

## **CSA TERMS OF REFERENCE<sup>1</sup>**

### **PREAMBLE**

The securities regulatory authorities from the ten provinces and three territories in Canada form the Canadian Securities Administrators (the “CSA”).

Considering the CSA’s three key objectives are to (i) protect investors from unfair, improper or fraudulent practices; (ii) foster fair, efficient, vibrant and transparent markets and (iii) reduce systemic risk,

Considering the CSA provides a forum for provincial and territorial securities regulators to collaborate and share ideas, work at designing policies and regulations that are highly harmonized across the country, and ensure the smooth operation of Canada's securities system,

Recognizing that the CSA’s objectives can be reached by developing a national system of harmonized securities regulation, policies and practices, which helps avoid duplication of work and streamlines the regulatory process for issuers seeking to raise investment capital as well as for individuals and firms working in the investment industry,

These Terms of Reference aim to facilitate its members’ collaboration efforts by setting out the governance structure of this forum.

### **Part 1 - Structure of the CSA**

The CSA is comprised of the following bodies:

1. the CSA Chief Executives
2. the Policy Coordination Committee (“PCC”)
3. the General Secretariat (“Secretariat”)
4. the Executive Directors Committee (“EDs”)
5. the System Governance Committee (“SGC”)
6. the CSA Information Technology Systems Office (“CSA ITSO”)
7. the CSA Standing Committees
8. the CSA Steering Committees
9. any other body the CSA Chief Executives may decide to establish for the purpose of furthering the objectives of the CSA.

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<sup>1</sup> This document is not legally binding, but it reflects the current structure and practises accepted by CSA members

## **Part 2 – Quorum, Decision-Making and Record Keeping**

A majority of the members of a committee constitutes a quorum for the purpose of conducting CSA business at any meeting, and, with the exception of what is stated for the SGC in the *Agreement in support of the outsourcing and management of the CSA National Systems* entered into by the principal regulators, all decisions are taken by consensus.

The Secretary General takes minutes of CSA Chief Executives and PCC meetings. The Secretariat's team takes minutes of the EDs, SGC, Steering Committees and Standing Committees, as required.

The Secretariat maintains all records of CSA Chief Executives, PCC, EDs and SGC meetings and approved minutes are posted on an online repository accessible by CSA members.

## **Part 3 – CSA Chief Executives**

The "CSA Chief Executives" represent the Chief Executive Officer or equivalent senior securities administrator of each CSA member jurisdiction. They hold quarterly in-person meetings in different locations across Canada. These meetings can also be held virtually.

The CSA Chief Executives make all decisions and undertake all actions necessary or appropriate to achieve the objectives of the CSA, including the adoption of three-year business plans.

The CSA Chief Executives appoint among them, by consensus, a CSA Chair and Vice-Chair for a three-year renewable term corresponding to the CSA business plan cycle. Although not to be immediately publicly announced, the choice of the CSA Chair and Vice-Chair should be made sufficiently in advance to allow the incoming CSA Chair to facilitate the development of the upcoming business plan. The Chief Executives may decide to designate among PCC members a nomination facilitator. The nomination facilitator would survey the Chief Executives, facilitate discussions among them, make recommendations and steer the group to reach agreement on the choice of CSA Chair or Vice-Chair.

The appointment to the CSA Chair and Vice-Chair is a personal appointment. If the elected individual ceases to hold the role of the Chief Executive Officer or equivalent in their provincial or territorial securities regulatory authority, his or her term as CSA Chair or Vice-Chair ends immediately and the CSA Chief Executives will appoint from among themselves a new Chair or Vice-Chair for the remainder of the term.

The term usually begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> to coincide with the duration of the CSA business plan. If the CSA Chief Executives decide to change the periodicity and timing of the CSA business plans, the CSA Chair and Vice-Chair terms will be discussed independently from this topic.

The CSA Chair is responsible for:

- approving the mandate of the Secretariat and overseeing the performance of the Secretary General;

- calling and setting the time for meetings of CSA Chief Executives and determining their location;
- setting the agenda with the input from the other CSA Chief Executives and circulating it in advance of meetings;
- ensuring that discussions during meetings are aligned with the strategic direction of the CSA;
- presiding at all CSA Chief Executives meetings;
- representing the CSA before external organizations, including industry associations, media and investor advocacy groups.
- such other responsibilities as CSA members may determine.

The CSA Vice-Chair is responsible for:

- assuming the CSA Chair's role in the absence of the Chair;
- representing the CSA before external organizations, including industry associations, media and investor advocacy groups, at the request of the Chair;
- assisting the Chair as the Chair may direct from time to time.

#### **Part 4 – Policy Coordination Committee**

The PCC is comprised of the Chief Executive Officers or equivalent of the securities administrators from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia.

The members of the PCC appoint the Chair of the PCC for a three-year renewable term. The term usually begins on July 1st and ends on June 30th to coincide with the duration of the CSA business plan. The Chair of the PCC must be the Chair or equivalent senior securities administrator of a member but not be the current Chair or Vice-Chair of the CSA.

The appointment to the PCC Chair is a personal appointment. If the elected individual ceases to hold the role of the Chief Executive Officer or equivalent in their provincial or territorial securities regulatory authority his or her term as PCC Chair ends immediately and the members of the PCC will elect from among themselves a new PCC Chair for the remainder of the term.

The PCC is the executive management committee and policy decision-making body of CSA. It meets twice a month by conference call and may hold ad hoc meetings as determined by the Chair of the PCC.

The PCC is responsible for the following:

- approving proposed projects and policy initiatives to ensure they conform to the strategic objectives of the CSA as set out in the business plans;
- ongoing review of the structure, mandates and activities of Steering Committees;
- approving all mandate forms and timelines presented by CSA project committees;
- overseeing ongoing policy development including:

- providing direction to steering committees and project committees on any policy issues,
- resolving jurisdictional conflicts relating to policy issues, and
- receiving regular project status updates from project leads and CSA Secretariat;
- such other responsibilities as CSA members may determine;

The Chair of the PCC provides an agenda and meeting materials ahead of the meeting. If a member of the PCC is unable to attend, that member may be represented by the Vice-Chair or equivalent of the relevant securities regulatory authority.

Members of the CSA who are not members of the PCC are invited to attend all meetings of the PCC as observers.

### **Part 5 – General Secretariat**

The Secretariat's offices are located in Montreal.

The Secretariat provides administrative, technical, project management and policy support to the CSA as directed by the Chair. The CSA Chair ensures that sufficient staff are employed by the Secretariat to assist the CSA in carrying out its activities and that staff are remunerated in the manner determined by the CSA.

The Secretary General reports to and takes directions from the CSA Chair and Vice-Chair in all matters relating to the CSA and liaises with the President and CEO of *Autorité des marchés financiers* on a day-to-day basis for administration and human resource matters. The Secretary General takes direction from the PCC Chair in matters relating to the PCC.

The Secretary General is responsible for the following:

- managing, coordinating, monitoring and reporting on CSA projects and policy initiatives;
- managing the work of CSA Steering Committees and key policy projects;
- facilitating the development of triennial business plans;
- reporting on and seeing to the execution of the CSA business plan;
- administering CSA activities, including budgeting for the CSA;
- coordinating, providing administrative support and recording minutes of meetings of CSA Chief Executives, PCC, EDs, SGC, Steering Committees and Standing committees, as required;
- organising Joint Forum, Investor Advocates and other CSA meetings or conferences as directed by the CSA members;
- providing CSA-wide issue management of timely topics which affect more than one CSA member.
- managing and maintaining the CSA website;
- managing and maintaining the CSA Social Media Accounts;
- managing the office of the Secretariat;
- acting as a custodian and repository for all CSA records;
- communicating and liaising with external organizations;
- assisting the CSA Chair as the Chair may direct from time to time.

## **Part 6 – Executive Directors Committee**

The EDs consist of the Executive Directors or equivalent senior executives of all 13 CSA members. They are responsible for the following matters:

- recommending approval of the CSA annual budget to CSA Chief Executives; approving budget requests of CSA committees and allocating funds from the CSA budget contingency; monitoring and controlling CSA annual budget and expenses;
- approving resources allocated to CSA projects and providing guidance to CSA project committees on operational issues;
- providing input into the development of the CSA Business Plan;
- overseeing the CSA operational Standing Committees, including the Communications, Compliance, Enforcement, Information Technology and Investor Education Committees and the Data Governance Group;
- making decisions on all other CSA operational matters with the exception of the CSA national systems governance.

The members of the EDs elect their Chair for a two-year renewable term.

## **Part 7 – Systems Governance Committee**

The SGC consists of the Executive Directors or other high-level representatives of the four Principal Administrator (PA) jurisdictions (BCSC, ASC, OSC and AMF), who act as voting participants, and one Executive Director who represents non-Principal Administrator jurisdictions (non-PAs) as a non-voting participant. PA jurisdictions operate and govern, for the benefit of the CSA, a number of shared information technology systems that serve securities regulatory purposes and functions (CSA National Systems), and oversee the activities of the CSA ITSO.

The SGC is the only CSA committee whose operation, including the quorum and voting rules, are prescribed by legally binding agreements, including the following:

- Agreement in Support of the Outsourcing and Management of the CSA National Systems (PA “Back to Back” Agreement);
- CSA National Systems Intellectual Property Ownership and Licensing Agreement;

Non-Principal Administrator Participation Agreement for SEDAR, SEDI and NRD

The members of the SGC elect their Chair for a two-year renewable term.

## **Part 8 – CSA IT Systems Office**

The CSA ITSO’s offices are located with Toronto with staff also working in Montreal.

The CSA ITSO provides information and technology management services for CSA members and market participants on behalf of the CSA. The CSA ITSO reports to the SGC.

The CSA ITSO oversees the CSA national systems and is responsible for:

- Developing and implementing multi-year strategies related to the CSA national systems including overall architecture roadmap and individual product roadmaps
- Preparing and executing a CSA national systems three-year business plan ;
- Planning, organizing, and managing the projects and activities related to the architecture and product development;
- Modernizing, maintaining, securing, and assuring the operational support of the national systems;
- Managing the relationship and agreements with third party vendors for the operation, development, or support of CSA national systems and third party organizations for the distribution of data;
- Overseeing all service provider operations and delivery processes;
- Engaging with external stakeholders on the roadmaps for the CSA national systems;
- Sponsoring and leading data governance initiatives.

### **Part 9 – CSA Standing Committees**

CSA Standing Committees are permanent and address ongoing matters that require collaborative efforts from all CSA members. In general, Standing Committees' mandates cover operational topics and application or interpretation of the current body of laws and regulation. CSA Standing Committees include: Enforcement, Chief Accountants, Communications, Exemptive Relief Application, Investor Education, Information Technology, Legislative and Regulatory Coordination, Self-regulatory Organization Oversight, Clearing Agencies Oversight, Take-Over Bids, and Systemic Risk. The CSA Chief Executives may decide to establish new Standing Committees or disband existing ones, as required.

The Standing Committees' mandates and composition are approved by the CSA Chief Executives or the EDs, as applicable.

The members of the Standing Committees elect their Chair among their members for a two-year renewable term.

### **Part 10 – CSA Steering Committees**

CSA Steering Committees' main mandate is to set policy direction and oversee policy projects under their area of expertise. CSA Steering Committees delegate analysis, research and drafting to the relevant project working groups. CSA Steering Committees are composed of directors, managers, senior staff, and policy advisers. Steering Committees meet regularly to review and discuss the progress of existing projects, approve and submit next projects to the PCC, when applicable. Steering Committees are also a forum for discussion and dispute resolution of matters escalated by the project working groups. CSA Steering Committees include: Corporate Finance, Investment Fund, Registration, Derivatives, Regulatory Sandbox and Market Regulation. The CSA Chief Executives may decide to establish new Steering Committees or disband existing ones, as required.

The Steering Committees' mandates and composition are approved by the CSA Chief Executives or the PCC, as applicable.

The members of the Steering Committees elect their Chair for a two-year renewable term.

### **Part 11 – CSA Business Plans**

The CSA publishes three-year business plans outlining, in a clear and comprehensive manner, the strategic objectives and initiatives that will be collectively pursued by its members. The CSA reports on the accomplishments under the plan by publishing annual progress reports and a final report at the end of the plan term.

Business plans are developed with the participation of all CSA members. This process is facilitated by the incoming CSA Chair and supported by the Secretariat.

### **Part 12 – Funding and Fiscal Year**

CSA is funded by payments from the members made on a voluntary, pro-rata basis, based on provincial and territorial population as it appears in the last official census. It is exempt from all sales taxes.

The CSA budget is prepared by the Secretariat, reviewed by the EDs and approved by the CSA Chief Executives. The Secretariat reports on expenses and forecasts to the EDs.

The fiscal year of the CSA runs from April 1 to March 31.

### **Part 13 – Internal Policies and Guidelines**

Under the structure provided by these Terms of Reference, the CSA adopts internal policies and guidelines, as needed, to organise its work. Internal policies and guidelines are approved by the EDs.

### **Part 14 – Language**

CSA publishes all its materials in English and French.

References to the CSA date as far back as 1930, when the first CSA meeting occurred. Since 1997, the Chief Executives of CSA came to various agreements about coordinated rule-making and mutual reliance initiatives. These Terms of Reference replace the previous Terms of Reference adopted in 2005 (amended in 2006 and 2009).