.

Each year, we continue to see new variations of fraud targeting Albertans. As part of our mandate to protect investors, we strive to engage with people of all ages to provide timely and relevant information. We continue to enhance the information available on [checkfirst.ca](#) and [asc.ca](#). We encourage investors and potential investors to use the tools and resources available, and to [sign up](#) for our monthly CheckFirst newsletter.

The ASC has also benefitted from the thoughtful contributions of the CSA's Investor Advisory Panel (CSA IAP), established in 2022, to engage with retail investors in a more structured and sustained manner. The CSA IAP assists in pan-Canadian policymaking, furthers the CSA's investor protection mandate and promotes coordination across the country. The CSA IAP, which includes representation from Alberta, represents retail investors to assist the CSA with its mandate, with a view to improving securities regulation and policy development, and enhancing investor involvement in market regulation by promoting dialogue between retail investors and CSA members.

ENGAGING AND EMPOWERING OUR STAFF

For the tenth consecutive year, the ASC was named one of Alberta's top employers, recognizing our dedication to offering an exceptional [workplace](#) where employees feel valued and have an ability to grow in their profession. The ASC was recognized for its hybrid work schedule, vacation and personal day allowances, as well as its retirement savings programs.

To support employee engagement, we continue to leverage technology to facilitate our work, host quarterly virtual town hall meetings, and promote the use of technology for employees to connect and collaborate. Starting in 2023, our Advanced Research and Knowledge Management (ARKM) division led the development of an education and training program to enhance employee learning across the organization. The training series will continue to be offered as part of a suite of professional development resources available to employees.

Appreciating the opportunity to once again host in-person employee events post-pandemic, we recognized and celebrated the contribution of our employees with opportunities to meet in the office and at Calgary-based venues. Blending the best of in-person events and technology-enabled virtual events, the 2023 United Way campaign successfully raised more than \$32,000 to benefit our community.

Due in no small part to the dedication and spirit of our employees, we have successfully fulfilled our first year of the F2024–2026 strategic plan. We acknowledge the professionalism and commitment of our employees who perform meaningful work every day to enhance our capital market through practical, focused and innovative efforts.

REACHING A BROADER AUDIENCE

3,358

ALBERTANS ATTENDED ONE OF OUR INVESTMENT LITERACY PROGRAMS OR SPEAKING SESSIONS.

Sessions and programs were held in partnership with public libraries, post-secondary schools, financial institutions, seniors' associations, community organizations, crime prevention organizations, City of Calgary economic development initiatives, Indigenous financial literacy programs, immigrant organizations, social profit agencies, charities and the Calgary Board of Education's continuing education department.

7,215

INDUSTRY REPRESENTATIVES WERE REACHED, VIRTUALLY AND IN-PERSON, THROUGH 93 PRESENTATIONS, SESSIONS AND CONSULTATIONS HELD BY ASC STAFF.

Timely topics included regulatory developments in AI, proposed new diversity disclosure rules, requirements in private financing and capital raising by small business, Client Focused Reforms, protecting market integrity and crypto asset regulation.

1,721

MARKET PARTICIPANTS ATTENDED ONE OR MORE OF OUR KEY INDUSTRY EVENTS, INCLUDING ASC CONNECT.

Other events included: the Corporate Finance Disclosure and Energy Matters information sessions; the proposed new diversity disclosure rules information session; the Market Regulation education and outreach seminars; sessions on capital raising for small business; and information sessions on the offering memorandum.



1,619

INQUIRIES INTO THE PUBLIC INFORMATION OFFICE.

77.13M

TOTAL IMPRESSIONS THROUGH ADVERTISING AND ONLINE ENGAGEMENT, OF WHICH 2.8 MILLION REACHED ALBERTA INVESTORS AGED 55+.

5,855

NEWS STORIES AND NEWS RELEASES DISTRIBUTED ABOUT ASC OR CSA ACTIVITIES.





# Executive Management Team

**OFFICE OF THE CHAIR  
AND CHIEF EXECUTIVE OFFICER**  
**Stan Magidson, Chair and Chief  
Executive Officer**

The Chair and Chief Executive Officer is responsible for representing the ASC, addressing emerging issues in securities regulation, and leading the ASC in strategic planning and achieving its organizational objectives. The Chair has direct oversight responsibilities for the Communications and Investor Education division and the offices of the Executive Director and the General Counsel. The Chair is appointed by the Lieutenant Governor in Council and reports to the Members and to the Minister of Finance.

**OFFICE OF THE  
EXECUTIVE DIRECTOR**  
**Samir Sabharwal, Executive Director**

The Executive Director reports to the Chair and Chief Executive Officer, is the ASC’s Chief Administrative Officer, and is responsible for ensuring that all business divisions of the ASC operate effectively and efficiently. The Executive Director is responsible for directly overseeing the divisions of Corporate Finance, Enforcement, Market Regulation, Information Technology, Human Resources and Corporate Services, the Office of the Chief Accountant, Financial Services, and Advanced Research and Knowledge Management. The Executive Director also participates in meetings of the ASC’s Human Resources and Audit committees, and chairs the Senior Management and Strategic Planning committees. Pursuant to the *Securities Act* (Alberta), the Executive Director has statutory decision-making authority for specified matters, including registration, receipts for prospectuses and in

relation to investigations and hearings. The Executive Director is also the chief officer of the ASC under the *Public Interest Disclosure* (Whistleblower Protection) Act (Alberta) that came into force on June 1, 2013.\*

*Standing from left to right*

**KATRINA PROKOPY  
BENNY LEVEILLE  
DENISE WEERES  
RYAN CLEMENTS  
HILARY McMEEKIN  
BRIAN BANDERK  
ALEX CONAC  
CYNTHIA CAMPBELL**

*Seated from left to right*

**MELINDA DREWE  
STAN MAGIDSON  
SAMIR SABHARWAL  
LYNN TSUTSUMI**

**ADVANCED RESEARCH AND  
KNOWLEDGE MANAGEMENT**  
**Ryan Clements, Director**

The Advanced Research and Knowledge Management division supports the ASC’s mandate by leading a data governance and analytics program that supports data-driven, evidence-based, policy, operational, and business decisions. It leads the development of an education and training program that is unique to the ASC, focused on the skills and knowledge needed in a securities regulatory environment. The division also serves as an expert internal resource for updates, research, and analysis on existing, increasing and emerging risks that require regulatory responses, and considers the impact of innovation in capital markets through technology testing.

**COMMUNICATIONS  
AND INVESTOR EDUCATION**  
**Hilary McMeekin, Director**

The Communications and Investor Education division provides strategic communications counsel and support to all areas of the ASC to engage and educate internal and external stakeholders in a manner that encourages a fair and efficient capital market and meets the ASC’s organizational objectives. The division’s award-winning CheckFirst.ca website, materials and ongoing consumer education are focused on providing Albertans with relevant information about investing and how they can protect themselves from securities fraud. Through internal communications, media relations, digital communication, investor and industry education and stakeholder engagement, the team promotes transparent, relevant and timely information to support intelligent securities regulation and investor protection in Alberta and throughout Canada.

**CORPORATE FINANCE**  
**Denise Weeres, Director**

The Corporate Finance division is engaged in the regulation of issuers (and their insiders) participating in the Alberta capital market, including both corporate issuers and investment funds raising money publicly or privately. This involves the development of rules and policy and the administration of them, i.e. reviewing offering documents, continuous disclosure documents, takeover bids and shareholder meeting matters, and insider and control person reporting. Staff make recommendations respecting discretionary exemptions from securities law and they are engaged in oversight of the TSX Venture Exchange. Specialized teams focus on priority issues such as “all things energy” (including oil and gas reserves/resource disclosure), sustainability/environmental, social and governance (ESG) disclosure, investment funds, M&A activity, and exploring ways to improve capital formation in Alberta through education and regulatory innovation.

**ENFORCEMENT**  
**Cynthia Campbell, Director**

The Enforcement division enforces Alberta securities laws by discovering, investigating and prosecuting breaches of those laws with a view to both stopping current misconduct and preventing it in the future. This division’s goal is to protect investors and foster the integrity of Alberta’s capital market through deterrence, disruption and accountability. It engages in proactive, fair and visible enforcement action locally, and collaborates with the Commission’s compliance divisions, other securities regulators, and Canadian and foreign police forces.

**FINANCIAL SERVICES**  
**Alex Conac, Chief Financial Officer**

The Financial Services division is responsible for effective internal control over financial reporting, enterprise risk management programs, annual budget preparation, fee rule (13-501) administration, coordination of risk management processes, automation of financial and reporting processes, and accurate and timely financial reporting to senior management, Commission Members and the Minister of Finance.

**HUMAN RESOURCES  
AND CORPORATE SERVICES**  
**Melinda Drewe, Director**

The Human Resources and Corporate Services division provides human resource and business services to enable staff to fulfill the ASC’s mandate. The business services include purchasing, security, business continuity, health and safety, facility management and records management. Human Resources and Corporate Services supports the needs of employees and management through the initiation, development, delivery and implementation of key strategies, programs and policies that are aligned with organizational objectives.

**INFORMATION TECHNOLOGY**  
**Benny Leveille, Chief Information Officer**

The Information Technology division is responsible for operational and strategic management of technology services that enables the ASC to fulfill its mandate. It is responsible for the development, implementation, training and management of information systems across the organization.

**MARKET REGULATION**  
**Lynn Tsutsumi, Director**

Market Regulation provides regulation to the Alberta capital market by developing and administering rules and policies relating to registrants (dealers, advisers and investment fund managers), equities and derivatives exchanges and clearing agencies, crypto asset trading platforms, trade repositories and self-regulatory organizations (SROs). Staff register market participants that are in the business of trading and advising in securities and derivatives and managing investment funds; perform compliance examinations of registrants; and review exemption applications. Staff recognize or exempt infrastructure entities doing business in the province, and SROs, and conduct oversight of the Canadian Investment Regulatory Organization (CIRO), the TSX Venture Exchange, ICE-NGX Canada Inc. and trade repositories conducting business in Alberta.

**OFFICE OF THE CHIEF ACCOUNTANT**  
**Brian Banderk, Chief Accountant**

The Office of the Chief Accountant (OCA) provides expert knowledge in accounting, auditing and financial reporting matters to the Commission Members, the Chair, the Executive Director and ASC staff. The OCA also provides guidance to issuers, registrants and their advisers in those areas of expertise, as it relates to securities regulation. This division is involved in policy initiatives that relate to accounting, auditing and financial reporting, and provides training as needed to the professional accountants within the organization.

**OFFICE OF THE GENERAL COUNSEL**  
**Katrina Prokopy, General Counsel**

The General Counsel reports to the Chair and oversees the Office of the General Counsel (OGC). The OGC is the in-house legal, policy, strategy and risk management resource for the ASC. The OGC provides legal advice to the Commission Members, the Chair, the Executive Director and staff on a wide range of issues, including those relating to securities regulatory policy, statutory interpretation, administrative law, securities law, corporate/commercial law, procurement, and employment law matters. In addition, the OGC is responsible for the corporate secretarial and legislative functions, and provides advice on corporate governance matters and the application of the *Freedom of Information and Protection of Privacy Act* (Alberta).

\* The Public Interest Disclosure (Whistleblower Protection) Act (Alberta) applies to most public entities in the Province of Alberta, including the Alberta Securities Commission. The Act enables the disclosure and investigation of wrongdoings alleged to have occurred at a public entity in Alberta. It also protects individuals who report alleged wrongdoings from reprisal. Section 32 of the Act requires annual reporting on all disclosures that have been made in accordance with the Act. Since the Act came into force on June 1, 2013, there have been no disclosures received by the designated officer; accordingly, there were no disclosures acted upon or investigated.





# Commission Members

During F2024, there were 12 Members, including the designated Chair and two full-time Vice-Chairs.

The Chair acts as the ASC’s Chief Executive Officer and is responsible for the overall operation of the Commission. Members act as the ASC’s board of directors, overseeing the management of the ASC. They guide regulatory policy and consider and approve new CSA and ASC rules under the *Securities Act* (Alberta). They also act as an administrative tribunal and form panels that conduct hearings into matters in discharge of the ASC’s mandate.

Alberta’s Lieutenant Governor in Council appoints ASC Commission Members and designates one of the ASC’s Independent Members as the “Lead Independent Member.” A majority of the Members are “Independent” as that term is applied in National Instrument 52-110 *Audit Committees* (NI 52-110). The Chair and Vice-Chairs are involved in the day-to-day activities of the ASC, so are not classified as Independent.

## MEMBERS

Standing from left to right

- GAIL HARDING
- TRUDY CURRAN
- DOUG MAIR
- MATTHEW BOOTLE
- KARI HORN
- Vice-Chair
- JAMES (JIM) OOSTERBAAN
- BRYCE TINGLE
- STEVEN COHEN
- KAREN KIM

Seated from left to right

- RAYMOND CROSSLEY
- Lead Independent Member
- TOM COTTER
- Vice-Chair
- STAN MAGIDSON
- Chair and Chief Executive Officer

Meetings of the Members are held on a monthly basis. Independent Members meet *in camera* (in private) following each meeting in the absence of the Chair and Vice-Chairs. The ASC has three board committees: Governance, Human Resources and Audit. All three are made up exclusively of Independent Members.

All members of the Audit Committee are “financially literate” as that term is used in NI 52-110. As part of the ASC’s orientation program, new Members are provided with a briefing book detailing the operations of the ASC and the duties and responsibilities of the Members. Each member of the ASC’s senior management team meets with new Members to provide an overview of the operations of their respective divisions. In addition, Members are encouraged to attend appropriate courses or programs for further instruction relevant to their duties and responsibilities. The ASC’s Governance Policy, which contains a description of the ASC’s orientation program for new Members and continuing education for all Members, is available at [asc.ca](http://asc.ca).

For a current list of active Commission Members, including details of credentials and experience, visit [asc.ca](http://asc.ca).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ASC is fortunate to have talented and dedicated leaders with varied experience, skills and backgrounds who provide guidance, inspire trust, and foster an environment of collaboration and growth. We are also fortunate to have an organization of staff who are diverse in age, ethnicity, gender and other personal characteristics.

With specific reference to the representation of women on the Commission and in executive officer positions, an objective in the recruitment process is to achieve gender diversity, while simultaneously ensuring that Members and executive officers collectively possess the required mix of skills and experience necessary to fulfill the mandate of the organization. Although the ASC does not have gender diversity targets for board or executive officer positions, the representation of women in these groups is generally balanced, as demonstrated in the table below. The ASC continues to consider the importance of diversity when recruiting staff and executive officers. We also consider diversity when making recommendations to the Government of Alberta for future Commission Member positions.

The ASC’s offices are located within one of the few LEED Platinum buildings in Canada and the first in Alberta. LEED is an international standard of sustainability excellence and green building leadership. Centennial Place is a sustainable building constructed with energy efficiency, water savings and indoor air quality in mind. Our building’s office waste and recycling program goes beyond the basics to include electronics, batteries, pens, markers, printer toners and more. The program effectively diverts 86 per cent of waste from landfills and has been recognized as a success study by The City of Calgary.

F2024					F2023			
	Female		Male		Female		Male	
	#	%	#	%	#	%	#	%
Independent Members	3	33.3	6	66.7	3	33.3	6	66.7
Chair, Vice-Chairs	1	33.3	2	66.7	1	33.3	2	66.7
Executive Management	6	50	6	50	5	45.5	6	54.5



ATTENDANCE <sup>1</sup>

Stan Magidson, Chair

Term Expiry – June 30, 2026  
Currently in Term – 2  
Commission – 12/12 (100%)  
Audit Committee – 7/7 (100%)  
Governance Committee – 5/5 (100%)  
Human Resources Committee – 3/3 (100%)

Tom Cotter, Vice-Chair

Term Expiry – March 12, 2026  
Currently in Term – 2  
Commission – 11/12 (91.7%)

Kari Horn, Vice-Chair

Term Expiry – April 30, 2030  
Currently in Term – 2  
Commission – 12/12 (100%)

Raymond Crossley

*Lead Independent Member*  
Term Expiry – March 31, 2027  
Currently in Term – 3\*  
Commission – 12/12 (100%)  
Audit Committee – 7/7 (100%)  
Governance Committee – 5/5 (100%)  
Human Resources Committee – 3/3 (100%)

Matthew Bootle

Term Expiry – March 31, 2025  
Currently in Term – 2  
Commission – 12/12 (100%)  
Audit Committee – 7/7 (100%)

Steven Cohen

Term Expiry – March 31, 2024  
Completed Term – 2  
Commission – 12/12 (100%)  
Governance Committee – 5/5 (100%)

Trudy Curran

Term Expiry – March 31, 2026  
Currently in Term – 3\*  
Commission – 11/12 (91.7%)  
Governance Committee – 5/5 (100%)

Gail Harding

Term Expiry – March 31, 2025  
Currently in Term – 2  
Commission – 11/12 (91.7%)  
Human Resources Committee – 3/3 (100%)

Karen Kim

Term Expiry – March 31, 2026  
Currently in Term – 3\*  
Commission – 12/12 (100%)  
Audit Committee – 7/7 (100%)

Doug Mair

Term Expiry – March 31, 2027  
Currently in Term – 2  
Commission – 12/12 (100%)  
Human Resources Committee – 3/3 (100%)

James (Jim) Oosterbaan

Term Expiry – March 31, 2026  
Currently in Term – 3\*  
Commission – 10/12 (83.3%)  
Human Resources Committee – 3/3 (100%)

Bryce Tingle

Term Expiry – March 31, 2025  
Currently in Term – 1  
Commission – 12/12 (100%)  
Audit Committee – 6/7 (85.7%)

COMMISSION MEMBER COMMITTEES

The F2024 Board Committees were made up of the members listed below. All were Independent except Stan Magidson, who sat as an *ex officio* member where indicated.

Audit Committee

Karen Kim (Chair)  
Matthew Bootle  
Bryce Tingle  
Raymond Crossley (*ex officio*)  
Stan Magidson (*ex officio*)

Governance Committee

Raymond Crossley (Chair)  
Steven Cohen  
Trudy Curran  
Stan Magidson (*ex officio*)

HR Committee

Gail Harding (Chair)  
Doug Mair  
Jim Oosterbaan  
Raymond Crossley (*ex officio*)  
Stan Magidson (*ex officio*)

THREE-YEAR STATISTICAL SUMMARY 2024

<i>As of March 31, 2024</i>	F2024	F2023	F2022
<b>Enforcement activity</b>			
Complaints received	728	531	490
Concluded investigations	271	264	217
Current cases	160	153	171
Whistleblower tips received	31	22	23
Interim cease trade orders	4	1	0
Halt trade orders	0	0	0
Settlement agreements	3	1	1
Hearings commenced	3	2	3
Settlements agreed to <sup>1</sup>	\$440,000	\$20,000	\$15,000
Settlements collected <sup>2</sup>	\$470,000	\$29,000	\$22,336 <sup>2</sup>
Administrative penalties levied	\$720,000	\$400,000	\$725,000
Administrative penalties recovered	\$351,000	\$333,739	\$134,374
Prosecutions initiated in Court	1	1	2
Companies and individuals banned <sup>3</sup>	17	11	7
Appeal hearings	1	1	3
Cease trade orders <sup>4</sup>	37	26	26
<b>Active reporting issuers</b>			
Principal regulator – Alberta	485	490	486
Principal regulator – other	7,576	7,745	7,598
Total	8,061	8,235	8,084
<b>Prospectuses and mutual funds</b>			
Principal regulator – Alberta	51	69	91
Principal regulator – other	577	637	999
Total	628	706	1,090
<b>Rights offerings</b>			
Principal regulator – Alberta	1	3	4
Principal regulator – other	3	14	14
Total	4	17	18
<b>Exemption applications (Corporate Finance)</b>			
Principal regulator – Alberta	42	53	58
Principal regulator – other	6	15	15
Total	48	68	73
<b>Continuous disclosure reviews (principal regulator – Alberta)</b>			
Full	29	28	35
Issue-oriented reviews and data collections	242	198	177
Total	271	226	212
<b>Total registered firms</b>			
Principal regulator – Alberta	112	111	111
Principal regulator – other	899	891	866
Total	1,011	1,002	977
<b>Total registered individuals<sup>5</sup></b>			
Alberta resident	13,694	12,988	12,407
Non-Alberta resident	22,478	21,933	21,911
Total	36,172	35,921	34,318

Reciprocal orders are no longer reported. As of July 1, 2015, the ASC automatically reciprocates orders made by other securities regulators in Canada.

<sup>1</sup> Settlements including costs and disgorgements.

<sup>2</sup> This amount includes installment payments on a prior year settlement agreement.

<sup>3</sup> This amount includes court-ordered bans (three in F2024, one in F2023, none in F2022).

<sup>4</sup> These orders are the result of failure to comply with ASC filing requirements.

<sup>5</sup> Amounts do not include permitted individuals (CEO, CFO, COO or shareholders owning 10 per cent or more of the voting securities of a firm) who are tracked in the National Registration Database, but are not registrants.



# Management’s Discussion & Analysis

This Management Discussion & Analysis (MD&A), prepared as of June 12, 2024, should be read in conjunction with the Alberta Securities Commission’s March 31, 2024 annual audited financial statements and the accompanying notes, prepared in accordance with Canadian Public Sector Accounting Standards. Certain statements outlining fiscal 2025 expectations are forward-looking and are subject to risks and uncertainties. Furthermore, assumptions in the “Fiscal 2025 Outlook” section, although reasonable at the date of publication, are not guarantees of future performance. The results or events predicted in these statements and assumptions may differ materially from actual results or events. Factors that could cause results or events to differ from current expectations are described in the “Risks and Uncertainties” section.

References to “we”, “our” or “the ASC” refer to the Alberta Securities Commission. In this MD&A, references to years, such as F2024, refer to the fiscal years of the ASC ending March 31. All amounts are in Canadian dollars.

The ASC maintains accounting and internal control systems to provide reasonable assurance that its financial information is complete, reliable and accurate, and that its assets are adequately protected. Commission Members, through the Audit Committee, have an oversight role to ensure the integrity of the reported information. Specific processes to ensure the ASC’s financial accountability and oversight include:

- preparation of an annual budget that is reviewed by the Audit Committee and approved by Commission Members;
- reports of actual versus budget performance and updated full-year forecasts;
- the requirement for Commission approval of significant unbudgeted expenses or reallocations; and
- quarterly testing of the design and effectiveness of critical financial controls.

The ASC’s annual budget is approved by Alberta’s Minister of Finance. The ASC’s annual budget and financial statements are consolidated with the Government of Alberta’s financial reporting.

## Overview

The ASC is the industry-funded regulatory agency responsible for administering the Province’s securities laws. It is entrusted with fostering a fair and efficient capital market in Alberta and protecting investors. As a member of the Canadian Securities Administrators (CSA), the ASC works to improve, coordinate and harmonize the regulation of Canada’s capital markets.

## FINANCIAL HIGHLIGHTS

thousands of dollars

F2024  
F2023

### REVENUES

Annual financial statements fees	<div><div></div><div></div></div>	<div><div>20,563</div><div>22,771</div></div>
Registration fees	<div><div></div><div></div></div>	<div><div>19,187</div><div>19,171</div></div>
Distribution of securities fees	<div><div></div><div></div></div>	<div><div>17,067</div><div>17,826</div></div>
Investment income <sup>1</sup>	<div><div></div><div></div></div>	<div><div>5,804</div><div>1,448</div></div>
Realized loss on investments <sup>1</sup>		<div><div>(12,880)</div><div>(1,605)</div></div>
Interest income <sup>1</sup>	<div><div></div><div></div></div>	<div><div>3,784</div><div>323</div></div>
SEDI, exempt distributions and registration late filing fees	<div><div></div><div></div></div>	<div><div>486</div><div>395</div></div>
Other enforcement receipts	<div><div></div><div></div></div>	<div><div>470</div><div>29</div></div>
Administrative penalties	<div><div></div><div></div></div>	<div><div>351</div><div>334</div></div>
Orders (applications)	<div><div></div><div></div></div>	<div><div>203</div><div>167</div></div>
Conference and other	<div><div></div><div></div></div>	<div><div>1</div><div>1</div></div>
Total F2024		<div><div>55,036</div></div>
Total F2023		<div><div>60,860</div></div>

### EXPENSES

Salaries and benefits	<div><div></div><div></div></div>	<div><div>39,838</div><div>34,248</div></div>
Premises	<div><div></div><div></div></div>	<div><div>4,950</div><div>4,638</div></div>
Administration	<div><div></div><div></div></div>	<div><div>4,500</div><div>4,004</div></div>
Professional services	<div><div></div><div></div></div>	<div><div>2,771</div><div>2,707</div></div>
Amortization of capital assets	<div><div></div><div></div></div>	<div><div>1,103</div><div>1,021</div></div>
Investor education	<div><div></div><div></div></div>	<div><div>925</div><div>940</div></div>
Other expenses <sup>2</sup>	<div><div></div><div></div></div>	<div><div>237</div><div>936</div></div>
Total F2024		<div><div>54,324</div></div>
Total F2023		<div><div>48,494</div></div>

### DIVISION EXPENSES

Enforcement	<div><div></div><div></div></div>	<div><div>10,280</div><div>9,235</div></div>
Market Regulation	<div><div></div><div></div></div>	<div><div>7,945</div><div>7,270</div></div>
Corporate Finance	<div><div></div><div></div></div>	<div><div>7,539</div><div>7,667</div></div>
Information Technology	<div><div></div><div></div></div>	<div><div>6,932</div><div>4,842</div></div>
Corporate Resources	<div><div></div><div></div></div>	<div><div>3,505</div><div>3,183</div></div>
Communications and Investor Education	<div><div></div><div></div></div>	<div><div>3,226</div><div>2,888</div></div>
Office of the Chair and Members	<div><div></div><div></div></div>	<div><div>2,911</div><div>3,046</div></div>
Financial Services	<div><div></div><div></div></div>	<div><div>1,641</div><div>1,984</div></div>
Advanced Research and Knowledge Management	<div><div></div><div></div></div>	<div><div>1,435</div><div>-</div></div>
Office of the General Counsel	<div><div></div><div></div></div>	<div><div>1,174</div><div>1,142</div></div>
Office of the Executive Director	<div><div></div><div></div></div>	<div><div>914</div><div>1,054</div></div>
Office of the Chief Accountant	<div><div></div><div></div></div>	<div><div>769</div><div>524</div></div>
Expenses not allocated <sup>3</sup>	<div><div></div><div></div></div>	<div><div>6,053</div><div>5,659</div></div>
Total F2024		<div><div>54,324</div></div>
Total F2023		<div><div>48,494</div></div>

<sup>1</sup> Certain F2023 figures have been reclassified, where necessary, to conform to the F2024 presentation.

<sup>2</sup> Other expenses include investment expense and impairment.

<sup>3</sup> Expenses not allocated include amortization of capital assets and premises.



SELECTED ANNUAL INFORMATION

<i>thousands of dollars</i>	F2024	F2024	F2023	F2022
	Budget	Actual	Actual	Actual
Revenues	61,542	55,036	60,860	69,367
Regulatory expenses	56,223	54,324	48,494	44,080
Operating surplus	5,319	712	12,366	25,287
Financial assets				
Cash		147,885	23,990	31,983
Investments		–	121,526	101,713
Accounts receivable		1,511	451	112
Liabilities				
Lease inducements		413	662	911
Accrued pension liability		9,246	9,945	10,398
Net financial assets		135,311	131,350	118,621
Accumulated surplus		140,518	134,798	122,526
Capital assets		4,286	2,695	3,330
Capital additions	2,650	2,694	386	494

Highlights

The ASC had a \$712,000 operating surplus in F2024 compared with an operating surplus of \$12.4 million in F2023.

Total revenue of \$55.0 million for the year ended March 31, 2024 was \$5.8 million lower than the prior year. The decrease is primarily due to a realized investment loss and lower fee revenue offset by higher investment income, interest income and revenue from enforcement receipts.

In Q2 F2024, Alberta Treasury Board and Finance (TBF) notified the ASC that it was required to divest its portfolio investments under the new Consolidated Liquidity Solution (CLS). Based on this directive, the ASC authorized the Alberta Investment Management Corporation (AIMCo) to liquidate its portfolio investments, and on September 13, 2023, the Commission approved AIMCo’s recommendation for managing the liquidation of the portfolio investments. AIMCo completed this liquidation in Q3 F2024 (the Liquidation Event) and the ASC recorded a realized loss of \$12.9 million, which is recognized in “realized loss on portfolio investments” in the Statement of Operations for the year ended March 31, 2024. As a result of the Liquidation Event, the ASC has \$nil portfolio investments as at March 31, 2024. All the proceeds were transferred immediately to the ASC’s primary bank account, which is part of the CLS.

The fee revenue declined due to lower annual financial statement filing fees and fees from the distribution of securities sold in Alberta, partially offset by higher late filing fees.

Administrative penalties and other enforcement receipts were \$458,000 higher than the prior year due to a greater number of administrative recoveries of prior-year assessments collected in F2024. Other enforcement receipts fluctuate annually because of variability in the types of cases, the timing of their resolution and success in collections efforts.

Total expenses of \$54.3 million for F2024 were \$5.8 million higher than the prior year. The regulatory expenses increased from the prior year primarily due to higher salaries and benefits, administration and premises costs. This increase was partially offset by lower investment expense and no impairment expense recorded in F2024.

Analysis of Fiscal 2024 Operating Results

REVENUES			
<i>thousands of dollars</i>	F2024	F2024	F2023
	Budget	Actual	Actual
Fees			
Annual financial statements	21,100	20,563	22,771
Distribution of securities	17,576	17,067	17,826
Registration	18,519	19,187	19,171
SEDI, exempt distributions and registration late filing fees	500	486	395
Orders (applications)	146	203	167
Total fees	57,841	57,506	60,330
Other revenues			
Investment income	3,000	5,804	1,448
Realized loss on investments	–	(12,880)	(1,605)
Interest income	200	3,784	323
Other enforcement receipts	400	470	29
Administrative penalties	100	351	334
Conference and other	1	1	1
Total revenue	61,542	55,036	60,860

In F2024, the ASC recognized 84.7 per cent (99.1 per cent in F2023) of its total revenue (excluding realized loss) from fees paid by Alberta capital market participants. Participation fees, in addition to other enforcement receipts, interest income and investment income, fund our operations. The ASC does not receive transfers from government tax revenue.

Fees

Public Sector Accounting Standard 3400 Revenue

Effective April 1, 2023, the ASC adopted the new accounting standard PS 3400 *Revenue* (PS 3400) on a prospective basis. PS 3400 provides guidance on how to report revenue by differentiating between revenue from transactions with performance obligations (exchange transactions) and transactions without performance obligations (non-exchange transactions). The ASC concluded that its revenue streams are non-exchange transactions with no performance obligations. As such, the ASC recognizes revenue from non-exchange transactions when it has the authority to claim or retain an inflow of economic resources and has identified a past transaction or event that gives rise to an asset.

As a result of adopting PS 3400, the amount of revenue recognized is the amount received or receivable. The realizable value of the receivable is determined based on the expected recoverability derived from historical data, which is re-assessed at the end of each reporting period.



ANNUAL FINANCIAL STATEMENTS

Participation fees from reporting issuers are recognized at the time the annual financial statements are filed. The ASC recognizes an accounts receivable balance in instances where the annual financial statement filing was not accompanied by the required participation fee or where only partial payment was made. As of March 31, 2024, the net realizable value of annual financial statement filing fee receivable was \$145,000 (\$nil at March 31, 2023).

Fees for reporting issuers, other than investment funds, are determined using a tiered fee structure based on average market capitalization. Investment funds pay a flat filing fee. Annual financial statement filing fees totalled \$20.6 million (\$22.8 million in F2023), which was \$537,000 less than the budget and \$2.2 million less than the prior year. These fees accounted for 35.8 per cent of the ASC’s total fee revenue (37.7 per cent in F2023).

The decrease in annual financial statements filing fees over the prior year was due to a decrease in the number of Alberta reporting issuers, partially offset by an increase in the average market capitalization as well as the impact of the timing of when financial statements were filed. The total number of active reporting issuers in Alberta at March 31, 2024, was 8,095 (8,147 at March 31, 2023), with an average market capitalization during F2024 of \$6,431 billion (\$5,845 billion in F2023).

FEES FROM DISTRIBUTION OF SECURITIES

Fees from distribution of securities are due upon the filing of the document. The ASC recognizes an accounts receivable balance in instances where a filing was not accompanied by the required fee or where only partial payment was made. As of March 31, 2024, the net realizable value of distribution of securities fee receivable was \$663,000 (\$nil at March 31, 2023).

Fees from the distribution of securities have both fixed and variable components. The fixed component is charged for each prospectus or prospectus-exempt distribution filed in Alberta. The fixed transaction fee component of distribution fees totalled \$7.4 million, which was higher than F2023 (\$7.2 million) primarily due to a higher number of exempt offerings and preliminary prospectus filings from mutual fund reporting issuers, partially offset by a lower number of preliminary prospectus filings. The fixed transaction fees accounted for 12.8 per cent (11.9 per cent in F2023) of total fees. The variable fee component is calculated based on the proceeds obtained from public (prospectus) and private (prospectus-exempt) distributions of securities sold in Alberta. The variable fee component accounted for \$9.7 million in F2024 (\$10.6 million in F2023) and 16.9 per cent (17.6 per cent in F2023) of total fees. The decrease in F2024 was due to lower proceeds from mutual fund reporting issuers, partially offset by higher proceeds from prospectus-exempt issuers.

Fees from the distribution of securities vary with the level of capital market activity, equity issuances and mutual fund sales. The primary drivers are changes in public and private securities distributions and mutual fund sales. Equity market volatility has an impact on fees from distribution of securities. As a result, F2024 had an overall decrease of \$759,000 in fees from distribution of securities compared to F2023.

REGISTRATIONS

The ASC has the authority to claim annual registration renewal fees for registered individuals and firms as of the stated deadlines. An accounts receivable balance is recognized in instances where the registrant has not paid the annual fee at the prescribed deadline or has made a partial payment.

Fee revenue of \$19.2 million in F2024 (\$19.2 million in F2023) was recognized from registered firms and individuals, with 74.0 per cent of these fees recognized from registration renewals. Registration fees accounted for 33.4 per cent of total fees (31.8 per cent in F2023). As at March 31, 2024 there were 1,011 firms and 36,172 individuals registered in Alberta, compared to 1,002 firms and 35,921 individuals registered as at March 31, 2023. Registration fees were higher than the budget, primarily due to a higher number of new firms and individual registrants. Registration fee revenue was consistent with the prior year.

LATE FILING FEES RELATING TO EXEMPT DISTRIBUTIONS, REGISTRATION AND THE SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

The ASC recognized late filing fees of \$486,000 in F2024 (\$395,000 in F2023), mostly consisted of late fees on insider report filings and prospectus-exempt distributions.

ORDERS (APPLICATIONS)

The F2024 revenue for orders was \$36,000 higher than in the prior year. In F2024, \$203,000 was recognized from 132 applications (\$167,000 from 116 applications in F2023). The fee per application is dependent on the category of the application filed.

Other Revenue Sources

INVESTMENT INCOME AND REALIZED INVESTMENT LOSS

As a result of the Liquidation Event, the ASC has recorded a realized loss of \$12.9 million, which is recognized in “realized loss on portfolio investments” in the Statement of Operations for the year ended March 31, 2024. This includes recognition of \$7.9 million in losses for the current year and \$5.0 million in accumulated remeasurement losses as of March 31, 2023. The ASC did not participate directly in the liquidation transaction but has relied on AIMCo’s expertise and proposed timeline for the liquidation.

The F2024 investment income of \$5.8 million (\$1.4 million in F2023) was higher than the prior year by \$4.4 million primarily due to higher returns on Global equities of \$4.7 million (\$75,000 in F2023), returns on fixed-income securities and money market deposits of \$745,000 (\$859,000 in F2023), and returns on Canadian equities of \$337,000 (\$514,000 in F2023). Investment income was higher than budget by \$2.8 million primarily due to returns on Global equities.

INTEREST INCOME

The F2024 interest income of \$3.8 million (\$323,000 in F2023) was higher than the prior year and budget by \$3.5 million and \$3.6 million respectively, as a result of the Liquidation Event. Proceeds were deposited into the ASC’s primary bank account, which is part of the CLS. As a CLS participant, the ASC is paid interest on a monthly basis on the cash balance at an interest rate based on a 12-week rolling average of the Province’s 3-month cost of borrowing. The interest receivable is reported on an accrual basis. As of March 31, 2024, the interest receivable was \$624,000 (\$nil at March 31, 2023).

OTHER ENFORCEMENT RECEIPTS

thousands of dollars		
	F2024	F2023
Settlement receipts		
Assessed	260	20
Recoveries of prior-year assessments	10	9
Cost recoveries		
Assessed	506	225
Adjustments for expected recoverability	(452)	(225)
Disgorgements		
Assessed	3,971	3,562
Adjustments for expected recoverability	(3,825)	(3,562)
Total		
	470	29

Settlement receipts arise from negotiated settlements that include a financial payment. Cost recovery receipts can either be agreed to in settlements or ordered by an ASC panel. Disgorgements are orders to pay amounts relating to funds obtained from actions that violate the *Securities Act* (Alberta). Other enforcement receipts depend on the circumstances of specific cases and vary from year to year.



ADMINISTRATIVE PENALTIES

<i>thousands of dollars</i>	F2024	F2023
Administrative penalties		
Assessed penalties	720	404
Adjustments for expected recoverability	(710)	(404)
Recoveries of prior-year assessments	341	334
Total	351	334

Administrative penalties are financial penalties imposed by an ASC panel resulting from a hearing. Similar to other enforcement receipts, the amount of these penalties depends on the circumstances of specific cases and varies from year to year. The ASC annually transfers administrative penalties revenue, less eligible expenditures, to a restricted cash account. Restricted cash is segregated from other assets because of statutory limitations on the use of these funds. The *Securities Act* (Alberta) requires the use of revenue received from administrative penalties to be used towards operating expenditures that educate investors and enhance participants’ knowledge of how securities markets operate.

Restricted cash remained at zero in F2024, as a result of a transfer of \$351,000 (\$334,000 in F2023) to fund eligible expenditures.

In F2024, the transfer amount consisted of prior-year and current-year collections of \$341,000 (\$334,000 in F2023) and \$10,000 (\$nil in F2023) as well as \$910 of conference fees (\$415 in F2023). No interest income on administrative penalties was earned in F2024 (no interest in F2023). See Note 3 of the March 31, 2024 annual audited financial statements for more information.

Administrative penalties and other enforcement receipts, including disgorgements, settlement payments and cost recoveries, are recognized when the decision is issued by the ASC or an agreement is reached. The amount of revenue recognized will be the amount received or receivable. The realizable value of the receivable balance will be determined based on the expected recoverability of administrative penalties and other enforcement receipts.

Administrative penalties and other enforcement receipts totalled \$821,000 in F2024 (\$363,000 in F2023) compared to a five-year average of \$701,000 in receipts. The ASC actively pursues unpaid amounts using external legal counsel, taking steps such as judgment and writ registration, asset seizures and questionings in aid of execution. Recoveries are often limited because respondents have minimal resources at the time of assessment. In F2024, the ASC recognized and collected \$351,000 of prior-year assessment costs and other enforcement receipts (\$334,000 in F2023).

Comparative and Budget Expense Analysis

The ASC’s F2024 budget was approved by the Commission on December 14, 2022. In F2024, operating expenses were 3.4 per cent below budget. Details by expense category follow.

REGULATORY EXPENSES

<i>thousands of dollars</i>	F2024	F2024	F2023
	Budget	Actual	Actual
Salaries and benefits	39,335	39,838	34,248
Administration	5,143	4,500	4,004
Premises	5,090	4,950	4,638
Professional services	3,870	2,771	2,707
Amortization of capital assets	1,300	1,103	1,021
Investor education	1,050	925	940
Investment expense	435	237	461
Investment impairment	–	–	475
Total	56,223	54,324	48,494

SALARIES AND BENEFITS

Compensation expenses accounted for 73.3 per cent of total costs in F2024 (70.6 per cent in F2023) and increased by \$5.6 million from the prior year. This was primarily due to additional full-time employees in F2024, higher salaries and benefits, and lower supplemental pension expense. The ASC had an average of 236 full-time employees during the year (213 in F2023). The salaries and benefits expenses were \$503,000 higher than budget primarily due to a lower-than-budgeted employee vacancy rate, with an average of 17 FTE during F2024 (19 FTE in F2023).

ADMINISTRATION

Administration costs increased by \$496,000 in F2024 compared to F2023. These costs were \$643,000 lower than budget and accounted for 8.3 per cent of total costs (8.3 per cent in F2023). The administration cost category includes office operations, independent member fees, travel and doubtful accounts.

Office operating costs increased by \$474,000 compared with the prior year, primarily due to higher information technology (IT), library costs, and materials and supplies costs. The office operating costs were \$354,000 lower than budget primarily due to cost savings as a result of delays in some IT projects, and lower than expected materials and supply and rental equipment costs, partially offset by higher library costs.

Independent member fees were lower than the prior year by \$80,000 and lower than budget by \$214,000 due to fewer hearing days than expected. Travel expenses were higher than the prior year by \$40,000 and lower than budget by \$136,000. Generally, travel expenses are required primarily for participation in CSA matters, enforcement activities and professional development.

As part of the adoption of PS 3400 *Revenue*, the ASC recognized \$61,000 as doubtful accounts in F2024 (\$nil in F2023). The ASC assesses its ability to collect on current net realizable balances as of March 31 of the fiscal year. Balances older than 90 days are deemed uncollectible and are expensed on the Statement of Operations.

PREMISES

Premises costs made up 9.1 per cent of total costs in F2024 (9.6 per cent in F2023). These costs increased by \$312,000 in F2024 compared to the prior year due to additional leased space acquired to accommodate an increase in headcount, and were lower than budget by \$140,000 due to lower operating expenses.



PROFESSIONAL SERVICES

Professional services costs include contract services and CSA projects which accounted for 5.1 per cent of total costs in F2024 (5.6 per cent in F2023). These costs were higher than the prior year by \$64,000 due to increased services for IT projects and were \$1.1 million less than budget due to delays in the timing of IT projects and lower consultation services related to human resources activities.

All CSA projects, including the development of harmonized securities policies and rules, and shared CSA information systems, are coordinated through a permanent secretariat located in Montréal, Québec. CSA operating costs are borne on a formula based on a percentage of the population. The ASC’s portion for F2024 was \$541,000, being 14.9 per cent (\$438,000 being 11.6 per cent in F2023) of these costs.

AMORTIZATION OF CAPITAL ASSETS

Amortization expense accounted for 2.0 per cent of total costs in F2024 (2.1 per cent in F2023). This cost increased by \$82,000 in F2024 compared to the prior year due to higher capital additions in the fiscal year. Amortization was lower than budget by \$197,000 due to timing differences on completion of capital projects.

INVESTOR EDUCATION

Investor education costs were lower than the prior year and budget by \$15,000 and \$125,000 respectively. Investor education activities included public awareness campaigns such as Fraud Prevention Month and elder abuse awareness. The ASC also engaged in digital advertising, and cost-effective TV and radio advertisements.

INVESTMENT EXPENSE

Investment expenses were lower than the prior year and budget by \$224,000 and \$198,000 respectively, due to the Liquidation Event. Investment services provided by AIMCo were charged directly to the pools on a cost recovery basis. Fees for investment services provided to AIMCo by external managers were charged to the pools based on the percentage of net assets under management.

INVESTMENT IMPAIRMENT

The ASC had no impairment loss in its investment portfolio in F2024 (\$475,000 in F2023).

CAPITAL EXPENDITURES			
thousands of dollars	F2024	F2024	F2023
	Budget	Actual	Actual
Computer equipment and software	1,500	1,554	313
Leaseholds	850	604	23
Furniture and equipment	300	536	51
Total	2,650	2,694	387

In F2024, capital expenditures were primarily related to IT projects, including hardware and software upgrades, leasehold improvements and office furniture purchases.

Financial Assets and Liquidity

INVESTMENTS

Prior to the Liquidation Event, the ASC’s investments were independently managed by AIMCo which is a provincial corporation responsible to the Minister of Finance. The ASC did not participate in specific capital market investment decisions or transactions; however, the ASC’s investment policy provided guidance relevant to the governance, purpose, size, access, management and annual income of the investments.

AIMCo used several types of derivatives across most product areas to cost-effectively manage asset exposure, hedge interest rate and foreign currency risk, and enhance return. Credit exposure was represented by the replacement cost of all outstanding derivative contracts in a favourable position (positive fair value), after adjusting for collateral received and pledged.

RATES OF RETURN ON INVESTMENTS

Investments included fixed-income and equity pool investments. The ASC’s investments had a negative net return of 1.25 per cent for the year ended March 31, 2024 up to the Liquidation Event in Q3 F2024 (negative net return of 1.11 per cent in F2023). The fixed-income pool included a mix of high-quality government and corporate (public and private) fixed-income securities and debt-related derivatives. Equity pool investments included publicly traded equities from Canadian and global market index participants. The equity pools used derivatives as part of AIMCo’s global strategy to simulate index composition and minimize investment risk.

The rates of return on the ASC’s investments were:

	F2024	F2023
	Actual	Actual
Fixed-income pool securities (market value)	(3.23%)	(1.74%)
Global equities pool funds (market value)	3.33%	1.77%
Canadian equities pool funds (market value)	(0.40%)	(4.53%)
Money market funds	3.11%	3.00%

Quarterly Variance Analysis

QUARTERLY RESULTS SUMMARY								
thousands of dollars	F2024				F2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(Jan–Mar)	(Oct–Dec)	(Jul–Sep)	(Apr–Jun)	(Jan–Mar)	(Oct–Dec)	(Jul–Sep)	(Apr–Jun)
Revenue								
Fees and other	20,528	21,376	5,281	11,143	35,942	5,826	5,497	13,429
Investment income (loss)	–	37	1,435	4,332	2,307	136	(215)	(780)
Realized losses on investments	–	(12,880)	–	–	–	(1,605)	–	–
Interest income	1,805	1,501	230	248	189	41	66	27
	22,333	10,034	6,946	15,723	38,438	4,398	5,348	12,676
Regulatory expenses								
Salaries and benefits	11,149	9,874	9,376	9,439	9,687	8,528	8,223	7,810
Other	4,070	3,750	3,359	3,307	4,777	3,420	3,147	2,902
	15,219	13,624	12,735	12,746	14,464	11,948	11,370	10,712
Operating surplus (deficit)								
	7,114	(3,590)	(5,789)	2,977	23,974	(7,550)	(6,022)	1,964
Investments								
	–	–	118,996	122,397	121,526	116,220	113,238	113,112
Cash	147,885	126,402	14,161	21,477	23,990	1,933	7,183	13,063



FEE REVENUE

Quarterly fee revenue is variable due to the timing of fee-related filings from reporting issuers and the variable portion of prospectus and prospectus-exempt fees, which fluctuate with market activity. The majority of total fee revenue is recognized in the third and fourth quarter each year, primarily due to annual registration renewal and annual financial statements filing fees. The majority of the annual registration renewal fees are recognized as of December 31, and the majority of annual financial statements filing fees are recognized from February to April.

REGULATORY EXPENSES

The ASC pays CISO a portion of CISO members’ annual registration renewal fees. \$525,000 was paid in F2024 (\$520,000 in F2023).

Other expenses vary from quarter to quarter because of the timing of expenditures. For example, professional services for enforcement activities depend on the nature of investigations, the timing of expert reports and the testimony required for hearings and trials.

Investor education activities generally correspond with Investor Education Month in October and Fraud Prevention Month in March.

Contractual Obligations

Commitments to outside organizations, as of March 31, 2024, totalled \$90.3 million (\$15.8 million in F2023). Commitments include leases of premises (including parking) to 2040, rental of office equipment to 2027 and software subscriptions to 2028. See Note 10 of the March 31, 2024 annual audited financial statements for the commitments schedule.

The ASC has contractual commitments for a supplemental pension plan for certain senior executives. Payment amounts are dependent on the future decisions of plan participants and are recorded as liabilities.

Financial Instruments

F2024 got off to a slow start but eventually produced a year of solid returns. After both equities and bonds posted negative returns in 2023, each asset class was able to generate positive returns in 2024, with equities in particular delivering strong results.

The S&P 500 returned 5.4 per cent for the first six months of the fiscal year, ultimately delivering 30 per cent return for F2024 (on a \$ total-return basis). Canada’s S&P TSX Index delivered a positive 13.9 per cent return over the same period but lagged behind its United States (U.S.) peers. Up until the Liquidation Event, the ASC recognized \$5.8 million in investment income primarily as a result of overall returns generated by the Global equities.

Canadian bond markets lagged domestic equity markets, but a strong third fiscal quarter saved the FTSE Canada Universe Bond index from a negative year, ultimately delivering a 2.1 per cent return in the 12 months ending March 31, 2024. Canadian 10-year rates climbed from 2.9 per cent to 3.6 per cent over the same 12-month period, which has negatively impacted the valuation of the fixed-income securities up to the Liquidation Event.

The year was marked by a notable slowdown in global inflation, presumably the result of a considerable tightening in policy rates by central banks over the previous 15 months. Progress on the fight against inflation was substantial enough that central bankers not only paused hikes but began to signal that rate cuts are on the horizon. Despite the restrictive monetary policy environment, resilience in the global economy also helped buoy risk assets. Led by the US, labour markets remained hot and economic growth continued to surprise to the upside quarter after quarter. Economic growth and business activity remained positive in both Canada and the Eurozone. As we enter F2025, the focus is on when and which central bank will cut rates first, and perhaps more importantly, to what extent.

The Bank of Canada, which has been deliberate in its messaging that rate cuts were not imminent, has recently lowered its policy rate and has signaled that future rate cuts will be gradual. The ASC recognized interest income of \$3.8 million in F2024 (\$323,000 in F2023), and any changes in the Bank of Canada’s rate will impact the interest income on CLS balances.

Prior to the Liquidation Event, the ASC reported all of its investments at fair value, consistent with how they were evaluated and managed by AIMCo. Realized and unrealized investment gains and losses were reported separately. Only realized gains and losses were reported in the Statement of Operations. Unrealized gains and losses were reported in the Statement of Remeasurement Gains and Losses. Investment risks, including credit risk, foreign currency risk, interest rate risk, price risk and liquidity risk, are disclosed in the notes to the March 31, 2024 annual audited financial statements.

The ASC’s financial instruments include cash, accounts receivable, accounts payable and accrued liabilities.

Related Party Transactions

The ASC is related, through the Government of Alberta, to all provincial government ministries, agencies, boards, commissions and Crown corporations. See Note 12 in the March 31, 2024 annual audited financial statements for related party transactions.

CSA National Systems

See Note 9 in the March 31, 2024 annual audited financial statements for more information concerning the CSA National Systems.

Risk Management Initiatives

BUSINESS CONTINUITY

The ASC Corporate Crisis Management Plan includes business continuity, disaster recovery and cybersecurity incident response plans ensuring the organization’s critical operations continue after an unplanned disruption, disaster or cyberattack. Critical systems are designed with redundancy levels, including two geographically diverse replicated data centres ensuring data is safe and secure. Annual tests are conducted, ensuring the ability to re-establish critical operations allowing the ASC to meet essential business needs following a disruption. During normal operations, critical systems are available remotely, allowing many ASC staff the flexibility to work on a hybrid model, or work from home if ASC offices are not accessible.

RISK ASSESSMENT AND MITIGATION

Key risks to the effective operations of the ASC include loss of key personnel, disruption and loss of IT systems, crises beyond the ASC’s control, and loss of public confidence in the ASC. The ASC has a comprehensive crisis management program, including systems, protocols and controls designed to lessen the impact on business processes and minimize any negative impacts.

During F2024, the ASC performed a targeted review of its Enterprise Risk Management (ERM) program for the F2025–2026 periods. The program facilitates the identification, analysis, mitigation and monitoring of internal and external risks that threaten the achievement of the ASC’s strategic objectives. This risk review was performed in conjunction with the development of the ASC’s annual update of the three-year strategic plan. The review concluded that all reasonable steps had been taken, or are being taken, to mitigate risks to the extent that they are within the control of the organization. An annual targeted risk review will be completed in F2025, with another comprehensive review planned for F2026.

The ASC continued with its hybrid work model in F2024, allowing many ASC staff the flexibility to work from home and the office. Remote working continues to be a heightened risk for cybersecurity and data protection, mitigated through specialized cybersecurity systems and cybersecurity awareness training. Annual audits, reviews and updates are conducted on our IT policies, processes and procedures to mitigate cybersecurity risks continually.

In addition to annual risk reviews, the ASC monitors risk on a real-time basis and continues to implement measures to improve the control environment.

MINISTERIAL BUDGET APPROVAL

Significant financial reporting and planning requirements include Ministerial approval of annual ASC budgets, any subsequent changes that materially modify the budget, and quarterly reporting to the Minister of actual financial results and budget amendments.



Fiscal 2025 Outlook

The ASC's priority is to provide intelligent regulation that facilitates an adaptable and enduring capital market, and which supports efforts to encourage growth and the diversification of our economy while ensuring investors are protected from improper, misleading or fraudulent practices.

REVENUE

F2025 revenue is budgeted to be \$65.5 million, an increase of \$4.0 million from the F2024 budgeted revenue. This increase primarily reflects a change in assumptions related to the interest income, the number of Alberta reporting issuers, their average market capitalization, the number of registrants, and capital-raising-related activities in the Alberta market.

REGULATORY EXPENSES

F2025 regulatory expenses are budgeted to be \$65.2 million, an increase of \$9.0 million from the F2024 budgeted regulatory expenses. The increase in cost estimates is based primarily on the impact of additional full-time employees on salaries and benefits, premises, IT costs and professional services as part of the ASC’s strategic plan. Other administrative expenditures are expected to increase due to expected inflationary increases.

LIQUIDITY AND CASH FLOW

Existing cash balances are sufficient to fund the ASC’s F2025 operations and capital purchases.

RISKS AND UNCERTAINTIES

The budget is based on the ASC’s experience, assessment of trends, and application of key assumptions relating to future events. These assumptions include fee income trends consistent with that of Canadian capital markets, current interest rates used in the calculation of interest income, a staff vacancy rate based on actual historical rates, and specific project costs for IT, training and recruitment.

Factors that could impact the ASC’s financial performance include:

- capital market volatility and the impact on fees paid in connection with the distribution of securities, registration and the filing of annual financial statements;
- interest rate fluctuations and their impact on interest income;
- inflationary pressures’ impact on cost assumptions and fee revenue;
- business plan changes and their impact on cost assumptions; and
- disruption of CSA national systems fee processing that delays fee receipts at the ASC’s year-end.

Financial Statements

Management’s Responsibility for Financial Reporting

The accompanying Alberta Securities Commission (ASC) financial statements and all other information relating to the ASC contained in this annual report have been prepared and presented by management, which is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

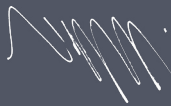
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the ASC has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that ASC transactions are properly authorized, assets are safeguarded from loss, and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the ASC’s external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor’s Report.

ASC Members are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Members exercise this responsibility through the Audit Committee. In both the presence and absence of management, the Audit Committee meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the Members of the Audit Committee.



STAN MAGIDSON  
Chair and Chief Executive Officer



SAMIR SABHARWAL  
Executive Director

June 12, 2024





## Independent Auditor's Report

To the Members of the Alberta Securities Commission

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Alberta Securities Commission, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alberta Securities Commission as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

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

#### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Alberta Securities 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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 Alberta Securities 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 Alberta Securities Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Alberta Securities Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

June 12, 2024  
Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

	At March 31, 2024	At March 31, 2023
<i>thousands of dollars</i>		
Financial Assets		
Cash (Note 3)	147,885	23,990
Accounts receivable	1,511	451
Portfolio investments (Note 4)	–	121,526
	149,396	145,967
Liabilities		
Accounts payable and accrued liabilities (Note 6)	4,426	4,010
Lease inducements	413	662
Accrued pension liability (Note 7)	9,246	9,945
	14,085	14,617
Net Financial Assets	135,311	131,350
Non-Financial Assets		
Tangible capital assets (Note 5)	4,286	2,695
Prepaid expenses	921	753
	5,207	3,448
Accumulated Surplus	140,518	134,798
Accumulated surplus is comprised of:		
Accumulated operating surplus	140,518	139,806
Accumulated remeasurement losses	–	(5,008)
	140,518	134,798

Commitments and contingent liabilities (Note 10)  
The accompanying notes and schedule are part of these financial statements.

Approved by the Members.



STAN MAGIDSON  
Chair and Chief Executive Officer



KAREN KIM  
Chair of the Audit Committee

June 12, 2024



STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	For year ended March 31		
	2024	2024	2023
	Budget (Note 11)	Actual	Actual
Annual Operating Surplus	5,319	712	12,366
Acquisition of tangible capital assets	(2,650)	(2,694)	(386)
Amortization of tangible capital assets	1,300	1,103	1,021
Prepayment of expenses	–	(2,231)	(1,619)
Reduction of prepaid expenses	–	2,063	1,441
Net remeasurement gains (losses)	–	5,008	(94)
Increase in net financial assets	3,969	3,961	12,729
Net financial assets, beginning of year	131,350	131,350	118,621
Net financial assets, end of year	135,319	135,311	131,350

The accompanying notes and schedule are part of these financial statements.

STATEMENT OF OPERATIONS

	For year ended March 31		
	2024	2024	2023
	Budget (Note 11)	Actual	Actual
Revenues			
Fees (Note 8(A))	57,841	57,506	60,330
Investment income (Note 4(A))	3,000	5,804	1,448
Realized loss on portfolio investments (Note 4(A))	–	(12,880)	(1,605)
Interest income (Note 2(F))	200	3,784	323
Other enforcement receipts (Note 8(B))	400	470	29
Administrative penalties (Note 3)	100	351	334
Conference and other	1	1	1
	61,542	55,036	60,860
Regulatory Expenses			
Salaries and benefits	39,335	39,838	34,248
Administration	5,143	4,500	4,004
Premises	5,090	4,950	4,638
Professional services	3,870	2,771	2,707
Amortization of capital assets (Note 5)	1,300	1,103	1,021
Investor education	1,050	925	940
Investment expense (Note 12)	435	237	461
Investment impairment (Note 4(C))	–	–	475
	56,223	54,324	48,494
Annual Operating Surplus	5,319	712	12,366
Accumulated Operating Surplus, beginning of year	139,806	139,806	127,440
Accumulated Operating Surplus, end of year	145,125	140,518	139,806

The accompanying notes and schedule are part of these financial statements.



STATEMENT OF REMEASUREMENT GAINS AND LOSSES

<i>thousands of dollars</i>	For year ended March 31	
	2024	2023
Accumulated remeasurement losses, beginning of year	(5,008)	(4,914)
Unrealized losses on portfolio investments during the year	(7,872)	(1,699)
Amounts reclassified during the year to the Statement of Operations (Note 4(A))	12,880	1,605
Net remeasurement gains (losses) for the year	5,008	(94)
Accumulated remeasurement losses, end of year	–	(5,008)

The accompanying notes and schedule are part of these financial statements.

STATEMENT OF CASH FLOWS

<i>thousands of dollars</i>	For year ended March 31	
	2024	2023
<b>Operating Transactions</b>		
Fees and other	56,762	60,181
Payments to and on behalf of employees	(40,381)	(34,916)
Payments to suppliers for goods and services	(13,114)	(12,740)
Interest income	3,197	323
Administrative penalties (Note 3)	351	334
Other enforcement receipts (Note 8(B))	470	29
Cash received from operating transactions	7,285	13,211
<b>Capital Transactions</b>		
Cash used to acquire tangible capital assets	(2,574)	(204)
Cash used in capital transactions	(2,574)	(204)
<b>Investing Transactions</b>		
Purchases of portfolio investments	–	(21,000)
Proceeds on sale of portfolio investments	119,184	–
Cash received (used) from investing transactions	119,184	(21,000)
Increase (decrease) in cash	123,895	(7,993)
Cash, beginning of year	23,990	31,983
Cash, end of year	147,885	23,990

The accompanying notes and schedule are part of these financial statements.

Notes to the Financial Statements

March 31, 2024

Note 1: Nature of Operations

The Alberta Securities Commission (ASC) is the regulatory agency responsible for administering the province’s securities laws and is exempt from income tax under the *Income Tax Act* (Canada).

Note 2: Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

A) PORTFOLIO INVESTMENTS

Liquidation Event

In Q2 F2024, the Alberta Treasury Board and Finance notified the ASC of its requirement for the ASC to divest its portfolio investments under the new Consolidated Liquidity Solution (CLS). Based on this directive, the ASC authorized the Alberta Investment Management Corporation (AIMCo) to liquidate its portfolio investments, and on September 13, 2023, the Commission approved AIMCo’s recommendation for managing the liquidation of the portfolio investments. AIMCo completed this liquidation in Q3 F2024. As a result, the ASC has recorded a realized loss of \$12.9 million on liquidating all of its portfolio investments, which is recognized in “realized loss on portfolio investments” in the Statement of Operations for the year ended March 31, 2024. This includes recognition of \$7.9 million in losses for the current year and \$5.0 million in accumulated remeasurement losses as of March 31, 2023. As a result of the Liquidation Event, the ASC has \$nil portfolio investments as at March 31, 2024. All the proceeds were transferred immediately to the ASC’s primary bank account, which is part of the CLS.

Portfolio Investments before the Liquidation Event

AIMCo invested in pooled investment funds in accordance with the investment policy approved by the ASC. AIMCo controlled the creation of the pools and the management and administration of the pools, including security selection. Accordingly, the ASC did not participate in capital market investment decisions or transactions.

AIMCo managed and reported all ASC portfolio investments and cash balances using the accounting policies outlined in (I), (II) and (III) below. Fixed-income securities and equities consisted of units in pooled investment funds. The units were recognized at fair value based on the fair value of the financial instruments held in the pools.

I. VALUATION OF PORTFOLIO INVESTMENTS

Fair values of portfolio investments managed and held by AIMCo in pooled investment funds were determined as follows and applied to the portfolio investments during F2023 and F2024 up to the Liquidation Event in Q3 F2024:

- public fixed-income securities and equities were valued at the year-end closing sale price, or, if not actively traded, any price point between the bid/ask spread that was deemed to be most representative of fair value; and
- private fixed-income securities were valued based on the net present value of future cash flows. These cash flows were discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The pools included derivative contracts, including equity and bond index swaps, interest rate swaps, cross-currency interest rate swaps, credit default swaps, forward foreign exchange contracts and equity index futures contracts.

Impairment in the value of portfolio investments was assessed on an annual basis. If an impairment deemed other-than-temporary was identified, the cost of the portfolio investment was written down to its realizable value. A write-down of portfolio investment to reflect a loss in value was not reversed for a subsequent increase in value.

II. INVESTMENT INCOME AND EXPENSES

Income from investment in units of the pools, and expenses and transaction costs incurred by the pools, were allocated to the ASC based on the ASC’s pro rata share of units in each pool. Investment services provided by AIMCo were charged directly to the pools on a cost recovery basis. Fees for investment services provided to AIMCo by external managers were charged to the pools based on the percentage of net assets under management. Investment income, including that from derivative contracts and expenses, were recognized on an accrual basis.

Gains and losses arising as a result of the disposal of investments and related pool units were included in the determination of realized gains and losses on portfolio investments in the Statement of Operations. The cost of disposal was determined on an average cost basis.

Interest income attributable to fixed-income financial assets held in the pools was recognized using the effective interest method. Dividend income attributable to equities held by the pools was recognized on the ex-dividend date.

III. REMEASUREMENT GAINS AND LOSSES

Accumulated remeasurement gains (losses) represented the excess (deficit) of the fair value of the pool units at year-end over (below) the cost of the pool units. Changes in accumulated remeasurement gains (losses) were recognized in the Statement of Remeasurement Gains and Losses. Changes in accumulated remeasurement gains (losses) during the year included unrealized increases and decreases in fair value of the pooled units, and realized gains and losses on sale of the pool units. When the pool units were sold (derecognized), any accumulated unrealized gain or loss associated with the investment became realized and was included in the Statement of Operations.

B) VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Cash, accounts payable and accrued liabilities are recognized at cost. The fair values of each of these line items approximate their carrying values due to their short-term nature. Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain. The majority of the accounts receivable balances consist of outstanding revenue receivable and interest receivable from the Province for the participation in the CLS (Note 3).

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. See Notes 2 (A) and (H) for the valuation of investments and the accrued pension liability, respectively.

C) CAPITAL ASSETS

Capital assets are recognized at cost less accumulated amortization, which includes amounts directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Work in progress, which includes leasehold improvements, furniture and equipment, and computer equipment and software, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Capital assets are written down when conditions indicate that they no longer contribute to the ASC’s ability to provide goods and services or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations. Assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment and software	3 years
Furniture and equipment	10 years
Leasehold	one lease (with amendments) ending November 2025 and renewed through November 2040

D) PREPAID EXPENSES

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

E) FEES, ADMINISTRATIVE PENALTIES AND OTHER ENFORCEMENT RECEIPTS RECOGNITION

Effective April 1, 2023, the ASC adopted the new accounting standard PS 3400 *Revenue* (PS 3400) on a prospective basis. PS 3400 provides guidance on how to report revenue by differentiating between revenue from transactions with performance obligations (exchange transactions) and transactions without performance obligations (non-exchange transactions). The ASC concluded that its revenue streams are non-exchange transactions with no performance obligations. As such, the ASC recognizes revenue from non-exchange transactions when it has the authority to claim or retain an inflow of economic resources and has identified a past transaction or event that gives rise to an asset.

As a result of adopting PS 3400, the amount of revenue recognized is the amount received or receivable. The realizable value of the receivable is determined based on the expected recoverability derived from historical data.

Administrative penalties and other enforcement receipts, including disgorgements, settlement payments and cost recoveries, are recognized when the decision is issued by the ASC or an agreement is reached. The amount of revenue recognized will be the amount received or receivable. The realizable value of the receivable will be determined based on the expected recoverability of administrative penalties and other enforcement receipts. On each reporting period, the ASC will continue to disclose the total of the assessed enforcement receipts and administrative penalties, and the realizable value recorded as revenue. There was no other impact identified as a result of the adoption of PS 3400.

F) INTEREST INCOME

As a CLS participant, the ASC is paid interest on a monthly basis on the cash balance at an interest rate based on a 12-week rolling average of the Province’s 3-month cost of borrowing. The interest receivable is reported on an accrual basis.

G) EXPENSES

Expenses are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

H) EMPLOYEE FUTURE BENEFITS

The ASC participates in the Public Service Pension Plan (PSPP), a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan as the ASC has insufficient information to apply defined benefit plan accounting. Pension expenses consist of employer contributions related to the current service of employees during the year and additional employer contributions for service relating to prior years. These contributions are calculated based on actuarially pre-determined amounts that are expected, along with investment income, to provide the plan’s future benefits.

The ASC maintains a supplemental retirement plan for certain designated executives of the ASC. This plan is limited to existing participants; no new participants have been added since 2014. The cost of the pension is actuarially determined using the projected unit credit cost method pro-rated on service as well as management’s best estimate of economic assumptions. Past service costs and actuarial gains and losses arising from assumption changes are amortized on a straight-line basis over the average remaining service period of the related employee group in the Supplemental Pension Plan (SPP). The average remaining service period of active employees in the SPP is one year.

The ASC also maintains a plan whereby it makes Registered Retirement Savings Plan (RRSP) contributions on behalf of certain employees of the ASC. The contributions are calculated based on a fixed percentage of the employee’s salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act* (Canada). The expense included in these financial statements represents the current contributions made on behalf of these employees.

I) LEASE INDUCEMENTS

Cash payments received as lease inducements are deferred and amortized on a straight-line basis over the lease terms.

J) MEASUREMENT UNCERTAINTY

Financial statements prepared in conformity with PSAS require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates include the value of accrued employee benefit liabilities, the net realizable value of accounts receivable and the useful lives of capital assets. Actual results could differ from these estimates.

The estimated net realizable value for uncollectible administrative penalties and cost recoveries is based on an assessment of an ability to pay at the time of penalty assessment. Subsequent collection actions and changes in the ability to pay may result in recovery of amounts previously considered uncollectible. It is not possible to estimate the amount, if any, of subsequent recoveries.



K) RESTRICTED CASH

The *Securities Act* (Alberta) requires the revenue from administrative penalties to be used for certain operating expenditures that educate investors and enhance participants’ knowledge of how securities markets operate.

L) ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

CURRENT ACCOUNTING CHANGES

PS 3400 Revenue (PS 3400) (effective April 1, 2023)

Effective April 1, 2023, the ASC adopted the new accounting standard PS 3400 on a prospective basis. See Note 2(E) for more details.

PS 3160 Public-Private Partnerships (PS 3160) (effective April 1, 2023)

This standard provides guidance on how to account for public-private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner. Upon adoption, the ASC concluded that it does not have any public-private partnership arrangements. As such, no adjustments resulted from the adoption of PS 3160 on April 1, 2023.

PSG-8 Purchased Intangibles (PSG-8) (effective April 1, 2023)

This guideline provides guidance on how to recognize the intangible assets acquired through an arm’s length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Upon adoption, the ASC concluded that it does not have any intangible assets that PSG-8 would apply to. As such, no adjustments resulted from the adoption of PSG-8 on April 1, 2023.

FUTURE ACCOUNTING CHANGES

The Conceptual Framework for Financial Reporting in the Public Sector (Conceptual Framework) (effective April 1, 2026)

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 *Financial Statement Concepts* and Section PS 1100 *Financial Statement Objectives*. This conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202 Financial Statement Presentation (PS 1202) (effective April 1, 2026)

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the Conceptual Framework and PS 1202 on the financial statements.

Note 3: Cash and Restricted Cash

Cash includes the ASC’s demand deposits in the CLS. The CLS replaced the Consolidated Cash Investment Trust Fund (CCITF) in F2023 as the Province’s cash pooling structure. The new structure enhances effectiveness and efficiency from the Province’s cash management perspective. For the year ended March 31, 2024, the ASC received an annualized return of 4.95 per cent from its deposits in the CLS (3.72 per cent in F2023 for the period beginning July 15, 2022).

<i>thousands of dollars</i>	2024	2023
Cash	147,885	23,990

Net financial assets include accumulated net administrative penalty revenue represented as restricted cash. The change in restricted cash is comprised of:

<i>thousands of dollars</i>	2024	2023
Administrative Penalties		
Assessed penalties	720	404
Adjustments for expected recoverability	(710)	(404)
Plus recoveries of prior-year assessments	341	334
	351	334
Administrative Penalties	351	334
Less eligible restricted cash expenses (investor education)	(351)	(334)
Change in restricted cash	–	–
Restricted Cash, beginning of year	–	–
Restricted Cash, end of year	–	–

Note 4: Portfolio Investments

A) SUMMARY

thousands of dollars					
For the year ended March 31, 2024					
	Portfolio Investment Income	Realized Portfolio Investment Losses	Total Portfolio Investment Income (Losses)	Unrealized Portfolio Investment (Losses) Gains	Portfolio Return
Fixed-income securities	709	(11,459)	(10,750)	–	(3.23%)
Canadian equities	337	(249)	88	–	(0.40%)
Global equities	4,722	(1,172)	3,550	–	3.33%
Money market deposit	36	–	36	–	3.11%
	5,804	(12,880)	(7,076)	–	(1.25%)

thousands of dollars					
For the year ended March 31, 2023					
	Portfolio Investment Income	Realized Portfolio Investment Losses	Total Portfolio Investment Income (Losses)	Unrealized Portfolio Investment (Losses) Gains	Portfolio Return
Fixed-income securities	844	–	844	(2,046)	(1.74%)
Canadian equities	514	(437)	77	(548)	(4.53%)
Global equities	75	(1,168)	(1,093)	895	1.77%
Money market deposit	15	–	15	–	3.00%
	1,448	(1,605)	(157)	(1,699)	(1.11%)

As a result of the Liquidation Event, the ASC has \$nil portfolio investments as at March 31, 2024. The ASC’s total portfolio investment income includes \$10.7 million loss from fixed-income securities and money market deposit (\$859K income in F2023), and \$3.6 million income from equities (\$1.0 million loss in F2023). The ASC’s portfolio investments had a negative net return of 1.25 per cent for the year up to and including the Liquidation Event, which was generated by the realized and unrealized gains and losses (negative net return of 1.11 per cent in F2023). This performance compares to a benchmark (composite of FTSE TMX 91 Day T-Bill, FTSE TMX Canada Universe Bond, MSCI World index and S&P/TSX indexes) negative return of 1.31 per cent for the year ended March 31, 2024 (negative return of 1.26 per cent in F2023).

The ASC’s realized portfolio investment loss of \$12.9 million includes \$11.5 million loss from fixed-income securities (nil in F2023) and \$1.4 million realized loss from equities (\$1.6 million loss in F2023).

Pre-Liquidation Event Portfolio Investment Composition

The carrying amounts of the ASC’s portfolio investments were recognized on a fair value basis. The table below provides the composition of the ASC’s portfolio investments as at March 31, 2023.

thousands of dollars				
2023				
Investments	Cost	Remeasurement (Losses) Gains	Fair Value	%
Fixed-income securities	90,965	(7,650)	83,315	68.6
Global equities	26,843	2,569	29,412	24.2
Canadian equities	8,094	73	8,167	6.7
Money market deposit	632	–	632	0.5
	126,534	(5,008)	121,526	100.0

The ASC’s portfolio investments were held in pooled investment funds established and managed by AIMCo. Pooled investment funds had a market-based unit value that was used to allocate income to participants and to value purchases and sales of pool units.

The primary objective of the money market deposit was to provide the necessary liquidity to meet cash management requirements and investment transactions needs. Investment returns were a secondary objective and were based on the Bank of Canada target overnight rate.

The fixed-income pool included a mix of high-quality government and corporate (public and private) fixed-income securities and debt-related derivatives. The fund was actively managed to minimize credit and market risk through the use of derivatives, portfolio duration and sector rotation.

Equity investments included publicly traded equities from Canadian and global market index participants. The equity pools used derivatives as part of AIMCo’s global strategy.

Derivatives were primarily used as hedging instruments within global equities. Foreign exchange forwards and swaps were used to manage the foreign exchange and interest rate risk of specific securities. As well, swaps on credit indices were used to hedge credit risk in the portfolio.

AIMCo utilized derivatives to quickly and cost-effectively implement asset and currency allocation strategies and to add value to market returns. As appropriate, AIMCo had utilized derivatives across all asset classes to hedge. These positions were typically highly liquid, transparent and relatively easy to price and implement, and allowed AIMCo to economically take exposures.

Derivatives were valued on a daily basis. Over-the-counter derivatives were valued primarily using either a “mark-to-model” approach using valuation models created internally, or sourced from specialized third-party valutors/vendors that were independent from the counterparty. The valuation models used observable market data inputs such as yield curves, spreads, volatility and currency rates obtained from approved data providers. Review and approval of prices generated by internal models was similar to listed securities except that the prices were generally sole-sourced. Exchange-traded derivatives were priced based on quoted prices in active markets. The ASC had no derivatives as at March 31, 2024 compared to a net asset position of \$789,070 as at March 31, 2023.



FAIR VALUE HIERARCHY

The measure of reliability was determined based on the following, which applies to the portfolio investments during F2023 and F2024 up to the Liquidation Event in Q3 F2024:

I. LEVEL ONE

Fair value was based on quoted prices in an active market. Although the pools may ultimately have been held by publicly traded listed equity investments, the pool units themselves were not listed in an active market and therefore could not be classified as Level One for fair value hierarchy purposes. Pool units classified as Level Two may have contained investments that might otherwise have been classified as Level One.

II. LEVEL TWO

Fair value was estimated using valuation techniques that made use of market observable inputs other than quoted market prices. This level included pool units that held public equities, debt securities and derivative contracts. All the ASC’s investments were in Level Two.

III. LEVEL THREE

Fair value was estimated using inputs based on non-observable market data.

B) INVESTMENT RISK MANAGEMENT

The ASC was exposed to financial risks associated with the underlying securities held in the investment funds. These financial risks included credit risk, foreign currency risk, interest rate risk, price risk and liquidity risk.

I. CREDIT RISK

The ASC has no material credit risk as at March 31, 2024.

Credit risk as at March 31, 2023

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations with the ASC. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the fair value of the counterparty’s obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments is directly or indirectly impacted by credit risk to some degree. Most of the ASC’s investments in debt securities were with counterparties considered to be investment grade.

The ASC was exposed to credit risk associated with the underlying debt securities held in investment funds managed by AIMCo.

The following table summarizes the ASC’s investment in debt securities by counterparty credit rating as at March 31, 2023:

Credit Rating	2023
Investment Grade	
AAA	26.5%
AA+ to AA-	29.6%
A+ to A-	21.3%
BBB+ to BBB-	19.7%
Speculative Grade and unrated	2.9%
	100.0%

To generate additional income, the pools participated in a securities lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. As at March 31, 2023, the fair value of the ASC’s share of securities loaned was \$1,124,968, and the fair value of collateral held totalled \$1,192,942. Securities borrowers were required to provide the collateral to assure the performance of redelivery obligations. Collateral took the form of cash or other investments. All collateralization by the borrower had to be in excess of 100 per cent of the investments loaned.

As at March 31, 2023, deposits in futures contracts margin accounts totalled \$520,756. Cash and non-cash collateral for derivative contracts pledged as at March 31, 2023 totalled \$896,563, and collateral received was \$nil as at March 31, 2023.

II. FOREIGN CURRENCY RISK

The ASC has no material foreign currency risk as at March 31, 2024.

Foreign currency risk as at March 31, 2023

The ASC was exposed to foreign currency risk associated with the underlying securities held in investment funds denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that a financial instrument’s fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies was translated into Canadian dollars using the reporting date exchange rate.

The following table summarizes the ASC’s exposure to foreign currency investments held in investment funds at:

thousands of dollars			March 31, 2023
Currency	Fair Value	Sensitivity*	
U.S. Dollar	18,528	(1,853)	
Euro	3,670	(367)	
Japanese Yen	1,955	(196)	
British Pound Sterling	1,150	(115)	
Swiss Franc	642	(64)	
Australian Dollar	473	(47)	
Other Foreign Currency	1,680	(168)	
	28,098	(2,810)	

\*Sensitivity refers to the fair value impact when the value of the Canadian dollar increases by 10 per cent against all other currencies, with all other variables held constant.

III. INTEREST RATE RISK

The ASC's financial assets and liabilities are not exposed to significant interest rate risk as at March 31, 2024 due to their short-term nature. The ASC's cash is held by Schedule I financial institution and is included in the CLS. A 1.0 per cent change in the interest rate would impact the ASC's annual operating surplus as follows:

thousands of dollars	1% increase in rates	1% decrease in rates
Cash balance	\$1,479	(\$1,479)

Interest rate risk as at March 31, 2023

The ASC was exposed to interest rate risk with the money market deposit and fixed-income securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of investments will change due to future fluctuations in market interest rates. In general, investment returns from bonds are sensitive to changes in the level of interest rates, with longer-term fixed-income securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates had increased by 1.0 per cent, and all other variables were held constant, the potential loss in fair value to the ASC would have been approximately 4.8 per cent in F2023 of total portfolio investments.

IV. PRICE RISK

The ASC has no material price risk as at March 31, 2024.

Price risk as at March 31, 2023

The ASC was exposed to price risk associated with the underlying equity investments held in investment funds. Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. If the MSCI World Index were to have declined by 10.0 per cent, and the decline only impacted equity factors, the potential loss in fair value to ASC would have been approximately 3.0 per cent of total investments.

V. LIQUIDITY RISK

The ASC has no material liquidity risk as at March 31, 2024.

Liquidity risk as at March 31, 2023

Liquidity risk is the risk that the ASC will encounter difficulty in meeting obligations associated with its financial liabilities. Income generated from investments, and by investing in publicly traded liquid assets traded in active markets that were easily sold and converted to cash, contributed to the ASC’s liquidity.

C) INVESTMENT IMPAIRMENT

The ASC had no impairment loss in its investment portfolio in F2024. In F2023, the ASC recorded an impairment loss of \$474,983 from public equity securities in the Statement of Operations.

Note 5: Tangible Capital Assets

<i>thousands of dollars</i>	Computer Equipment and Software	Furniture and Equipment	Leaseholds	2024 Total	2023 Total
Estimated useful life	3 years	10 years	Lease duration		
Cost					
Beginning of year	3,923	3,404	7,332	14,659	14,876
Additions	1,554	536	604	2,694	386
Disposals	(135)	(71)	–	(206)	(603)
	5,342	3,869	7,936	17,147	14,659
Accumulated amortization					
Beginning of year	3,331	2,732	5,901	11,964	11,546
Amortization expense	456	133	514	1,103	1,021
Disposals	(135)	(71)	–	(206)	(603)
	3,652	2,794	6,415	12,861	11,964
Net book value	1,690	1,075	1,521	4,286	2,695

Note 6: Accounts Payable and Accrued Liabilities

<i>thousands of dollars</i>	2024	2023
Trade payables	2,292	2,080
Accrued vacation	1,347	1,115
Payroll payables	787	815
	4,426	4,010

Note 7: Accrued Pension Liability and Pension Expense

The following pension expense for the plans is included in the Statement of Operations under salaries and benefits:

<i>thousands of dollars</i>	2024	2023
Public Service Pension Plan	1,515	1,413
Registered Retirement Savings Plan	1,659	1,493
Supplemental Pension Plan	(221)	(102)
	2,953	2,804

A) PUBLIC SERVICE PENSION PLAN

The ASC participates in the PSPP. The PSPP reported a surplus of \$4,543 million as at December 31, 2023 (\$4,259 million as at December 31, 2022). The ASC is not responsible for future funding of any plan deficit other than through contribution increases.

B) REGISTERED RETIREMENT SAVINGS PLAN

The ASC makes Registered Retirement Savings Plan (RRSP) contributions on behalf of employees who do not participate in the Public Service Pension Plan.

C) SUPPLEMENTAL PENSION PLAN

The ASC has a SPP for certain designated executives of the ASC. The provisions of the SPP were established pursuant to a written agreement with each designated executive.

The SPP provides pension benefits to the designated executives based on pensionable earnings that are defined by reference to base salary in excess of the limit imposed by the *Income Tax Act* (Canada) on registered pension arrangements.

Pension benefits from the SPP are payable on or after the attainment of age 55 and are equal to 1.75 per cent of the highest average pensionable earnings (average over five years) for each year of service as a designated executive. Members of the SPP become vested in the plan after two years of service.

The SPP is unfunded, and the benefits will be paid as they come due from the assets of the ASC.



An actuarial valuation of the SPP is generally undertaken every three years. The previous SPP valuation was performed in March 2023. The next valuation is scheduled for March 2026. The results of the actuarial valuation and management’s cost estimates as they apply to the SPP are summarized below:

<i>thousands of dollars</i>	2024	2023
<b>Supplemental Pension Plan</b>		
Accrued benefit and unfunded obligation	8,981	8,980
Unamortized actuarial gains	265	965
Accrued benefit liability	9,246	9,945
<i>thousands of dollars</i>	2024	2023
<b>Accrued Benefit Obligation</b>		
Accrued benefit obligation at beginning of year	8,980	9,331
Service cost	88	158
Interest cost	390	373
Benefits paid	(477)	(351)
Actuarial gains – experience and assumptions	–	(531)
Accrued benefit obligation at end of year	8,981	8,980
<i>thousands of dollars</i>	2024	2023
<b>Pension Expense for the Supplemental Pension Plan</b>		
Service cost	88	158
Interest cost	390	373
Amortization of actuarial gains during the year	(699)	(633)
	(221)	(102)

The assumptions used in the actuarial valuation of the SPP and the projections are summarized below. The discount rate and other economic assumptions were established as management’s best estimate in collaboration with the actuary. Demographic assumptions were selected by the actuary based on a best estimate of the future experience of the plans.

<b>Assumptions</b>	2024	2023
Discount rate, year-end obligation	4.50%	4.50%
Discount rate, annual pension expense	4.50%	4.00%
Rate of inflation, year-end obligation	2.00%	2.00%*
Salary increases, year-end obligation	4.00%	4.00%
Remaining service life, year-end obligation	1 years	2 years

\*3.00 per cent for the year beginning April 1, 2023 and 2.00 per cent thereafter.

## Note 8: Fees and Other Enforcement Receipts

### A) FEES

<i>thousands of dollars</i>	2024	2023
<b>Fees</b>		
Annual financial statements	20,625	22,771
Registration	19,207	19,171
Distribution of securities	17,209	17,826
SEDI, exempt distributions and registration late filing fees	583	395
Orders (applications)	203	167
Adjustments for expected recoverability	(321)	–
Total fee revenue recorded	57,506	60,330

### B) OTHER ENFORCEMENT RECEIPTS

<i>thousands of dollars</i>	2024	2023
<b>Other Enforcement Receipts</b>		
Settlement payments, disgorgements and cost recoveries assessed	4,737	3,807
Adjustments for expected recoverability	(4,277)	(3,787)
Plus recoveries of prior-year assessments	10	9
Total enforcement receipts recorded	470	29

## Note 9: CSA National Systems

The CSA National Systems include the System for Electronic Document Analysis and Retrieval (SEDAR+), the National Registration Database (NRD) and the System for Electronic Disclosure by Insiders (SEDI). These systems are administered under a CSA National Systems operations management and governance agreement (the Agreement). The Agreement empowers the ASC, jointly with three other CSA members, to manage the systems and to engage an external service provider to operate the systems. As one of the agreement signatories, the ASC commits to pay 25.0 per cent of any shortfall from approved system operating costs that exceeds revenue. Any revenue in excess of system operating costs (surplus) is accumulated for future systems operations, including possible revenue shortfalls, fee adjustments and system enhancements. The surplus is not divisible; the CSA owns it as a group.

As at March 31, 2024, the accumulated operating surplus totalled \$184.0 million (\$203.0 million at March 31, 2023). This was primarily made up of \$22.6 million of investments consisted of a notice account earning Bank of Canada overnight rate plus 0.5 per cent; guaranteed investment certificates ranging from six months to one year earning from 5.70 to 5.95 per cent; \$144.1 million in intangible assets; and \$23.1 million in cash held by the Ontario Securities Commission (the Designated Principal Administrator) earning prime rate less 1.90 per cent. In management’s judgment, this arrangement is not an interest in a partnership and the ASC does not control or have significant influence over how the net assets are managed.

Note 10: Commitments and Contingent Liabilities

Details of commitments to organizations outside the ASC are set out below.

A) COMMITMENTS

Premises Leases and Equipment Rental

Commitments arising from contractual obligations relate to the lease of premises (including parking) to November 30, 2025 and renewed through to November 30, 2040, rental of office equipment to 2027, and software subscriptions to 2028. These commitments total \$90.3 million (\$15.8 million in F2023) and become expenses of the ASC when the terms of the contracts are met.

thousands of dollars	
2024–25	6,531
2025–26	6,048
2026–27	5,171
2027–28	5,219
2028–29	5,030
Thereafter	62,332
	90,331

Canadian Securities Administrators

The CSA Secretariat assists in the development and harmonization of rules, regulations and policies across Canada. The ASC commits to pay, based on an agreed-upon cost-sharing formula, costs incurred for the maintenance of the CSA Secretariat and any third-party costs incurred in the development of harmonized rules, regulations and policies.

B) CONTINGENT LIABILITIES

ASC panel or court decisions may be appealed. The outcomes of these matters are not determinable at this time; therefore, the impact on the operating surplus cannot be determined. However, management does not expect the impact to be material.

Note 11: Budget

The ASC’s F2024 budget was approved by the Commission on December 14, 2022.

Note 12: Related Party Transactions

The ASC is related through common ownership to all Alberta provincial government ministries, agencies, boards, commissions and Crown corporations. Related parties also include key management personnel of the ASC and close family members of those individuals. The ASC conducted all transactions with these entities as unrelated parties and recorded them at exchange amounts. Total transaction costs of \$167,596 (\$212,185 in F2023) were recognized in salaries and benefits, and administrative expenses, primarily for employment contracts, insurance, and transcript and postage services. Investment fees of \$237,179 (\$460,664 in F2023) were charged by AIMCo. As at March 31, 2024, included in accounts payable and accrued liabilities is \$nil (\$44,534 in F2023) related to these transactions. The ASC earned interest income on its balances held within the CLS accounts of \$3,784,302 (\$289,458 in F2023).

Note 13: Comparative Figures

Certain March 31, 2023 figures have been reclassified, where necessary, to conform to the March 31, 2024 presentation.

Schedule 1: Salary and Benefits Disclosure

thousands of dollars				2024	2023
	Base salary <sup>1</sup>	Other cash benefits <sup>2</sup>	Other non-cash benefits <sup>3</sup>	Total	Total
Chair and Chief Executive Officer (CEO), Alberta Securities Commission <sup>4, 5</sup>	507	108	58	673	646
Executive Director, Alberta Securities Commission <sup>5</sup>	313	58	66	437	540
Vice-Chair, Alberta Securities Commission <sup>4, 5</sup>	317	73	69	459	446
Vice-Chair, Alberta Securities Commission <sup>4</sup>	317	58	79	454	437
Independent Members of the Alberta Securities Commission (aggregate) <sup>6</sup>	336	–	–	336	416

<sup>1</sup> Base salary includes regular salary or Independent Members’ compensation.

<sup>2</sup> Other cash benefits may include vacation payouts, retirement payments, transit allowance, flex earnings, study leave and automobile allowance.

<sup>3</sup> Other non-cash benefits may include the employer’s share of all employee benefits and contributions or payments made on behalf of employees, including RRSP, SPP,\* flex benefit, health care, dental coverage, group life insurance, long-term disability plan, fair market value of parking, professional memberships and tuition fees.

<sup>4</sup> The Chair and Vice-Chairs are full-time Commission Members.

<sup>5</sup> This Vice-Chair, CEO and Executive Director do not participate in the SPP, but participate in the RRSP program. This RRSP benefit is reported under other non-cash benefits.

<sup>6</sup> The Independent Members’ compensation includes total fees paid for governance responsibilities of \$284,450 (\$275,650 in F2023) and hearing and application panel participation of \$51,613 (\$140,287 in F2023).

Independent Member fees include:

	2024
Annual retainer	\$ 10,000
Committee memberships (other than Audit Committee)	\$ 2,500
Committee memberships (Audit Committee)	\$ 4,000
Committee chairing (other than Audit Committee)	\$ 5,000
Committee chairing (Audit Committee)	\$ 8,000
Lead Independent Member	\$ 5,000
Meeting attendance fee	\$1,000 per day for an ASC meeting; \$750 for a Committee meeting
Hearing fees	\$1,500 per hearing day; and \$200 per hour of related preparation, review and decision writing
Hearing fees (Panel Chair)	\$2,000 per hearing day; and \$250 per hour of related preparation, review and decision writing

\*Under the terms of the SPP, executive officers may receive supplemental retirement payments. Retirement arrangement costs are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The SPP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management’s best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.



# Supplemental Retirement Benefits

ANNUAL EXPENSE				
thousands of dollars				
		2024	2023	
	Current service costs*	Prior services and other costs	Total	Total
Chair and CEO, Alberta Securities Commission <sup>1</sup>	–	–	–	–
Executive Director, Alberta Securities Commission <sup>2</sup>	–	–	–	–
Vice-Chair, Alberta Securities Commission <sup>3</sup>	–	–	–	–
Vice-Chair, Alberta Securities Commission <sup>4</sup>	46	(75)	(29)	22

\*Current service costs are included in non-cash benefits.

ACCRUED OBLIGATIONS				
thousands of dollars				
	Accrued obligation March 31, 2023	Changes in accrued obligation	Accrued obligation March 31, 2024	
Chair and CEO, Alberta Securities Commission <sup>1</sup>	–	–	–	
Executive Director, Alberta Securities Commission	–	–	–	
Vice-Chair, Alberta Securities Commission <sup>2</sup>	–	–	–	
Vice-Chair, Alberta Securities Commission <sup>3</sup>	811	84	895	

<sup>1</sup> The Chair and CEO does not participate in the SPP, but participates in the RRSP program. This benefit is reported under other non-cash benefits.

<sup>2</sup> The Executive Director does not participate in the SPP, but participates in the RRSP program. This benefit is reported under other non-cash benefits.

<sup>3</sup> This Vice-Chair does not participate in the SPP, but participates in the RRSP program. This benefit is reported under other non-cash benefits.

<sup>4</sup> This Vice-Chair’s term commenced on May 8, 2018. In both this role and a prior role at the ASC, this Vice-Chair was a member of the SPP.

## Advisory committees

The ASC has eight advisory committees consisting of industry representatives who provide advice concerning the development of new or amended securities regulation. These expert committees help keep staff up to date on industry views and current business practices as a means to support intelligent regulation. The ASC would like to thank committee members for their insights and contributions over the past year.

For more information about our advisory committees and how to get involved, please visit [asc.ca/advisory-committees](https://asc.ca/advisory-committees).

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École de technologie supérieure, Université du Québec

\* Members who served for a portion of the fiscal year and are no longer part of the advisory committee.

GLOSSARY

Alberta Investment Management Corporation (AIMCo)

AIMCo is an Alberta government agency that is responsible for the investments of 27 pension, endowment and government funds in the province.

Artificial intelligence (AI)

AI is an emerging technology that enables machines to perform and simulate human intelligence.

Canadian Investment Regulatory Organization (CIRO)

CIRO is the self-regulatory organization that consolidated the functions of the former Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Funds Dealers Association of Canada (MFDA) at the beginning of 2023.

Canadian Securities Administrators (CSA)

The 10 provinces and three territories in Canada are responsible for securities regulations. Securities regulators from each province and territory have teamed up to form the CSA. The CSA is primarily responsible for developing a harmonized approach to securities regulation across the country.

Cease trade order (CTO)

An order issued by a provincial or territorial securities commission (or similar regulatory body) against a company for failing to meet disclosure requirements, such as filing a quarterly or annual financial statement, or as a result of an enforcement action that involves an investigation of wrongdoing.

Crypto assets

Crypto assets, commonly referred to as cryptocurrencies, coins or tokens, are digitally represented assets that typically rely on blockchain or distributed ledger technology and cryptography. Crypto assets may act as a method of payment, a store of value (like money), perform a function or represent an interest in an asset or enterprise. Some crypto assets are securities or derivatives and the trading of them would be subject to securities laws.

Crypto asset trading platform (CTP)

Crypto asset trading platforms facilitate the buying, selling or transferring of crypto assets. They may be subject to securities and/or derivatives regulations depending on how they operate and the crypto assets that are available to be traded on the platform.

CSA Financial Innovation Hub (FinHub)

The FinHub is an initiative intended to support innovation in the Canadian capital markets that presents benefits for investors. Through the FinHub, the CSA takes a proactive approach to considering new technologies and innovative business models, including assessing the scope and nature of regulatory implications and evaluating what may be required to modernize the securities regulatory framework for such innovations.

Deepfake

Deepfakes are AI-generated or manipulated videos, audio or images, and have been used to manipulate information resulting in misleading content.

Derivative

A financial product (an option, swap, futures contract, forward contract or other financial or commodity contract or instrument) whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest, including a price, rate, index, value, variable, event, probability or thing.

Disciplined List

The Disciplined List is the CSA’s national internet search engine that allows the public to research if a person or company has been disciplined by a Canadian securities regulator or CIRO.

Environmental, social and governance (ESG)

The acronym ESG stands for environmental, social and governance, which comprises a set of practices and metrics that evaluates a company’s performance beyond financial results.

Exempt market

A market where private companies sell their securities under various exemptions from the prospectus requirement to investors that meet specific criteria in National Instrument 45-106 *Prospectus Exemptions*.

Exchange-traded fund (ETF)

An investment fund that trades on a stock exchange.

Financial technology (fintech)

Technology that supports the delivery and use of financial services, including technology that seeks to improve traditional financial services and technology that seeks to disrupt them.

Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)

FINTRAC is Canada’s financial intelligence unit. Its mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control.

Generally accepted accounting principles (GAAP)

Generally accepted accounting principles are a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information.

Global Financial Innovation Network (GFIN)

The GFIN is an international network of financial regulators and related organizations committed to supporting financial innovation in the best interests of consumers. It seeks to provide a more efficient way for innovative firms to interact with regulators, helping them navigate between countries as they look to scale new ideas. This includes the ability to apply to join a pilot for firms wishing to test innovative products, services or business models across more than one jurisdiction.

Greenwashing

Greenwashing is the process of making potentially misleading, unsubstantiated or otherwise incomplete claims about business operations or the sustainability of a product or service being offered, conveying a false impression.

Heads of Regulatory Agencies (HoA)

The major financial regulators in Canada participate in meetings of the Heads of Agencies. The HoA includes the chairs of the four largest provincial securities regulators in Canada (Alberta, British Columbia, Ontario and Québec), the Governor of the Bank of Canada, the Superintendent of Financial Institutions and senior government officials from the federal Department of Finance. The HoA serves as a forum for regulators to coordinate policy in areas of shared responsibility.

International Organization of Securities Commissions (IOSCO)

IOSCO is the international body that brings together the world’s securities regulators and is recognized as the global standard setter for the securities sector. IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation.

International Sustainability Standards Board (ISSB)

The ISSB is an independent, private-sector body that develops and approves sustainability standards. The ISSB operates under the oversight of the IFRS Foundation.

Joint Serious Offences Team (JSOT)

JSOT is an enforcement partnership between the ASC and the RCMP. JSOT investigates and prosecutes quasi-criminal cases under the *Securities Act* (Alberta) and securities-related offences under the Criminal Code. JSOT targets repeat offenders, serious frauds and breaches of ASC or Court orders or bans.

National Registration Database (NRD)

The NRD is the CSA’s national internet search engine that permits dealers, advisers and investment fund managers to file registration forms electronically.

National Registration Search (NRS)

The NRS is the CSA’s national internet search engine that allows investors to check if an individual or firm is registered to sell investments.

North American Securities Administrators Association (NASAA)

A voluntary association whose membership consists of 67 state, provincial and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and Mexico.

Over-the-counter (OTC) trade

An OTC trade refers to the bilateral trading of a commodity derivative, or other contracts that is not listed on any exchange. OTC markets transactions can occur electronically or over the telephone. OTC trades are also referred to as off-exchange, and often use a broker-dealer network to facilitate trading between parties.

Prospectus

A prescribed document required to contain full, true and plain disclosure of all material facts relating to securities to be distributed.

Real-time market data (RTMD)

RTMD is immediate data provided to market participants, investors and their advisers about equity securities markets to help with informed investment, routing and execution decisions.

Recidivist

In the securities law context, a recidivist is a person who breaches securities laws after having previously been found liable for securities-related misconduct in regulatory, quasi-criminal or criminal proceedings.

Recovery room scam

Recovery room scams occur when con artists impersonate regulators, recovery agencies or law enforcement and attempt to further defraud victims under the pretext of recovering their lost investments or funds for a fee.

Registrant

A person or company registered or required to be registered under the *Securities Act* (Alberta) or the regulations.

Short selling

The act of borrowing securities, then selling them into the market. The borrower will buy these securities at a future point of time, which will return the borrowed securities. A decrease in the price of the borrowed security sold results in a profitable trade, whereas an increase in the price of the borrowed security sold will result in a loss.

Stablecoins (value-referenced crypto assets)

Value-referenced crypto assets, commonly known as stablecoins, generally are crypto assets that are designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.

System for Electronic Document Analysis and Retrieval (SEDAR)

SEDAR was the CSA’s national electronic web-based filing system for disclosure by public companies and mutual funds.

SEDAR+

SEDAR+ is the secure, web-based system used by market participants to file, disclose and search for information in Canada’s capital markets. On July 25, 2023, SEDAR+ replaced SEDAR and consolidated it with the national Cease Trade Order (CTO) database and the Disciplined List (DL) database. The system also includes a consolidated reporting issuers list from all provincial and territorial regulators.

System for Electronic Disclosure by Insiders (SEDI)

SEDI is the CSA’s national electronic web-based system that facilitates the filing and public dissemination of insider reports.

Total cost reporting (TCR)

TCR is the process of disclosing to investors in investment funds and individual segregated fund contracts the ongoing embedded costs of ownership, including management fees and trading expenses.

Toronto Stock Exchange (TSX)

The TSX is Canada’s senior equities market, providing domestic and international investors with access to the Canadian marketplace.

TSX Venture Exchange (TSXV)

The TSXV is the largest Canadian junior market, providing companies in the early stages of growth the opportunity to raise capital.

Venture Issuer

A venture issuer is a reporting issuer that, at the applicable time, did not have any of its securities listed or quoted on any of the following: the Toronto Stock Exchange, Cboe Canada, a US marketplace, or a marketplace outside Canada and the United States of America, other than the Alternative Investment Market of the London Stock Exchange, or the PLUS markets operated by PLUS Markets Group plc.



A|S|C

Alberta Securities Commission

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