

MANITOBA SECURITIES COMMISSION

STRATEGIC PLAN

2006-2010

This document is intended to be a statement of the key challenges and priorities of the Commission as well as a statement of expected outcomes. The Strategic Plan will be updated as required and the policies, procedures and actions implemented to give effect to this plan will be developed and applied within the framework of the Commission's annual planning and performance document and the Commission's annual Business Plan.

Mission

The role and mission of the Commission is to act in the public interest to protect Manitoba investors and to facilitate dynamic and competitive capital and real estate markets that contribute to the economic development of Manitoba while fostering public confidence in those markets.

Values

The Commission's mission and goals are supported by the following core values:

- a) to provide strong management to ensure regulatory effectiveness, control and accountability;
- b) to strive to utilize current technologies as an innovative approach to meet market expectations;
- c) to promote continuous learning, teamwork, service innovation and performance improvements; and
- d) to provide service excellence to clients at reasonable prices.

Key Challenges

Certain trends are affecting the provision of regulatory services at the local, national and international levels. These trends must be addressed and include:

1. Public confidence in capital markets
Public confidence has to be enhanced. It had declined significantly in the wake of the accounting/disclosure scandals in the United States. Canadian regulators are in the process of responding to the problem which will require continued effort over the next several years.
2. Streamline the regulatory process
Securities market stakeholders have advised that they are not satisfied with the regulatory status quo. The market wants uniform or harmonized rules, greater co-operation amongst provincial regulators and one-stop shopping for filings and registrations.

3. Globalization
More and more, financial markets have become global. Capital passes across borders and market intermediaries are often national and even international in scope.
4. Increase in the “investor class”
Over the last number of years the investor community in Canada has increased greatly. Not only are institutional investors larger the number of retail investors continues to expand. Both groups are affected by the integrity of the capital markets and have their own information and educational needs.
5. Pace of innovation
Competition and technology create more sophisticated financial products, trading techniques and strategies. Trades can be executed from any location and technology allows investors to bypass the traditional channels. Regulation must keep pace with changes.
6. Responding to local issues
While there must be an emphasis on developing the regulatory system on a national basis, the Commission cannot overlook the issues and specific problems affecting the capital markets and investors in Manitoba. As such, while the harmonization effort has to continue the Commission must not do so at the expense of established rules that provide the agency with the means to deal flexibly and in a timely manner with local issues.

Our Priorities

In order to realize our vision and deal with the challenges facing us we have developed a plan calling for increased efforts in the following areas of priority:

- Promoting harmonization of regulatory systems
It is necessary to continue the ongoing work of the CSA and provincial/territorial governments in the development of harmonized rules and processes, sound corporate governance specific to Canadian market realities and to continue dealing with emerging and continuing market issues on a timely and co-ordinated basis.

An important aspect of regulatory harmonization is the continued support of the work of the provincial Minister’s Committee in developing a passport system and the legislative changes required to implement and support it. Harmonized rules together with the passport will result in a streamlined and seamless regulatory system operating on a national basis but which recognizes provincial jurisdiction.

It is also necessary to ensure, in the promotion of a harmonized and streamlined system that local rules are developed so as to be truly local in scope and not to interfere with national efficiencies.

In the area of real estate it is necessary for the Commission to maintain and enhance its contact and ongoing work with industry groups and national and international regulatory groups.

- Proactive regulation

It is important for the Commission to enhance its prevention-oriented activity so as to prevent a problem to the greatest extent possible as opposed to dealing with the fallout. In this regard it is important to maintain and even enhance our audit/compliance capacity for both regulated industries. It is also important to enhance the information and education services provided to our stakeholders. This enhancement is not only in the traditional areas of public presentations, preparation of written materials and dissemination of information to the media but more and more importantly, through the development of wide reaching Internet tools. Informing and educating both industry participants and investors is designed to head off problems and equip individuals to look after their own interests.

Proactive regulation includes a rigorous review of the continuous disclosure filed by Manitoba issuers and working closely with other CSA jurisdictions in implementing and refining the national CD review program.

In addition the Commission considers it a priority to enhance its co-operation with other regulatory and enforcement agencies. A free flow of information between agencies and co-operative enforcement practices will greatly assist in identifying and dealing with problems at an early stage.

- Flexible and responsive regulation

We can't deal with everything on a proactive basis. When problems arise we must be in a position to respond quickly and in a balanced manner. Market surveillance and time management abilities are a priority in the areas of enforcement as well as rule and policy development and stakeholder service generally. We must identify issues quickly and respond in a timely fashion to perceived needs and do so at a reasonable cost, so as to minimize regulatory burden in a manner that is competitive with other Canadian regulators. The rampant speed of technology and market changes will require that the Commission maintain and enhance its technological ability in order to keep pace.

- Improve the capabilities of our staff

Our people are our most important resource. We must be vigilant to ensure that their abilities and professional development are encouraged and their input utilized by the Commission. We can only provide the necessary services if our people are in a position to understand and effectively meet the needs of our stakeholders and markets.

Outcomes

Certain outcomes are anticipated in the Commission's application of this Strategic Plan to our annual planning and performing process.

Manitoba's capital markets and regulatory system will be fully harmonized nationally

We will continue the following key initiatives toward achieving this outcome:

- a) co-operatively continue the CSA project to develop and implement the passport and targeted legislative amendments aimed at harmonizing the laws on a national basis;
- b) co-operate with all other regulators and governments to achieve an effective national regulatory scheme that is administered provincially;
- c) participate in international or regulatory organizations such as the North American Securities Administrators and ARELLO (Association of Real Estate License Law Officials) and in national regulatory organizations such as the Canadian Securities Administrators and CARELLO (Canadian Association of Real Estate License Law Officials);
- d) reduce inter-jurisdictional impediments to information sharing and enforcement support;
- e) co-operate with the Joint Forum of Financial Regulators in the development and implementation of regulatory solutions that are harmonized across the financial services industries;
- f) participate in the continued development of national electronic information systems and databases such as SEDI, SEDAR and NRD.

Market participants and investors will have confidence in the integrity of Manitoba's capital markets

We will implement the following key initiatives toward achieving this outcome:

- a) work with our provincial government and Canadian regulators on legislative initiatives to strengthen the regulatory system;
- b) work with the CSA and industry to enhance our ability to monitor markets and develop strategies to identify and reduce illegal insider trading in Canada, as well as identify and react to other investor/market issues that arise;
- c) co-operate with the other CSA members in finalizing a revised framework for regulating mutual funds in Canada;
- d) monitor and improve our timelines in the area of investigations and the hearing process to ensure that regulatory breaches are dealt with in an efficient, effective and consistent manner;
- e) apply, where appropriate, the Commission's new authority to order financial compensation as a means of protecting investors;
- f) inform the public on an ongoing and timely basis of significant marketplace risks or dangers to investors;
- g) enhance our information/educational function and abilities to allow the Commission to reach the greatest number of Manitobans with vital information for the protection of their interests. This will include the continuation of current programs and the further development of Internet based tools.

The Commission will have superior and transparent governance and accountability mechanisms

We will undertake the following key initiatives toward achieving this outcome:

- a) continue to develop a more customer focused approach to our Commission's service delivery;
- b) improve the transparency of MSC corporate governance practices and accountability mechanisms;
- c) improve our consistency in regulation with the development and ongoing updating of procedure and policy manuals for each functional area of the Commission;
- d) continue to develop or improve financial controls and enhance our budgeting processes.

We will enhance and fully utilize the capacity and abilities of our staff

We will undertake the following key initiatives toward achieving this outcome:

- a) provide staff with regular training opportunities to increase their professional knowledge and capabilities;
- b) provide staff, where possible, the opportunity to advance within the organization;
- c) utilize the knowledge and insight of staff in the development of our planning and performance measurement document and in the development of policies and procedures generally.

The challenges, priorities and outcomes identified will be updated regularly, applied through our annual planning and performance measurement process and reported on through our Annual Report.