



FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION

# 10 years of enhancing confidence in New Brunswick's financial markets

**2023-2024 Annual Report**

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# Transmittal Letter

July 22, 2024

Minister of Finance and Treasury Board,

I am pleased to present the annual report describing the operations of the Financial and Consumer Services Commission (Commission) for the fiscal year April 1, 2023 to March 31, 2024.

We would be pleased to answer any questions that you may have and to provide you with any additional information that you may require.

Yours very truly,

Original signed by Paul Van Iderstine

Paul Van Iderstine  
Chair



# Who We Are

The Commission is a self-funded Crown corporation (under Part IV of the *Public Service Labour Relations Act*) responsible for the administration and enforcement of the following financial and consumer services legislation<sup>[1]</sup>:

- *Financial and Consumer Services Commission Act*
- *Auctioneers Licence Act*
- *Collection and Debt Settlement Services Act*
- *Commissioners for Taking Affidavits Act*
- *Consumer Product Warranty and Liability Act*
- *Cooperatives Act*
- *Cost of Credit Disclosure and Payday Loans Act*
- *Credit Reporting Services Act*
- *Credit Unions Act*
- *Direct Sellers Act*

- *Financial Advisors and Financial Planners Title Protection Act<sup>[2]</sup>*
- *Franchises Act*
- *Gift Cards Act*
- *Insurance Act*
- *Loan and Trust Companies Act*
- *Mortgage Brokers Act*
- *Nursing Homes Pension Plans Act*
- *Pension Benefits Act*
- *Pooled Registered Pension Plans Act*
- *Pre-arranged Funeral Services Act*
- *Real Estate Agents Act*
- *Securities Act*
- *Securities Transfer Act*
- *Unclaimed Property Act*

1. *Bill 16 - The Consumer Protection Act* was introduced by government on November 22, 2023, and received third reading on March 22, 2024. Rules under the proposed act will be developed over 2024-2025.

2. As of date of publication, this Act has not been proclaimed.



# What Guides Us

## Our Mandate

To provide regulatory services that protect the public interest while enhancing public confidence, and to promote understanding of the regulated sectors through educational programs.

## Our Vision

Working together for regulatory excellence in financial and consumer services for New Brunswickers.

## Our Values

### Accountable

Be accountable for our work, our words and our actions.

### Supportive

Work collaboratively, support learning and growth and celebrate each other's successes.

### Professional

Bring our best to the table every day to deliver high quality, forward-thinking work.

### Inclusive

Respect and welcome different ideas, strengths, beliefs, interests, personal situations and diverse backgrounds.

### Respectful

Treat each other and the people we serve with dignity and respect.

### Ethical

Act with integrity, be trustworthy and fair.

# How We Work

At the Commission, we build and maintain trust in New Brunswick's financial and consumer markets through the following seven main activities:

1

## Licensing and Registration

We license or register more than 44,000 entities and individuals in New Brunswick across a wide variety of industries to make sure they are suitable for our marketplace.

2

## Regulatory Policy Development

We develop regulatory proposals by consulting industry and stakeholders, and working collaboratively with provincial, national and international regulatory and industry associations on global regulatory concerns, trends and initiatives. The Minister of Finance and Treasury Board (Minister) provides oversight of this process.

3

## Compliance Reviews

We regularly conduct compliance reviews on the operations of businesses and individuals operating in our regulated sectors to make sure they are abiding by New Brunswick's financial and consumer services legislation and meeting their obligations to consumers and investors. Our regulators each have their own team of compliance officers, who receive operational assistance from our Enforcement Division and, where needed, Legal Services staff.

4

## Education

We believe New Brunswickers are better equipped to protect themselves from frauds and scams in our regulated sectors and to make informed financial and consumer decisions when they have easy access to unbiased information, understand their rights and responsibilities and know where to turn for help. To equip them with this information, we share consumer and industry resources online through social media, our website and our email subscription service, including alerts on financial scams and investor warnings about individuals or companies not registered to deal or advise in securities in New Brunswick. We also offer in-person and virtual presentations, professional development webinars, educational brochures, videos and online tools on a wide range of regulatory, financial literacy and fraud prevention topics. All educational resources and programs are free and available in both official languages.



## **Inquiries and Complaint Handling**

Every month, New Brunswickers contact us with consumer and investor inquiries and complaints. For those that fall under financial and consumer services legislation, we review to determine whether rules or requirements have been violated and if further action is needed. We regularly use the opportunity to provide New Brunswickers with direction on how to resolve their complaints.



## **Enforcement**

Sometimes, the information we receive from complaints, audits and compliance activities, or from other sources, leads to investigations. During investigations, we have the authority to seek orders to stop certain behaviours and, in some instances, freeze accounts. These investigations may indicate that people or entities have violated the requirements set out in New Brunswick's financial and consumer services legislation. If they do, we use our legislated authority to hold the people or entities accountable through the legislated hearing processes or through regulatory remedies, collaborating with law enforcement and/or other regulators when necessary. If we believe sanctions or financial penalties are warranted, we have the option to take a case before the New Brunswick Energy and Utilities Board, which provides independent adjudication and oversight in the financial and consumer services sectors under the *Financial and Consumer Services Commission Act*, or to the provincial courts, depending on the circumstances.



## **Reuniting Owners with Unclaimed Property**

Every year, thousands of dollars go unclaimed in New Brunswick, forgotten in credit union accounts, uncashed cheques, security deposits and more. We operate New Brunswick's Unclaimed Property Program and work with businesses and other entities who are holding unclaimed property (holders) to help return this property to the rightful owners. New Brunswick's *Unclaimed Property Act* requires holders to review their books and deliver any unclaimed monetary property to the Program. Once delivered, the Program relieves holders of the expense and liability of carrying the property on their books. New Brunswickers are now able to use FundsFinderNB.ca, a free database, to search for and claim monetary property that belongs to them.



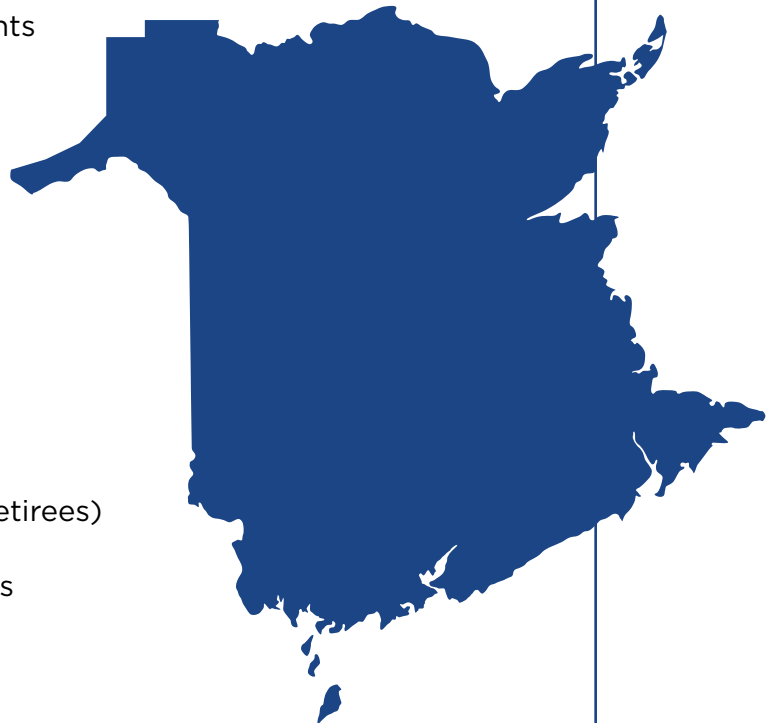
# Who We Serve

**850,000** New Brunswickers through regulation and financial education.

**44,000** industry participants who handle over **\$50 billion** of New Brunswick consumers' money.

## Our provincial footprint as of March 31, 2024

**2,229** Collection Agency and Collector Licences  
**31** Auctioneers' Licences  
**612** Commissioners of Oaths Appointments  
**541** Cost of Credit Registrations  
**510** Direct Sellers Licences  
**99** Pre-arranged Funeral Licences  
**1,896** Real Estate Licences  
**387** Mortgage Broker Licences  
**160** Cooperatives  
**6** Credit Unions and **58,946** Members  
**48** Loan and Trust Companies  
**201** Insurance Companies  
**15,332** Licensed Individuals in Insurance  
**1,129** Licensed Firms in Insurance  
**231** Registered Pension Plans and  
**102,956** Active Members (not including retirees)  
**5,853** Reporting Issuers in Securities  
**14,968** Registered Individuals in Securities  
**5** Payday Lender Licences  
**5** Credit Reporting Licences





# Our Highlights

**153** businesses reported **\$1.24 million** of unclaimed property during the Unclaimed Property Program's annual reporting period, which ran from January 1 to March 31, 2024. **209** claimants were reunited with **\$824,317** during the Unclaimed Property Program's first claim period.

Participated in more than **70** different regulatory committees with provincial, national and international groups.

Scored **79.8%** for regulatory effectiveness, surpassing the **70%** target, on our stakeholder survey of our regulated sectors.

**1,333** compliance reviews across **8** different sectors ([see page 51](#)).

**3** regulatory policy projects advanced internally; **2** new Acts introduced; and **2** local rules for comment.

Scored **81%** on our employee engagement survey (76% in 2022-2023).

Sat on **14** interjurisdictional committees with a focus on Environmental, Social and Governance and/or Equity, Diversity and Inclusion.

Issued **29** caution alerts and **4** fraud alerts and/or news releases to warn New Brunswickers about unlicensed or illegal activity in our regulated areas.

Launched the Commission's **first e-learning module** to educate industry professionals, caregivers, older adult support workers, and older adults and their family and friends about senior financial abuse and exploitation ([see page 37](#)).

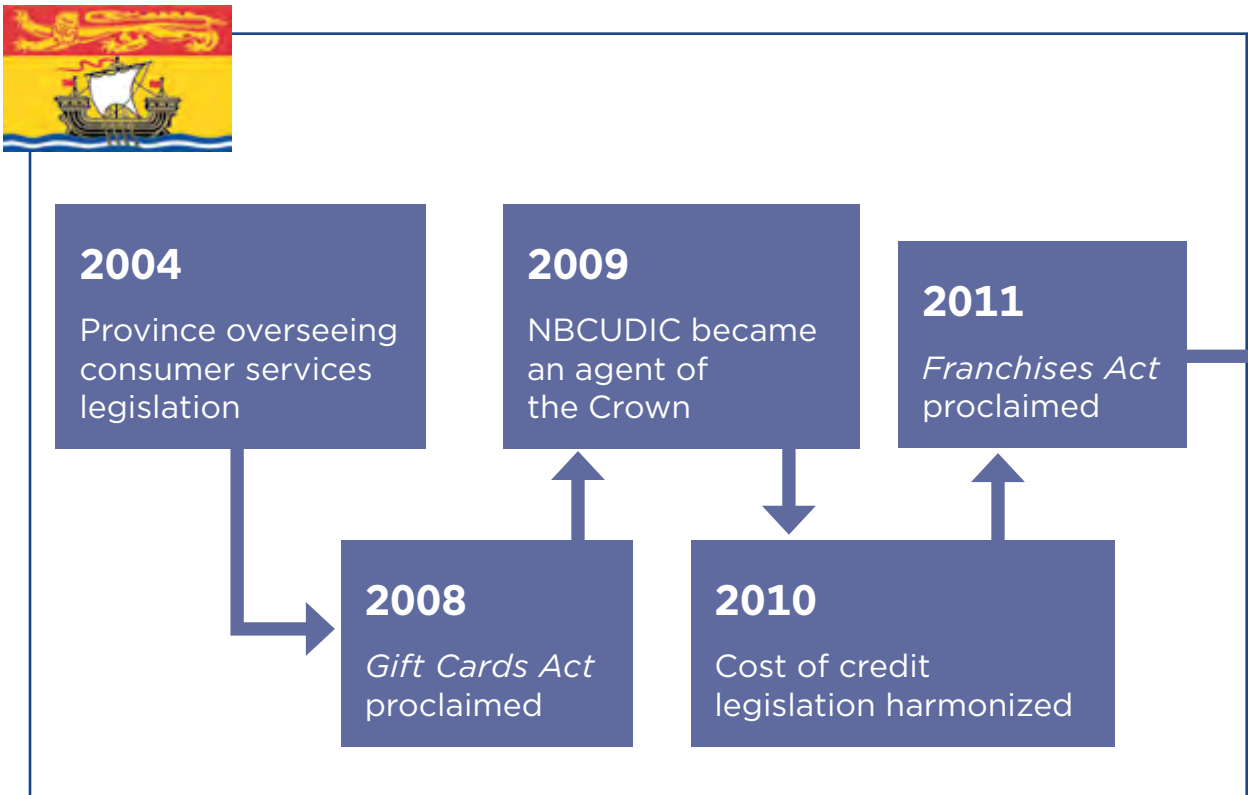
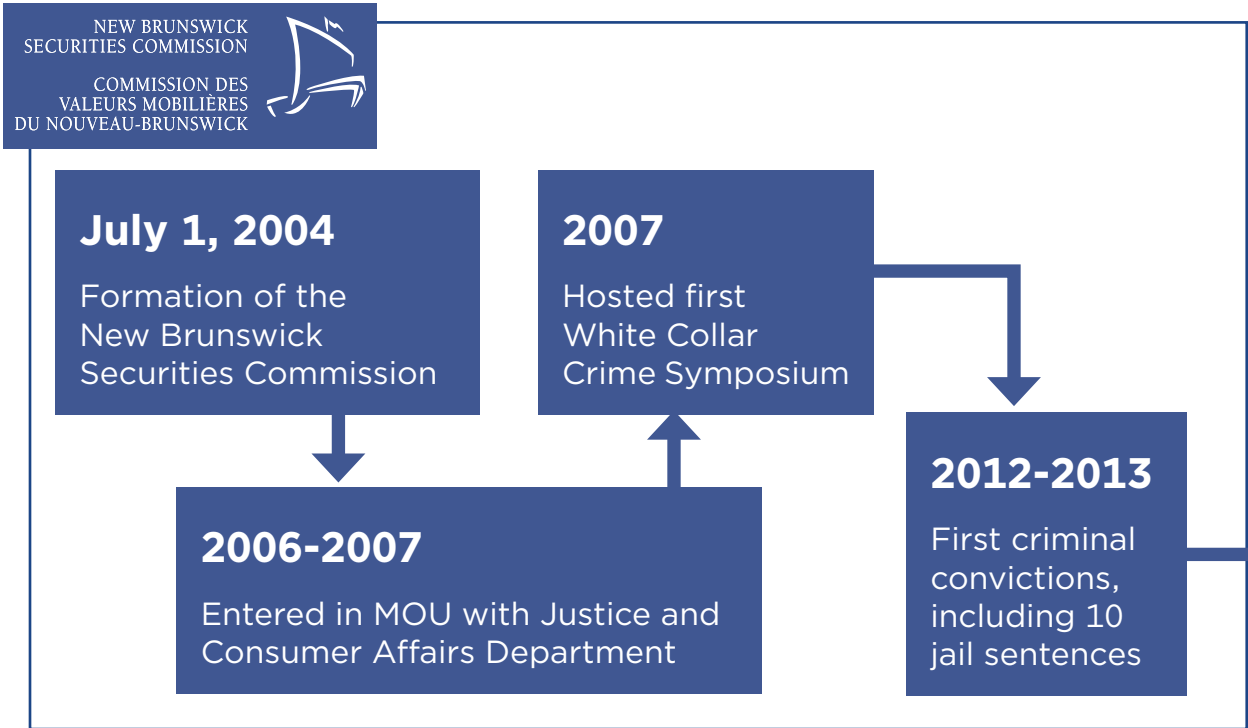
Published **2** proposed rules for the *Financial Advisors and Financial Planners Title Protection Act* for a 90-day comment period.

Provided financial education to **1,731** New Brunswickers through in-person and virtual presentations.

Marked our **10<sup>th</sup> anniversary** as an organization.

# Our Timeline

Here are some of the major milestones leading up to and following our creation on July 1, 2013.





**July 1, 2013**

FCNB is created and assumes responsibility for 17 pieces of consumer services legislation

**2015-2016**

Added *Mortgage Brokers Act* and *Teachers' Pension Plan Act*

**2017-2018**

Report now to Minister of Finance; Added payday loans legislation

**2018-2019**

Added debt settlement and credit reporting legislation

**2019-2020**

Modernized *Cooperatives Act* and credit union prudential supervisory framework; Entered into MOU with Minister of Finance

**2020-2021**

Provided pandemic relief to sectors; Amended *Pension Benefits Act*

**2021-2022**

Added *Unclaimed Property Act*; Refreshed strategic goals, vision and values



**2022-2023**

Phase 1 modernization of *Insurance Act*; First unclaimed property reporting year

**July 1, 2023**

10 year anniversary

**2023-2024**

Bill 16 – Consumer Protection Act received third reading; Title protection legislation received Royal Assent

# Our Commission Members



## **Paul Van Iderstine (Chair, as of Jan. 1, 2024)**

Residence: Moncton  
Term: Oct. 31, 2019 – Nov. 3, 2026  
(reappointed as Commission member on Nov. 4, 2021,  
and appointed as Chair effective Jan. 1, 2024)



## **Tania Morris (Vice Chair)**

Residence: Dieppe  
Term: Nov. 4, 2021 –  
Nov. 3, 2024



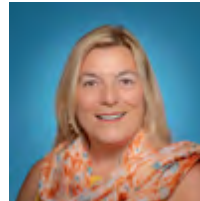
## **Catherine Lahey, K.C.**

Residence: Saint John  
Term: Dec. 15, 2022 –  
Dec. 14, 2027



## **Lucie Boucher**

Residence: Moncton  
Term: Nov. 4, 2021 –  
Nov. 3, 2024



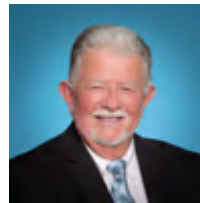
## **Ginny MacDonald**

Residence: Fredericton  
Term: Dec. 8, 2023 –  
Dec. 7, 2026



## **Michèle Hébert**

Residence: Shippagan  
Term: Dec. 8, 2023 –  
Dec. 7, 2027



## **Greg McKim**

Residence: Moncton  
Term: Dec. 8, 2023 –  
Dec. 7, 2025



## **Norma Kelly**

Residence: Sussex  
Term: Oct. 31, 2019 –  
Dec. 14, 2025  
(Reappointed Dec. 15, 2022)



## **Sylvain Raymond**

Residence: Campbellton  
Term: Feb. 22, 2024 –  
Feb. 21, 2027

The term of Peter Klohn, Chair, ended on Dec. 31, 2023, after serving in the position for 10 years.

The term of Marilyn Evans Born ended on Dec. 31, 2023.

The term of Donald French ended on Dec. 7, 2023.

The term of Gérald Lévesque ended on Jan. 20, 2024.

## Governance

The Commission is accountable to the Government of New Brunswick (GNB) through the Minister of Finance and Treasury Board for the proper administration of New Brunswick's financial and consumer services legislation. The respective responsibilities and expectations of the Commission and the Department of Finance and Treasury Board are set out in a Memorandum of Understanding, which is published on our [website](#)<sup>[3]</sup>. The Members are responsible for the independent governance of the Commission through approving and overseeing policy proposals, making rules that have the force of law, setting and overseeing the Commission's strategic direction and budget, and management oversight, including reviewing risks and opportunities facing the organization. They place a high value on transparent disclosure practices and create an annual report on governance practices to reflect that value. For further details regarding Members' ethical standards and obligations, continuing education, attendance, remuneration as well as committee activities, see the full report on our [website](#)<sup>[4]</sup>.

The Commission is comprised of the chair and a number of other members appointed by the Lieutenant-Governor in Council. The number of members cannot be less than five nor more than 10. When the Commission identifies the need for a new member, it plays an active role in the nomination process that leads to candidate recommendations to government. To assist with the process, the Commission maintains a profile for the ideal composition of the Commission as a whole, which is regularly updated. The profile sets out the mix of backgrounds, skills and experience required to guide the Commission's strategy and ongoing business operations. When a vacancy presents, the skills for a replacement candidate are set by doing a profile analysis. The Commission believes that diversity among members enriches both its decision-making and its regulatory role by bringing a variety of perspectives to discussions. The Commission supports the appointment of candidates who reflect the gender and linguistic representation as well as the cultural and geographic diversity of the province.

3. <https://fcnb.ca/en/about-the-fcnb/mous>

4. <https://fcnb.ca/en/about-the-fcnb/governance>

It was a transformative year for the Commission as it continued to focus on implementing the recommendations from its 2021 governance review, among them succession planning for the outgoing chair, operationalization of its enterprise risk management (ERM) framework and substantive work on an internal audit function. Through its Human Resources and Governance (HRG) Committee, the Commission reviewed the chair's role, responsibilities and compensation model in consultation with government, culminating in a revised compensation structure for the chair and members, effective July 1, 2023. Moreover, the Commission, through its HRG Committee, also interviewed and provided candidate recommendations to government for the chair and four member positions left vacant due to expiring terms. This year also marked the Commission's inaugural oversight for the newly implemented ERM program. As part of its commitment to robust governance practices and following research of various models, the Commission approved the organization's first internal audit policy and charter, based on an outsourced model that will provide the Commission independent and objective assurances ([See page 48](#)). The internal audit function will bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## Standing Committees

The Audit and Risk Management Committee is responsible for reviewing the Commission's risk management policies and procedures, financial reporting and public disclosure, audit processes, and systems of internal controls as established by management and the Commission. It meets at least five times each year. Members included: Norma Kelly (Chair), Tania Morris, Marilyn Evans Born (member until Dec. 31, 2023), Michèle Hébert (member as of Feb. 12, 2024), Peter Klohn (*ex officio* until Dec. 31, 2023) and Paul Van Iderstine (*ex officio* as of Jan. 1, 2024).

The Human Resources and Governance Committee is responsible for reviewing and approving important human resources policies and for setting management's compensation structure. It is also responsible for governance-related matters, such as board assessments, member succession planning, member orientation and continuing education and CEO and chair evaluations. It meets at least four times each year. Members included: Lucie Boucher (Chair), Donald French (member until Dec. 7, 2023), Gérald Lévesque (member until Jan. 20, 2024), Catherine Lahey, Greg McKim (member as of Feb. 12, 2024), Ginny MacDonald (member as of Feb. 12, 2024), Peter Klohn (*ex officio* until Dec. 31, 2023) and Paul Van Iderstine (*ex officio* as of Jan. 1, 2024).

## Official Languages

We are committed to providing quality services to members of the public in their official language of choice. All educational resources and programs are available in both official languages. We strive to meet the spirit of the Province of New Brunswick's Language of Work Policy and Guidelines by promoting a balanced use of both official languages in the workplace. We offer second language training to our employees through online training programs tailored to their language needs. Although language of work and language of service have separate applications, we view their connection as essential to the overall commitment of the organization to official languages matters.

## Public Interest Disclosure

The *Public Interest Disclosure (PID) Act* encourages employees in the provincial public service to report any wrongdoing that has occurred or is about to occur in the workplace that is potentially unlawful, dangerous to the public or harmful to the public interest. The *PID Act* protects employees from reprisal for disclosing these wrongdoings and provides a fair and objective process for those employees who are alleged to have committed a wrongdoing. We received no disclosures or claims made against any employee of the Commission under the *PID Act* in 2023-2024.

## Summary of Recommendations from the Office of the Auditor General

We are required to report on the status of Auditor General recommendations for the past five years. We are pleased to report we have no outstanding recommendations at the time of publication of this annual report.



# Letter from the Chair

I am honoured to serve as the new Chair for the Financial and Consumer Services Commission, an organization on which I've served as a Commission Member since 2019. Since that time, the Commission has undergone an extraordinary amount of change, including a new CEO, changes to our working environment in response to the pandemic, an expanded mandate, governance improvements and the launch of the Unclaimed Property Program.

I wish to thank my predecessor, Peter Klohn, for guiding the Commission through all of these changes. His unwavering leadership and vision of the Commission over the past decade has positioned the organization on a solid foundation that will serve it well for years to come. His commitment to New Brunswick consumers and investors has been a key driver in the many changes the Commission has undertaken during his tenure.

As we look ahead to the next 10 years, the Commission Members understand the need for effective governance as we navigate an evolving financial landscape full of new products, services and technologies. While these advancements can provide benefits to consumers and investors, they can also be challenging for regulators in their role of providing consumer protection. As a regulator, we will need to make changes and evolve with the marketplace to remain effective and provide New Brunswick consumers and investors with the protection we all desire.

Under my leadership, the Commission will continue its focus on regulatory excellence. We will do so by emphasizing strategic, flexible policy development that responds appropriately to market changes and strives to strike an appropriate balance between business and public interests. Our new strategy and business plan, which will guide us over the next three years, considers the many issues arising from the economic uncertainty that continues to prevail as well as other emerging challenges that may impact our regulated sectors.

In the pages that follow, we've outlined the activities and initiatives the Commission undertook over the past fiscal year to substantively deliver on our 2023-2026 Strategy and Business Plan. We remained proactive and focused on our mandate to provide regulatory services to protect the public interest, enhance public confidence and

promote understanding of the sectors we regulate through education. Our aim is a strong and fair financial marketplace for all, where our regulated industries understand their responsibilities and contribute to helping New Brunswickers make financial decisions with confidence.

I would like to thank our employees, our most important asset, for their commitment in helping us achieve our strategic plan. They should take pride in our accomplishments as New Brunswick's financial market authority, and the work we do to give New Brunswickers confidence in their financial lives. In closing, I would also like to thank outgoing Commission Members, Donald French, Marilyn Evans Born and Gérald Lévesque for their dedication in advancing the regulatory protection we have in place for the residents of our province.

Original signed by Paul Van Iderstine

Paul Van Iderstine  
Chair



# Letter from the CEO

On July 1, 2023, the Commission marked its 10th anniversary as New Brunswick's financial and consumer services regulator.

I'm proud of what we've accomplished since the consolidation in 2013 of the province's financial and consumer regulatory expertise into one organization. Sometimes the work was challenging, given our broad scope. More than not, it was rewarding when we saw how our initiatives were making an impact in New Brunswick.

From modernizing most of our initial legislation and launching electronic licensing portals to working to protect older and vulnerable investors, we have always strived for a strong and fair financial and consumer marketplace where New Brunswickers can participate with confidence.

One only has to look at our new Unclaimed Property Program, which works to reunite unclaimed monetary property with its rightful owners. Following the first unclaimed property reporting period in early 2023, we were able to launch our online database last fall, allowing New Brunswickers to claim monetary property owed to them. This includes funds forgotten in credit union accounts, uncashed cheques, investment accounts, security deposits and more. By the end of March, more than 200 claimants were reunited with more than \$824,000. After our second reporting period, nearly \$31 million of unclaimed property was still waiting to be claimed in New Brunswick.

Notwithstanding our successes to date, a lot of work still lies before us as we respond to a rapidly changing financial ecosystem – one that will require us to be creative as we aim to maintain a balanced yet adaptable regulatory framework and enhance confidence in the province's financial markets.

Currently, we are preparing for new responsibilities that will include administering the province's new *Consumer Protection Act*, which was introduced in November 2023. The Act will consolidate and update six existing regulatory areas that we oversee and introduce [six new consumer protection areas](#)<sup>[5]</sup>.

We are also preparing for the province's new *Financial Advisors and Financial Planners Title Protection Act*, which received Royal Assent in June 2023. Once in force, the Act will require professionals using these titles to have the necessary credentials to provide appropriate advice and planning for the financial well-being of New Brunswickers. The aim of this legislation is to provide New Brunswickers clarity and confidence when working with individuals holding these titles. Earlier this year, we received nine stakeholder submissions during a 90-day comment period on two proposed rules. We will be considering this feedback in the coming months as work continues to develop the rules to support the Act's regulatory framework.

5. <https://fcnb.ca/en/consumer-protections>

While previous policy work has primarily been about modernizing legislation, the intention behind these two Acts reflects a deeper focus on serving the needs of New Brunswickers by ensuring they are treated fairly and have access to the information they need to make good financial decisions. This focus is also present in our new three-year business plan. Built on the foundation of our five strategic pillars, it reflects our commitment to providing regulatory services to protect the public interest, enhance public confidence and promote understanding of the regulated sectors through educational programs.

As we celebrate all that we have accomplished in our first 10 years and highlight our wins from the 2023-2024 fiscal year, as outlined in this annual report, I would be remiss in not thanking our employees. Our people drive everything we do and that's why we developed a three-year people plan to address significant transformations within the human resource landscape, to promote inclusion, diversity, equity and accessibility, and to support our organization's most valuable asset - our people.

I would also like to pay tribute to our outgoing Chair, Peter Klohn, who stepped down as Chair on December 31, 2023. Peter supported the Commission through our beginnings as a new integrated regulator to the solid foundation we've built today. He was a trusted sounding board, guiding hand and mentor in my four years as CEO, serving as a faithful steward of the organization while also challenging us to be bold and innovative in our pursuit of regulatory excellence.

I would also like to welcome our new Chair, Paul Van Iderstine, who was appointed effective January 1, 2024. As a former Commission Member, Paul possesses in-depth knowledge of our current business, challenges and practices, and will provide outstanding governance as we advance our approach to achieving our organizational purpose and our vision of working together for regulatory excellence in the years to come.

Original signed by Kevin Hoyt

Kevin Hoyt  
CEO



# Purpose of the Annual Report

Each year, the Commission publishes a Strategy and Business Plan that sets out our strategic goals, our objectives and action items for the upcoming three years. It is shaped by our legislated mandate as contained in the *Financial and Consumer Services Commission Act* and expanded upon in the 2023-2024 Mandate Letter, received from the Minister of Finance and Treasury Board. The [2023-2026 Strategy and Business Plan](#)<sup>[6]</sup> was delivered to the Minister on February 24, 2023.

The report card that follows in this annual report highlights work done to advance our strategic goals and reports our performance results on the action items documented in our Business Plan. The annual report is designed to meet the requirements of both the *Financial and Consumer Services Commission Act* and the *Accountability and Continuous Improvement Act*, which was implemented in 2014, to greater align the corporate priorities and goals of Crown corporations with those of the Province.

## In the 2023-2026 Strategy and Business Plan, our five goals are:



**People:** Build upon a highly skilled workforce that is passionate about what we do.



**Process:** Excel in the development of effective, practical and responsive regulatory services.



**Consumer and Market Participants:** Reduce risk and harm and build trust, awareness and fairness in financial and consumer services for New Brunswickers.



**Financial:** Optimize our financial capacity to accomplish our mandate and deliver value to New Brunswickers.



**Environmental, Social and Governance (ESG):** Embrace the ethical and practical values of ESG toward a more inclusive, sustainable and prosperous future.

6. <https://fcnb.ca/en/about-the-fcnb>

# Strategic Objectives Report Card



## People Goal

### Objective 1.1: Our culture reflects our shared values and shared accountability for innovation and sustainability.

This objective refers to our commitment to delivering on our mandate through our refreshed values, and through our expectations for continued development of skills to enable us to respond to technological innovations, automation and digital transformations in our markets.

#### Alignment with GNB Priority: Affordable, responsive and high-performing government

##### **Planned Action: Value and reward collaboration and teamwork.**

###### **Employee referral program**

Ongoing: We researched frameworks for an employee referral program to encourage diversity and to provide a great employee and candidate experience aligned to our culture and brand.

##### **Planned Action: Continue to build sectoral expertise.**

###### **Education sessions**

Completed: We connected with professional group leaders to organize sectoral education sessions. We also provided the leadership team with quarterly training budget reports.

##### **Planned Action: Implement targeted leadership and group development programs for our employees.**

###### **Improving development programs**

Completed: We surveyed our leadership team on how to improve targeted development programs for our employees and held focused discussions with them on risk and strategy.

**Planned Action: Maintain the cross-divisional Emerging Issues Committee and review issues during strategic planning to determine required planned actions.**

**Researching emerging issues**

Completed: This committee's work was incorporated into the refreshed risk management framework, which examined emerging issues that could affect our regulatory areas. The work was presented at our strategic planning sessions.

**Objective 1.2: Our people are highly engaged and fulfilled.**

This objective reflects the Commission's intention to continue to provide an overall stimulating work environment and culture, always conducive to employee growth in skills and knowledge. To further support engagement and retention, the Commission must also continuously assess its management and work practices to support a positive human experience at work.

**Alignment with GNB Priority: Affordable, responsive and high-performing government**

**Planned Action: Enable a positive employee experience by providing targeted human resources programs and services, producing an environment where employee needs and organizational strategy meet.**

**Inclusive onboarding program launched**

Ongoing: We developed and began the implementation of an inclusive onboarding program to acclimatize, guide and develop new employees.

**Planned Action: Provide ongoing support to supervisors and employees in carrying forward, and assessing and monitoring implementation of, our new development-focused performance management and step increment compensation programs.**

**Supervisors supported**

Completed: We supported our supervisors and employees during each quarterly review period and provided resources on our intranet to assist them.



### **Talent management framework designed**

Ongoing: We designed and began implementation of an integrated talent management framework that selects and aligns programs to the needs of the organization.

### **Planned Action: Continue to support employees' individual needs for ongoing learning and development.**

#### **Quarterly check-in meetings**

Completed: Employees and supervisors engaged in development-focused discussions during quarterly check-in meetings.

#### **Learning and development strategy**

Ongoing: We began the design and a partial launch of a learning and development strategy, including a framework that outlines primary learning needs, core delivery methods, measurement and governance. As part of that strategy, we launched a new learning management system for our employees.

### **Planned Action: Monitor human resources-related policies, directives and practices so that they remain current to support the organization's ability to attract and retain talent.**

#### **Policies updated**

Completed: We reviewed and updated nine human resource policies and directives, including our public interest disclosure procedure, respectful workplace and violence prevention directives and health and safety policy.

#### **Employee retention**

Completed: Throughout the year, we monitored and reported on staff retention to executive management.

### **Planned Action: Foster a culture of transparency and open communication.**

#### **Internal communications**

Completed: We developed an internal communications strategy and action plan with tactics to foster a culture of transparency and open communication.

### **Intranet migration**

Completed: Our intranet moved to SharePoint and we updated it with new features. Since its re-launch, 89 per cent of employees are visiting the site monthly.

### **Employee engagement action plan**

Ongoing: The leadership team began the design of a corporate action plan based on the results of our annual employee engagement survey.

### **All-staff meeting held**

Completed: We held our first in-person, all-staff meeting in four years. The purpose of the meeting was to review our strategic goals, vision and values, connect with colleagues and recognize the 10<sup>th</sup> anniversary of the Commission. Overall staff satisfaction with the event was 8.9/10.

## **Planned Action: Equip leaders with the support, training and tools necessary to effectively navigate their dual role as both the recipients and leaders of change management.**

### **Change coaches trained**

Completed: We trained two employees to be change coaches in change management principles and methods.

## **Objective 1.3: Our workplace is designed to ensure the health and safety of our people.**

As an employer, we must take every reasonable step to keep our workplace healthy and safe. We will continue to adapt our workplace practices to support our Province's efforts to combat the spread of COVID-19 while continuing to provide regulatory services.

### **Alignment with GNB Priority: Dependable public health care**

## **Planned Action: Continually monitor available health, safety and communicable disease management guidelines and best practices.**

### **Focus on wellness**

Completed: Throughout the year, we worked with our two Wellness Committees – one in Saint John and one in Fredericton – to offer health and wellness presentations and materials.

### Joint Health and Safety Committees

Completed: We worked with the Joint Health and Safety Committees in each location on any needs arising from the Commission's Communicable Disease Prevention Plan.

### Monitoring health guidelines

Completed: We incorporated health, safety and communicable disease management guidelines and best practices into our operational risk register and emerging issues activities.

### Planned Action: Integrate safety and health into all work practices, behaviours and conditions, including psychological safety.

#### Staff training

Completed: We provided a resilience and psychological safety development session to all staff.

People Performance Measure	2023-2024 Result	2022-2023 Result	Target	Achieved
Employee Engagement Score	81%	76%	=>75%	Yes



## Process Goal

### Objective 2.1: We are responsive to changing regulatory needs.

As a regulator, we set standards for the industries we regulate. To instill confidence and credibility in the regulatory environment, we must be able to keep up with the pace of changes within our regulated communities. As a result, we are constantly monitoring for changes and risk conditions, and reviewing our systems and processes to see where we can realign, improve or upgrade them.

**Alignment with GNB Priority: Energizing the private sector / Vibrant and sustainable communities**

**Planned Action: Continue to modernize systems and processes used by our audiences to be more effective and efficient.**

#### **Unclaimed Property Program**

Completed: The claims side of FundsFinderNB.ca was launched in 2023, allowing New Brunswickers to search their name in the online database for unclaimed property. To improve the online experience, a front-facing bilingual microsite was developed and launched to house information and FAQs for both claimants and property holders.

#### **Insurance Act modernization**

Completed: We updated the insurance online licensing portal to reflect the new rules and to enhance the online user experience.

#### **Cooperatives**

Ongoing: We identified business needs for the development of an online portal allowing coops to electronically submit reports that must be reviewed and approved. (See footnote on [page 30](#))

#### **Collection and Debt Settlement**

Not Started: This project will move a paper-based application system to an automated process and improve the efficiency of application processing. (See footnote on [page 30](#))

### Securities Registrant Administration

Ongoing: This update will modernize the current solution and provide improved reporting and analytics capabilities. (See footnote on [page 30](#))

### Licence and registration hearings

Completed: We formalized a consistent procedure for Opportunities to be Heard, which are hearings that provide a firm or individual – under certain Acts – a chance to understand and respond to a staff recommendation concerning the status of their licence or registration. The [procedure](#)<sup>[7]</sup> and additional resources were published on our website. In addition, we began research on procedural protections for those Acts where no Opportunity to be Heard is afforded: the *Pension Benefits Act*, the *Unclaimed Property Act*, the *Credit Unions Act* and the *Cooperatives Act*.

### Publication of enforcement actions

Ongoing: We launched a project to develop a process for consistency and transparency regarding the communication of regulatory and enforcement actions.

## **Planned Action: Research and monitor technical innovation and advances in our regulated sectors.**

### Emerging technology

Ongoing: We continued to research, document and report on emerging technological advancements that could impact our regulated sectors and considered these impacts as part of our strategic planning process.

## **Objective 2.2: Our processes are continuously improved and fit for purpose.**

The financial and consumer markets we regulate are ever changing. To meet this challenge, we continue to enhance our workforce’s management, collaboration and analytical capabilities so we can proactively identify emerging issues and provide relevant regulatory responses. We also recognize the value of continuously reviewing our internal and regulatory processes for accessibility, resourcefulness and fairness.

### **Alignment with GNB Priority: Energizing the private sector / Vibrant and sustainable communities**

7. <https://fcnb.ca/en/enforcement-and-regulatory-actions>

## **Planned Action: Modernize our internal processes and systems to be more effective and efficient.**

### **Focus on accessibility**

Ongoing: As part of an accessibility audit of our websites, we prepared a report, which identifies opportunities for implementation of best practices in our digital accessibility and proposes considerations for alignment with the draft accessibility framework issued by the provincial government. An action plan based on the findings of the audit and report will be developed and implementation will begin in 2024-2025.

Complete: All of the Commission's external content and publications have undergone an accessibility review.

### **Project management**

Ongoing: We continued to identify areas and projects that may benefit from a project management and change management approach, and implemented improvements to our regulatory policy committee reporting.

### **Policy reminders**

Ongoing: Within our human resources platform, we launched a reminder system along with an updated procedure for the revision or implementation of Commission policies and directives.

### **Enforcement case management**

Ongoing: We launched a new enforcement case management system to automate and streamline our processes, improve our case tracking, provide better insights into connected cases and produce real-time case reporting with automated reports and analytics.

### **Incident management framework**

Ongoing: We reviewed and updated our incident management documents, including business continuity and crisis communications plans, to ensure our framework is right-sized and comprehensive. Tabletop exercises to test our framework and communications to staff will take place in 2024-2025.

## Objective 2.3: We foster internal technological innovation.

We require a strong organizational foundation of systems, data management and analytics to provide efficient and effective regulation in marketplaces that evolve at an unprecedented pace. We must continually invest in our technology platforms to be able to provide timely responses to novel issues or regulatory gaps as they are identified within the marketplaces we regulate.

### Alignment with GNB Priority: Affordable, responsive and high-performing government

#### **Planned Action: Maintain a regularly reviewed and updated digital strategy to aid the Commission in effective digital transformation.**

##### Updated digital strategy

Completed: We updated our digital strategy, taking a technologically informed look at our strategic objectives and the activities used to achieve them to identify those that need to transform with the aid of technology. This strategy was used to inform our strategy and business plan.

#### **Planned Action: Continue to invest in skill development and training within the ITRI division to enhance capacity in artificial intelligence, data analytics and cybersecurity resilience.**

##### New CIO

Completed: A new Chief Information Officer (CIO) of the Information Technology and Regulatory Informatics (ITRI) Division was hired in November 2023.

##### Staff training

Completed: Staff participated on various technology-related regulatory committees and analytics training.



**Planned Action: Support continuous process and product improvement within the ITRI division.**

**System update**

Completed: We modernized our system environment to support the effectiveness and efficiency of Commission services.

**Process improvement**

Ongoing: We conducted regular lessons learned sessions following IT projects and implemented agreed upon opportunities for improvement.

**Objective 2.4: Our IT systems are effective and reliable.**

Rapidly evolving technologies have driven much change in the financial and consumer marketplaces. That’s why we take a proactive approach to ensure our information technology operations are current, responsive and reliable.

**Alignment with GNB Priority: Affordable, responsive and high-performing government**

**Planned Action: Maintain our organizational cybersecurity posture.**

**Cybersecurity strategy**

Ongoing: We adhered to our cybersecurity strategy and objectives.

Process Performance Measure	2023-2024 Result	Target	Achieved
Deliver enhancements to existing regulatory systems	0 <sup>[8]</sup>	3 major updates	No
Complete migration to new Microsoft 365 environment	100%	100% completion	Yes

8. Three system modernization projects were delayed due to unanticipated resource demands during projects that supported our migration to the cloud. These delays have not had any negative impact on the Commission’s operations. (See pages [26](#) and [27](#))



## Consumer and Market Participants Goal

**Objective 3.1 (Regulation): We excel in strategic, flexible policy development responsive to market changes.**

This objective denotes the Commission’s belief that any regulatory response or approach must begin with a strategic consideration and full understanding of a harm or issue within a market and that the correlated response must, through consultative, collaborative and flexible processes, provide regulatory activities that achieve the desired outcomes.

**Alignment with GNB Priority: Vibrant and sustainable communities / Affordable, responsive and high performing government**

**Planned Action: Continue the development of a legislative proposal for Phase 2 of *Insurance Act* modernization and advancing work for implementation of amendments.**

### ***Insurance Act* amendments**

On hold: We continued to work with government on a proposal for Phase 2 amendments to the *Insurance Act*.

Ongoing: We continued our work to educate New Brunswick businesses on their new obligations following the implementation in February 2023 of new rules under the *Insurance Act*. Under the rules, businesses that sell insurance products secondary to their primary business must be licensed through the Commission. New Brunswick is the first province east of Manitoba to introduce such a licensing framework for businesses. These changes were part of Phase 1 amendments to the Act.

**Planned Action: Develop a legislative proposal to modernize the *Securities Act* to address changes in the evolving capital markets.**

### ***Securities Act* modernization**

Ongoing: A legislative proposal to modernize the *Securities Act* was submitted to government. The proposed amendments would increase investor protection, enhance confidence in New Brunswick’s capital markets, harmonize our regulatory framework with other Canadian securities regulators and allow the Commission to respond dynamically to the evolving capital markets.

**Planned Action: Develop a legislative proposal to amend the *Pension Benefits Act* to both modernize and harmonize unlocking rules with those in other jurisdictions.**

***Pension Benefits Act* amendments**

Ongoing: We continued to work with government on a proposal to modernize pension unlocking rules and to provide additional annuity buy-outs parameters. The proposed amendments to the *Pension Benefits Act* would allow for financial hardship unlocking. They would also revise some of the current unlocking provisions to provide alignment with other jurisdictions and provide a greater range of options for the retirement and financial needs of New Brunswickers.

**Planned Action: Increase awareness of the Unclaimed Property Program among both holders who need to report and New Brunswickers who may have forgotten funds to claim.**

**Holder awareness**

Completed: We launched an awareness campaign targeting holders of unclaimed property to make them aware of their new requirements under the *Unclaimed Property Act* and key reporting dates. The multimedia campaign included digital, print and radio ads throughout the year as well as electronic and direct mail. We also collaborated with Chartered Professional Accountants New Brunswick, the Law Society of New Brunswick, the Canadian Bar Association-New Brunswick and the Canadian Investment Regulatory Organization to inform their audiences of the new requirements.

**Holder education**

Completed: We held two webinars for holders explaining the program, their obligations under the *Unclaimed Property Act*, and provided a video with a technical overview of the tools and processes for remitting to the program. The webinars and videos were made available in both English and French. The webinars were recorded and remain on our website for ongoing education of holders in the province. We also recorded an episode of the New Brunswick Real Estate Association's podcast "The Little Blue House," explaining the requirements and addressing some frequently asked questions about the obligations of real estate agents under the Act.

## **Consumer awareness**

Completed: We launched a multimedia awareness campaign in October to make New Brunswickers aware they can search for unclaimed property on the newly developed FundsFinderNB.ca. In addition to digital, social, TV, print, billboard and bus ads, the campaign received provincial and national media attention. The campaign ran until November. Through the remainder of the year, we continued to encourage New Brunswickers to search FundsFinderNB.ca through posts and ads on our social media platforms, news releases, media interviews, advertorials in various senior publications and through a collaboration with the New Brunswick Public Library Service during the month of February to mark Unclaimed Property Day on Feb. 1.

## **Planned Action: Continue the development of a legislative proposal (and rules) for a new *Consumer Protection Act*.**

### **Increase consumer protection**

Completed: Bill 16 was introduced by government in November 2023 and received third reading on March 22, 2024. This new *Consumer Protection Act* will increase consumer rights and improve fair business practices in the province. The Act will better align New Brunswick with our counterparts across the country. Following the Bill's introduction, work began on the development of rules and regulations related to the new legislation.

## **Planned Action: Continue the development of a legislative proposal for financial professionals' title protection.**

### **Title protection**

Ongoing: The *Financial Advisors and Financial Planners Title Protection Act*, which received Royal Assent on June 16, 2023, will require professionals using these titles to have the necessary credentials to provide appropriate advice and planning for the financial well-being of New Brunswickers. We published two accompanying proposed rules on January 11, 2024 for a 90-day comment period. All stakeholder submissions will be thoroughly considered in finalizing the rules. Proclamation of the Act will follow at a future date.

**Planned Action: Support government efforts to enhance the model for regulatory adjudication of sectors administered by the Commission.**

**Regulatory adjudication**

Completed: We supported government's new model for regulatory adjudication of sectors administered by the Commission, as requested, and provided support during its implementation. On June 16, 2023, the functions and duties of the Tribunal were transferred to the Energy and Utilities Board, which now provides independent adjudication and oversight in the financial and consumer services sectors.

**Planned Action: Be aware of current consumer demands and needs in the development of policy.**

***Credit Unions Act* review**

Completed: We completed our statutory requirement to review the *Credit Unions Act* and delivered our report to the Minister and the Legislative Assembly on October 27, 2023, in accordance with Section 279 of the Act.

**Research**

Completed: We conducted our annual provincial consumer awareness and knowledge index, the results of which help identify trends in consumer education, awareness and protection needs and provide support for the development of data-informed interventions, education programs, policy and regulatory work.

**Planned Action: Be accountable, timely and effective in working with our regulated sectors.**

**Stakeholder survey**

Completed: We completed a second survey of our regulated sectors and stakeholders to assess our effectiveness as a regulator and measure our progress against our consumer and market participants' goal.

**Jurisdiction enforcement scan**

Completed: We conducted a national scan of enforcement provisions in other jurisdictions to help us identify possible amendments to our legislation.

### **Credit union capital requirements**

Ongoing: We reported quarterly on the credit union system's regulatory capital requirements.

### **Planned Action: Work with regulatory counterparts to develop and implement best regulatory practices aligned and responsive to the evolving landscape and emerging trends within our regulated sectors.**

#### **Reviewing the Mortgage Broker Regulators Council of Canada's principles**

Ongoing: We are reviewing the finalized principles for mortgage product suitability assessment developed by the Mortgage Broker Regulators Council of Canada's Suitability Committee to assess how they can be best utilized in New Brunswick.

#### **Raising awareness of crypto risks**

Completed: We supported the efforts of the Canadian Securities Administrators' (CSA) Investment Fraud Task Force in providing a united front on the issue of fake cryptocurrency and foreign exchange (forex) trading platforms. During Investor Education Month in October, the Commission launched an awareness campaign on our social platforms focusing on the risk of investing in cryptocurrency and informing investors of how to check if the crypto trading platform they are considering using is registered with the Commission. We also promoted a new presentation, *Cryptocurrency: the hype and the risks*, as a potential lunch and learn opportunity and booked four presentations during the month.

#### **Amendments to total cost reporting for investment funds and segregated funds**

Completed: We participated on the CSA's committee examining Total Cost Reporting for Investment Funds and Segregated Funds that resulted in amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and its companion policy.

## Objective 3.2 (Protection): We enhance stability of market participants, market integrity and consumer and investor protection.

Consumers and investors are better protected if firms and individuals working in our regulated sectors understand and comply with their regulatory obligations. We regularly conduct compliance reviews on the operations of those we register or licence to make sure they are abiding by New Brunswick's laws and regulations and meeting their obligations to consumers and investors. When information we receive from complaints, audits and compliance activities or from other sources indicate that people or firms have violated these laws, we use our legislated authority to hold them accountable. When and where possible, we also take action to disrupt or stop activities at their earliest stages to reduce consumer or investor harm and work with other provincial, national and international regulators on initiatives to enhance the protection of financial consumers and investors.

### Alignment with GNB Priority: Vibrant and sustainable communities / Affordable, responsive and high performing government

#### **Planned Action: Promote a culture of compliance and respond decisively to misconduct.**

##### **Enforcement**

Completed: We received four referrals from Commission regulators; 43 referrals from the Canadian Anti-Fraud Centre (CAFC) and three from other regulators. We also received nine CAFC reported scams that resulted in posting a caution. ([See page 55](#)). As a result, we added 29 companies to our Caution List.

##### **Client Focused Reforms**

Completed: Following our participation on a compliance sweep of Client Focused Reforms' requirements conducted by the Canadian Securities Administrators' and the Canadian Investment Regulatory Organization on client focused reforms, we published and shared a [joint staff notice](#)<sup>[9]</sup> summarizing the common deficiencies discovered during its review at 172 firms across various registration categories.

##### **Private Lending**

Ongoing: We continued work on the Private Lending Group with both internal and external participants.

9. <https://fcnb.ca/en/securities/securities-law-and-policy/regulatory-instruments/31-363-joint-csa-and-ciro-staff-notice-31-363-client-focused-reforms-review-of-registrants-conflicts>



## **Planned Action: Work with national and international counterparts on legislative projects, education, and prevention to protect seniors from financial abuse.**

### **E-learning course launched**

Completed: We launched an [e-learning course](#)<sup>[10]</sup> on June 15 (World Elder Abuse Awareness Day) to educate registrants, industry professionals, caregivers, older adult support workers, and older adults and their family and friends about financial abuse and exploitation, and the regulatory measures in place to protect older and vulnerable adults. It was developed to arm these groups with the tools and resources needed to feel empowered to recognize and protect against financial exploitation. In addition to launching the course, we shared resources on social media throughout June to help New Brunswickers recognize the signs of financial exploitation.

### **Older adult outreach**

Completed: We participated in three older adult wellness events reaching 294 older adults and caregivers, and provided 12 presentations on fraud and financial exploitation, reaching 228 older adults across New Brunswick.

### **Vulnerable investors work**

Ongoing: We continued to co-lead the CSA's Vulnerable Investors Committee on part two and now into part three of its initiative to build a regulatory framework to address financial exploitation and cognitive impairment, with regards to financial matters.

### **NASAA work**

Ongoing: We continued to work on the seniors committee of the North American Securities Administrators Association (NASAA), which is tackling a wide range of challenges confronting older and vulnerable investors, regulators and securities industry professionals. We also participated on the Senior Outreach Project Group, which develops tools and resources for its membership of state and provincial securities regulators throughout Mexico, Guam, the United States and Canada to support their efforts in delivering education and awareness to their audiences.

10. <https://fcnblearning.thinkific.com/courses/financial-exploitation>

### Objective 3.3 (Education): We build and increase awareness among consumers and market participants.

We believe New Brunswickers are better equipped to protect themselves from frauds and scams and to make informed financial and consumer decisions when they have easy access to unbiased information, understand their rights and responsibilities, and know where to turn for help. Our market participants also need to be kept apprised of their regulatory requirements and understand their responsibilities within consumer and investor protection. Through awareness campaigns, presentations and the development and sharing of resources, we work to educate our two main audiences – New Brunswickers and our regulated sectors. We do so with the help of relevant tools and media platforms that are considerate of our audiences.

#### Alignment with GNB Priority: World-class education

**Planned Action: Develop and conduct educational programs with respect to financial and consumer services in collaboration with regulatory operations and our regulatory counterparts.**

##### Brand rearticulation

Ongoing: Based on a brand strategy incorporating our vision and values, a new brand identity was developed that considered feedback from both our regulated audience and our consumer audience. The new brand identity will be launched in 2024-2025.

##### Educational and outreach programs

Completed: We developed and conducted targeted and relevant educational and outreach programs that focus on key priority areas and the diverse needs of New Brunswickers. Over the last year, we conducted digital campaigns to educate and raise awareness on the following topics: cryptocurrency scams, registration requirements of crypto-trading platforms, financial abuse of older and vulnerable adults, unclaimed property and payday loans. Our flagship campaign this year highlighted the role of licence and registration requirements in consumer and investor protection. The Permission to Pause campaign encouraged those shopping for insurance, buying a new home, taking out a mortgage or making investments to give themselves permission to pause and check the licence and registration of their financial service providers.

## **Theme-month campaigns**

Completed: We conducted campaigns during Investor Education Month (October), Financial Literacy Month (November) and Fraud Prevention Month (March). During October, we promoted social ads and web content to make New Brunswickers aware of the risks of investing using an unregistered cryptocurrency trading platform and to encourage them to check registration before investing. In November, we collaborated with New Brunswick's Women's Equality to deliver a webinar on credit and debt and the role they play in domestic intimate partner violence ([see page 40](#)). We also developed and promoted website content regarding loan term and amortization, understanding credit agreements, and new consumer guides "Buy Now, Pay Later" and "What you should know before co-signing a loan." For March, we promoted the behaviour of pausing before making money decisions, a continuation of our Permission to Pause campaign.

### **Presentation: Crypto fraud awareness**

Completed: We developed a presentation on investing in cryptocurrency and how to watch out for crypto fraud and delivered presentations throughout the province.

### **Financial barriers to newcomers**

Completed: We collaborated with Cohesia to present a public dialogue entitled *The Barriers We Face: Newcomers and the Financial Markets*. The dialogue, which reached more than 200 participants, featured testimonials from newcomers to New Brunswick and industry experts who shared their knowledge and experiences of immigrating and working with newcomers. Our executive director of Securities acted as moderator.

## **Planned Action: Monitor fraud threats in our regulated areas and alert New Brunswickers of issues.**

### **Consumer and investor alerts**

Completed: We issued 29 caution alerts and one consumer fraud alert to warn New Brunswickers about unlicensed or illegal activity in our regulated areas. We also shared one fraud alert from the Canadian Anti-Fraud Centre and issued two news releases to warn New Brunswickers about inappropriate activity in our regulated sectors, including one on crypto scams targeting New Brunswickers.

## National Collaboration

Ongoing: In our capacity as Chair of the Investor Education Committee at the Canadian Securities Administrators (CSA), we are leading a collaboration with the CSA's Investment Fraud Task Force to develop an educational campaign that addresses current and real-time fraud threats targeting investors in Canada. The campaign is in development and will launch nationally in the Spring of 2024.

## Chairing CSA's Enforcement Committee

Ongoing: The Commission's Director of Enforcement was appointed February 21, 2024 as the Chair of the CSA's Enforcement Committee. The committee consists of key enforcement officials in each of the jurisdictions who regularly examine general enforcement issues, processes and specific cases where reciprocal or joint action is appropriate.

## **Planned Action: Develop investor and consumer education and protection programs that focus on improving outcomes and developing financial resilience of New Brunswickers that are aligned with the Financial and Consumer Agency of Canada's national Financial Literacy Strategy 2021-2026.**

### Increasing financial resilience

Completed: We focused our efforts during Financial Literacy Month (November) on increasing financial resilience by educating New Brunswickers about debt management. In collaboration with Women's Equality, we organized a free webinar entitled, *Building Financial Resilience: Understanding credit and debt and the role they play in domestic intimate partner violence*. Co-facilitated by our Director of Communications and Public Affairs, the webinar included personal accounts from survivors and discussed signs of financial abuse, how abusers use debt and credit to perpetuate cycles of violence, and the role financial literacy can play in a survivor's empowerment. The webinar was offered live, and a recording was shared on the Commission's and Women's Equality's social media channels.

## Centre of Excellence for Entrepreneurship

Completed: We partnered with the Centre of Excellence for Entrepreneurship (CoE) to enhance financial literacy programs within the New Brunswick Department of Education and Early Childhood Development. We collaborated on initiatives such as the creation of financial educational resources that align with curriculum outcomes, delivery of financial literacy presentations to high school and middle school students, and participation in professional development days, CoE PITCHfest and NBTA Council Day.

Consumer and Market Participants Performance Measure	2023-2024 Result	2022-2023 Result	Target	Achieved
Stakeholder Engagement Survey Score	79.8%	83.2%	>70%	Yes
Service Standard/Response Time Metrics	91.9%	95.9%	90% meeting service standards	Yes
Regulatory Enforcement Case Assessments	96.8%	100%	80% within 30 days	Yes
	100%	100%	100% within 60 days of receipt of completed referral file	Yes



## Financial Goal

### Objective 4.1: We have the financial capacity to accomplish our mandate.

As a Crown corporation, the Commission is accountable – both from a financial and a legislative perspective – to the Province through the Minister of Finance and Treasury Board. We are expected to have the operational and financial capacity to accomplish our mandate.

#### Alignment with GNB Priority: Affordable, responsive and high-performing government

##### **Planned Action: Adhere to the budget set at the beginning of each fiscal.**

###### **Budget oversight**

Completed: We provided monthly variance analysis and quarterly projections on our revenues and expenses to the Board and Executive Management Committee.

### Objective 4.2: We deliver value to our key audiences.

We are committed to maintaining regulatory approaches and organizational practices that deliver value to our key audiences. We will continue to be flexible yet agile in our approach to regulatory policy development so as to provide the most effective oversight regime and will continue to assess how we may best adapt our approaches and processes to achieve efficiencies.

#### Alignment with GNB Priority: Affordable, responsive and high-performing government

##### **Planned Action: Support a workplace culture accountable to our stakeholders.**

###### **Business Processes**

Completed: We carried out a review of business processes and internal controls to identify improvements and efficiencies and to document business processes.

### **Workplan developed**

Completed: We developed a three-year workplan for the Finance and Facilities division, outlining the division's priorities, initiatives and associated timelines.

### **Training conducted**

Completed: We carried out staff training to maximize the benefits of the Commission's new accounting system, and cross-trained staff to ensure back-up for payroll processes.

### **Attendance management**

Ongoing: We evaluated the need for an attendance management program and provided coaching to leaders.

## **Planned Action: Report to our Minister and other stakeholders in timely, accessible, consistent and transparent ways in accordance with mandated requirements.**

### **Annual reporting**

Completed: We delivered our 2022-2023 Annual Report to the Minister on September 5, 2023 and posted it to the Commission's website before September 30, 2023.

### **Strategy and Business Plan**

Completed: We submitted our Strategy and Business Plan for 2024-2027 to the Minister on February 27, 2024.

## **Planned Action: Continue to meet our targeted net income.**

### **Commission informed**

Completed: Staff provided monthly variance analysis to the Commission.

## Objective 4.3: We are self-funded.

We are funded by the regulatory fees and assessments paid by the regulated sectors, which provides a strong foundation for the Commission as an independent regulator. The *Financial and Consumer Services Commission Act* provides the authority to make rules relating to fees and assessments.

**Alignment with GNB Priority: Affordable, responsive and high-performing government.**

**Planned Action: Monitor Commission fee rules and ensure that they support maintaining our financial capacity.**

### Reporting to regulatory divisions

Completed: We are providing enhanced financial reporting to the leadership team to facilitate ongoing financial analysis.

### Insurance fees

Completed: On February 1, 2023, we implemented new insurance licence application fees to support the new Rule INS-002 *Insurance Fees*. To accommodate the new licensing regime for businesses that sell incidental insurance, we granted a 60-day extension for Restricted Insurance Representatives to submit their licence application.

Financial Performance Measure	2023-2024 Result	2022-2023 Result	Target	Achieved
Net income target	\$10,338,772	\$9.351 M	\$6.5 M	Yes
Actual to budget variances	-9.85%	5%	Total expenses not to exceed budget by 5%	Yes





## Environmental, Social and Governance (ESG) Goal

### Objective 5.1: Our regulatory standards are consistent with societal values.

As investors and consumers show a growing interest in products that meet certain environmental, social or governance (ESG) standards when investing or making spending choices, the Commission will need to play an active role in monitoring this evolving landscape and in any policy-making discussions that follow.

#### Alignment with GNB Priority: Energizing the private sector / Environment

#### **Planned Action: See our leaders serve on influential interjurisdictional committees.**

##### Committee representation

Completed: To ensure our regulatory standards are consistent with societal values, our employees participated on the following committees that have an impact on ESG factors:

- Mortgage Brokers Regulators Council of Canada (MBRCC)
- Government of Canada Consumer Measures Committee
- Credit Union Prudential Supervisors Association (CUPSA) Executive Committee and CUPSA's Climate Risk Community of Practice Committee
- Canadian Council of Insurance Regulators (CCIR) Climate Change, Natural Catastrophes and Consumer Awareness Working Group
- CCIR/Canadian Insurance Services Regulatory Organization Fair Treatment of Consumers
- Canadian Association of Pension Supervisory Authorities Executive Committee and ESG Committee, researching and developing guidelines on the integration of ESG factors in the supervision of pension fund investment and risk management

- CSA Investment Funds Committee, which is monitoring ESG-related investment funds; CSA Mining Committee, which is working to revamp standards of disclosure for mineral projects; CSA Investor Education Committee; CSA Diversity Committee; CSA Climate Change Committee; and CSA Taskforce on Indigenous Peoples in the Capital Markets
- North American Securities Administrators Association (NASAA) Diversity Equity and Inclusion Project Committee and NASAA Investor Education Section, and Strategic Communications Project Group, which provide training, resources and information to regulators and investor education coordinators on investor education related to ESG topics and ensuring diversity and inclusion in their investor outreach efforts

**Planned Action: Create an internal ESG forum where leaders serving on influential interjurisdictional committees meet to exchange knowledge on ESG standards and emerging trends among our regulated sectors.**

#### New ESG forum

Completed: An internal ESG forum was established and met for the first time in Q2.

### Objective 5.2: Our culture supports equity, diversity, and inclusivity.

The Commission is building diversity within our workforce and working to ensure the employee experience is equitable and inclusive for everyone. We do this by offering learning opportunities on the subject of equity, diversity and inclusivity to develop greater awareness and common understanding among employees at all levels of the organization. The Commission recognizes that various perspectives and diversity among our staff fosters better policy making and innovation and will contribute to recruitment, retention and wellbeing at the Commission. Increased knowledge of inclusivity, diversity, equity and accessibility (I.D.E.A.) will enhance both individual and organizational actions and help us in reaching our organizational vision.

#### Alignment with GNB Priority: Environment

**Planned Action: Provide access to and mandate self-study to employees and members across the organization to grow internal competencies and nurture a culture of diversity, equity and inclusion.**

### **CCDI partnership**

Completed: To support employees in their I.D.E.A. training, we continued our partnership with the Canadian Centre for Diversity and Inclusion (CCDI), providing employees free access to multiple webinars, sessions, documents, and resources in both languages.

### **I.D.E.A. training**

Ongoing: Targets for EDI training for the year were set for Commission Members (two hours of self-study) and employees (four hours of self study). A bank of approved I.D.E.A. resources was provided to help Members and employees complete their self study. In total, 98 per cent of employees completed four hours of self study.

## **Planned Action: Define a diversity, equity and inclusion strategy for the Commission.**

### **I.D.E.A. Framework**

Ongoing: We began the design of a people first Inclusivity, Diversity, Equity and Accessibility (I.D.E.A.) framework, which is scaled and purposeful, upheld by strategic pillars, and will include customized initiatives.

### **Accessibility training**

Completed: A collaborative plan has been developed to facilitate accessibility training for Commission staff.

## **Planned Action: Consider Environmental, Social and Governance (ESG) as a factor when assessing requests for funding stakeholder events or initiatives.**

### **Funding requests**

Completed: In addition to our general criteria, we consider ESG criteria when assessing requests for funding stakeholder events or initiatives. At least 50 per cent of our approved stakeholder requests must meet the ESG criteria. This year, each of our seven approved stakeholder requests met our ESG criteria.

## Objective 5.3: Our governance is robust and rightsized for our organization.

The Commission is committed to regulatory leadership and strives for excellence in all aspects of its operations. We believe that strong governance practices considerate of our unique characteristics will promote responsible stewardship, ethical behaviour and effective performance.

### Alignment with GNB Priority: Affordable, responsive and high-performing government

#### **Planned Action: Continue to implement the recommendations of the organization's 2021 governance review.**

##### **New Chair appointed**

Completed: With the Chair's 10-year term ending on Dec. 31, 2023, the Human Resources and Governance Committee developed a chair succession plan, which led to the development of a position description for the role and a public appointment process. As a result, Paul Van Iderstine was appointed as the new Chair of the Commission, effective January 1, 2024.

##### **Biennial evaluation**

Completed: We conducted the biennial evaluation of Commission Members, committees and governance practices. This exercise is aimed at continually assessing and improving the Commission's overall effectiveness in governance practices.

##### **Internal audit**

Completed: Following the recommendations of the 2021 Governance Review, staff researched various models of internal audit. In February 2024, the Commission approved an internal audit policy and charter, based on an outsourced model that will provide the Commission independent and objective assurances. ([See page 14](#)).

#### **Planned Action: Finalize the implementation of a refreshed Enterprise Risk Management (ERM) framework.**

##### **Register operationalized**

Completed: The Enterprise Risk Register has been operationalized with all stakeholder groups trained on processes and a full cycle of annual risk activities completed.

### Risk committee

Completed: A Staff Risk Committee has been established to develop and maintain the Operational Risk Register.

### Business case for ERM

Completed: The Executive Management Committee has approved a business case for the implementation of tools to support Enterprise Risk Management and Strategic Planning.

### Review underway

Ongoing: A review is underway to incorporate the refreshed Enterprise Risk Management framework into the Incident Management framework.

## **Planned Action: Provide relevant and mandatory training to Members to grow board competencies on ESG strategies.**

### ESG Workshop

Completed: Commission Members participated in a three-hour workshop on ESG values and strategies.

## **Planned Action: Establish a working group to examine purpose governance.**

### Proposed purpose

Completed: A cross-divisional working group was established in April 2023. The working group articulated a proposed corporate purpose based on internal feedback and received approval from the Commission in December.

## **Planned Action: Maintain a robust and up-to-date talent succession planning process.**

### Framework development

Ongoing: A comprehensive leadership competency framework, outlining the requisite knowledge, skills, attributes and behaviours, is in development.

ESG Performance Measure	2023-2024 Result	2022-2023 Result	Target	Achieved
Number of interjurisdictional committees the Commission participates on with ESG impact	14	12	2 per regulatory operations divisions	Yes

# Our Leadership

Name	Title
Kevin Hoyt	Chief Executive Officer
Manon Losier	Vice President, Legal and Business Operations
Angela Mazerolle	Vice President, Regulatory Operations; Superintendent of Insurance, Pensions, Pooled Registered Pension Plans, Credit Unions and Loan and Trust Companies Director of Mortgage Brokers, Consumer Affairs and Cooperatives
Jake van der Laan	Chief Information Officer Director, Information Technology and Regulatory Informatics (until November 14, 2023)
Liz Byrne-Zwicker	Chief Information Officer (as of November 14, 2023)
Natasha Arseneault	Director, Human Resources, Business Planning and Accountability Division
Maryse Gagnon-Ouellette	Director, Pensions Division
Deborah Gillis	Director, Legal Services Division
Jeff Harriman	Director, Finance and Facilities Division
To-Linh Huynh	Executive Director, Securities Division
Étienne LeBoeuf	Director, Financial Institutions Division
Véronique Long	Corporate Secretary and Senior Legal Counsel
Alaina Nicholson	Director, Consumer Affairs Division
Susan Powell	Director, Enforcement Division
Marissa Sollows	Director, Communications and Public Affairs Division
Jennifer Sutherland Green	Director, Insurance Division
Erin Toole	Director, Unclaimed Property Division

## Compliance Reviews

Related Act	2023-2024	2022-2023	2021-2022	Focus of Review
<i>Collection and Debt Settlement Services Act</i>	92	114 <sup>[11]</sup>	13	Financial statement reviews
<i>Pre-arranged Funeral Services Act</i>	21	20	19	Trust account inspections
<i>Mortgage Brokers Act</i>	15	10	11	Reviews for general adherence to legislation
<i>Insurance Act</i>	204 <sup>[12]</sup>	74	62	Compliance reviews
	6	6	6	Solvency reviews of provincially licensed insurers
	5	5	1	Review of insurance brokerage's trust account
<i>Securities Act</i>	1	2	0	Investment Fund Manager, Portfolio Manager and/or Exempt Market Dealer
	0	0	0	Scholarship plan dealer (NB location) compliance review
	2	1	2	Mutual Fund Dealer compliance review
	1	2	2	Continuous disclosure reviews
	694	625	753	Report of exempt distribution reviews
	6	6	5	Annual filing reviews: NB registrants, cooperatives and CEDCs
<i>Direct Sellers Act</i>	72	71	83	Compliance reviews of direct seller contracts
<i>Credit Unions Act</i>	10	7	2	Compliance examinations
<i>Cost of Credit Disclosure and Payday Loans Act</i>	202	204	175	Compliance reviews of cost of credit disclosure contracts
	2	2	3	Payday lender licensing reviews
	0	1	0	Payday lender pre-licensing inspection

11. Higher than previous years as a result of fewer reviews during the pandemic.

12. The increase in compliance reviews is due to the new requirement for insurance intermediaries to be licensed. Rule INS-001, which came into force in February 2023, requires adjusting firms, agencies, managing general agents and restricted insurance representatives to be licensed. This has led to more reviews and action taken by compliance staff due to some of the complexity involved in the applications.

## Cooperatives

Category	2023-2024	2022-2023	2021-2022
Agriculture	24	26	26
Consumer	20	23	23
Fishery	6	7	7
Housing	17	17	16
Services	82	110	108
Forestry	6	6	6
Worker	5	9	9
<b>Total</b>	<b>160</b>	<b>198</b>	<b>195</b>

## Pensions

Pensions and Related Submissions	2023-2024	2022-2023	2021-2022
Pension Plan Registrations	2	4	2
Pension Plan Amendment Registrations	101	83	135
Pension Plan Wind-Up Approvals	7	12	5
Annual Information Returns Reviewed	210	222	221
Actuarial Valuation Reports Reviewed	43	65	53
Standard Contract Registrations	10	11	10
Standard Contract Amendment Registrations	36	26	15
LIF/RRIF Transfer Approvals	838	803	887

## Loans and Trust Companies

Primary Jurisdiction	2023-2024	2022-2023	2021-2022
Total Provincial	0	0	0
Alberta	1	1	1
Quebec	1	1	1
Federal	46	44	44
<b>Total Extra-Provincial</b>	<b>48</b>	<b>46</b>	<b>46</b>



## Consumer Affairs

Industry	Licence Type	2023-2024	2022-2023	2021-2022
Auctioneers	Auctioneers Licence	31	33	35
Collections	Agency Licence	54	56	61
	Branch Licence	42	50	57
	Collector Licence	2,133	1,962	2,404
Commissioner of Oaths	Provincial	610	569	674
	Foreign	2	3	0
Cost of Credit Disclosure	Company Registration	308	372	372
	Branch Registration	205	263	295
	Individual Registration	28	8	6
Payday Lenders	Payday Lenders Licence	5	5	5
Credit Reporting	Agency Licence	5	3	2
Direct Sellers	Vendor Licence	67	67	83
	Salesperson Licence	443	564	779
Mortgages	Mortgage Brokerage Licence	67	57	45
	Mortgage Associate Licence	172	98	69
	Mortgage Broker Licence	128	101	85
	Mortgage Administrator Licence	20	17	14
Pre-arranged Funerals	Provider Licence	46	47	43
	Manager Licence	53	54	50
Real Estate	Agent Licence	80	87	82
	Branch Licence	40	40	49
	Manager Licence	147	154	162
	Salesperson Licence	1,629	1,554	1,415
<b>All Industries</b>	<b>Total Licences</b>	<b>6,315</b>	<b>6,164</b>	<b>6,787</b>

## Enforcement Activity

Investigations	Regulatory Area	2023-2024	2022-2023	2021-2022
Number of cases opened	All areas	44	40	20 <sup>[13]</sup>
Number of cases concluded <sup>[14]</sup>	All areas	40 <sup>[15]</sup>	50	312 <sup>[13]</sup>
Number of ongoing cases at end of fiscal <sup>[14]</sup>	All areas	23	19	29
Cases opened by regulatory area	Cost of Credit and Payday Loans	0	0	2
	Direct Sellers	1	0	1
	Financial Institutions	1	0	0
	Insurance	0	0	0
	Mortgage Brokers	0	0	0
	Pre-arranged Funerals	0	0	0
	Real Estate	3	1	1
	Securities (including CIRO) <sup>[16]</sup>	13	9	14
	Matters involving 2+ regulatory areas	1	0	2
Scams reported to the Commission <sup>[17]</sup>	25	30	N/A <sup>[18]</sup>	
Investigation orders issued	All areas	3	2	5

13. Number adjusted from previous annual report to align with updated reporting (particularly pension matters no longer counted as enforcement activity).

14. Some cases had been opened in preceding years.

15. Cases concluded by regulatory area:

Financial Institutions: 1

Mortgage Brokers: 1

Real Estate: 5

Securities (including CIRO): 8

CAFC and scams reported to the Commission: 25

16. The Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada amalgamated on Jan. 1, 2023 to form a new self-regulatory organization. On June 1, 2023, the new organization announced its name to be the Canadian Investment Regulatory Organization (CIRO).

17. Scams reported by the CAFC and members of the public.

18. Newly measured statistics.

Enforcement	2023-2024	2022-2023	2021-2022
Proceedings commenced before the Tribunal <sup>[19]</sup>	0	7	1
Hearings held before the Tribunal	5	4	7
Decisions/Orders issued by the Tribunal	4	3	10
Other matters before the Tribunal	3	4	5
Staff appeals to the Court of Appeal	0	0	0
Decisions of the Court of Appeal	0	1	1
Matters held before the Court of Appeal	0	1	0

19. On June 16, 2023, the functions and duties of the Tribunal were transferred to the Energy and Utilities Board.

Referrals	2023-2024
Referrals from Commission regulators	4
Reported scams to the Canadian Anti-Fraud Centre (CAFC)	43
Reported scams to CAFC that resulted in posting a caution	9
Referrals from Canadian Investment Regulatory Organization (CIRO)	0
Referrals from other regulators <sup>[20]</sup>	1
Referrals from foreign regulators <sup>[21]</sup>	1
Companies placed on the NB Caution List as a result	29

20. Referral from the Ontario Securities Commission.

21. Referral from Commissione Nazionale per le Società e la Borsa (CONSOB), Italy.

## Insurance companies operating in New Brunswick

Category	Our Role	2023-2024	2022-2023	2021-2022
Companies based in NB	Primary regulator (licensing, solvency and market conduct)	6	6	6
Companies that were federally or internationally headquartered	Licensing and market conduct	158	157	164
Companies based in another province	Licensing and market conduct	37	37	37

## Insurance

Individual Licence Type	2023-2024	2022-2023	2021-2022
Life insurance agents/brokers	3,360 <sup>[22]</sup>	3,285 <sup>[22]</sup>	3,133 <sup>[23]</sup>
Other than life agents/brokers	N/A <sup>[22]</sup>	N/A <sup>[22]</sup>	2,109
Non-resident brokers	N/A <sup>[22]</sup>	N/A <sup>[22]</sup>	4,209
General insurance agent and other than life agent or broker	6,139 <sup>[22],[24]</sup>	6,529 <sup>[22],[24]</sup>	N/A
Accidental and sickness agents	231	240	298
Travel agents	436	223	229
Special insurance brokers	13	15	13
Damage appraisers	N/A	N/A	6
Adjusters	2,242	2,274	2,150
<b>Total number of licences produced<sup>[25],[26]</sup></b>	<b>12,421</b>	<b>12,566</b>	<b>12,147</b>
<b>Total number of licensees</b>	<b>15,332</b>	<b>13,279</b>	<b>14,061</b>

22. With Rule INS-001 *Insurance Intermediaries Licensing and Obligations* coming into effect on February 1, 2023, there are no longer separate licence types for residents and non-residents.
23. Life Agents 2021-2022: Resident – 1,087; Non-Resident – 2,046
24. This number represents the combined total of General insurance agent licences and the remaining Other than life agent or broker licences that will be transitioned to the appropriate General insurance agent licence over the next two years.
25. Includes intermediaries holding more than one licence.
26. Number of licences produced reflects the licences issued during the fiscal year. The number is less than the total number of intermediaries, as some intermediaries hold two-year licences issued in the previous year.

Firm Licence Type	2023-2024
Adjusting Firm	16
Agency	657
Managing General Agent	95
Restricted Insurance Representative	361
<b>Total number of licences produced</b>	<b>1,129</b>

## Securities

Corporate Finance Activity	2023-2024	2022-2023	2021-2022
Reporting issuers	5,853	5,904	5,579
Reporting issuers (New Brunswick-based)	8	8	9
Prospectus filings (non-mutual funds)	509	658	508
Mutual fund prospectus filings	4,273	3,868	4,286
Annual information forms	1,042	1,185	1,185
Reports of exempt distribution	694	625	753
Exemption applications (non-passport)	7	12	17
Cease-trade order	0	1	0
Management cease-trade order	0	0	0

Registration Activity	2023-2024	2022-2023	2021-2022
Registered firms	512	498	472
Registered firms (New Brunswick-based)	3	3	3
Branches/Sub-branches in New Brunswick	494	513	499
Registered individuals	14,968	14,481	13,376
Registered individuals (New Brunswick residents)	1,545	1,574	1,593

## Unclaimed Property

Category	Activity	2023-2024	2022-2023
Holder Reporting	Number of reporting holders	153	139
	Number of properties reported	63,374	9,398
	Total amount reported during January 1-March 31 reporting period	\$1.24 million	\$2.95 million <sup>[27]</sup>
	Reports received between April 1-December 31	\$27.94 million <sup>[28]</sup>	N/A
Claimants <sup>[29]</sup>	Number of claims submitted	898	N/A
	Number of claims pending (requiring additional information or being reviewed)	369	N/A
	Number of claims approved	209	N/A
	Total approved claim amount as of March 31, 2024	\$824,317.25	N/A
	Average claim amount	\$248.56	N/A
	Largest claim approved	\$97,222.40	N/A
	Largest cash amount still unclaimed	\$93,000.00	N/A
	Largest value <sup>[30]</sup> amount still unclaimed	\$556,815.23	N/A
	Number of claims denied or withdrawn	320	N/A
Website	Number of visits to FundsFinderNB.ca/MesFondsNB.ca	423,883	17,365
	Number of database searches for unclaimed property <sup>[31]</sup>	242,576	N/A
	Average number of property searches per visit	6.14	N/A

27. In the 2022-2023 annual report, we included the dollar amounts of all reports that were received before the March 31, 2023 deadline, including those not finalized until after the deadline. The total reported dollar amount for 2022-2023 in this annual report has been adjusted to reflect only reports finalized by the March 31, 2023 deadline.

28. The majority of holders during the 2023 reporting period reported after the March 31 deadline. As a result, most of the amount of reported property appears in the 2023-2024 fiscal year despite being part of the 2023 reporting period.

29. The claims portion of the website (FundsFinderNB.ca) was launched in the fall of 2023.

30. Value amount is an amount held inside an investment/securities.

31. The claims portion of the website (FundsFinderNB.ca) was launched in the fall of 2023.

# Management's Discussion and Analysis

## For the fiscal year ended March 31, 2024

Dated June 27, 2024

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand the Financial and Consumer Services Commission (Commission)'s operations, financial performance, and present and future regulatory environment. While the financial statements reflect actual financial results, the MD&A explains these results from management's perspective and sets out the Commission's plans and budget for the year ahead.

This MD&A should be read in conjunction with the Commission's financial statements, including related notes, for the fiscal year ended March 31, 2024. Unless otherwise noted, reference to a year means the Commission's year ending March 31. For example, "2024" means the fiscal year ending March 31, 2024.

All financial information related to 2023 and 2024 has been prepared according to International Financial Reporting Standards (IFRS).

The terms "we", "us", "our", "Commission" and "FCNB" refer to the Financial and Consumer Services Commission and references to the "Act" refer to the *Financial and Consumer Services Commission Act*.

Assumptions made throughout this MD&A, although considered reasonable by management at publication date, are not a guarantee of future performance. Certain statements outlining 2025 expectations are forward-looking and subject to risks and uncertainties.

## Overview

The Commission is an independent regulatory agency, responsible for administering a broad range of financial and consumer services legislation in New Brunswick. With offices in Saint John and Fredericton, the Commission's operations are funded through a variety of fees and assessments paid by those we regulate. We are accountable to the New Brunswick legislature through the Minister of Finance and Treasury Board.

Commission staff maintain accounting and internal control systems to provide reasonable assurance that financial information is complete, reliable and accurate and that assets are adequately protected.

The Commission exceeded our budgeted net income expectation for the year due to increased activity within many of our regulated sectors, the impact of the modernization of our fees rules combined with sustained efforts in finding efficiencies within our operations.

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.

## Financial Highlights

### Selected Financial Information

Revenue	Source	Year	Amount
Fees	Prospectus and distribution filings	2024	\$10,679,700
		2023	\$10,258,900
	Registrations	2024	\$5,775,213
		2023	\$5,451,762
	Financial filings	2024	\$2,012,400
		2023	\$2,182,600
	Licences and fees	2024	\$3,122,809
		2023	\$2,508,341
	Exemptions and orders	2024	\$36,550
		2023	\$26,450
	Other	2024	\$34,063
		2023	\$47,953
	Assessments	2024	\$3,305,155
		2023	\$3,099,165
Unclaimed Property income	2024	\$440,496	
	2023	\$66,550	
Investment income	2024	\$673,298	
	2023	\$614,187	
Administrative penalties and settlements	2024	\$55,000	
	2023	\$0	
Miscellaneous	2024	\$2,620	
	2023	\$9,694	



Expenses	Year	Amount
Salaries and benefits	2024	\$12,006,584
	2023	\$11,053,777
Administration	2024	\$1,772,722
	2023	\$1,509,963
Professional services	2024	\$474,109
	2023	\$452,702
Travel	2024	\$202,511
	2023	\$165,366
Premises	2024	\$469,459
	2023	\$390,309
Tribunal <sup>[32]</sup>	2024	\$278,501
	2023 (Financial and Consumer Services Tribunal)	\$437,822
Depreciation and amortization	2024	\$594,646
	2023	\$525,750

32. The New Brunswick Energy and Utilities Board (EUB) provides independent adjudication and oversight in the financial and consumer services sectors. Prior to June 2023, the Financial and Consumer Services Tribunal heard enforcement matters under financial and consumer services legislation. The Tribunal functions are now within the Energy and Utilities Board (EUB).

## Selected Financial Information

Category	Budget 2024	Actual 2024	Actual 2023	Actual 2022
Revenue	\$24,387,000	\$26,137,304	\$24,265,602	\$23,480,783
Expenses	17,526,000	15,798,532	14,535,689	13,663,815
Excess of revenue over expenses	6,861,000	10,338,772	9,729,913	9,816,968
Total assets		25,465,145	18,157,411	24,015,913
Total liabilities		17,812,811	11,101,808	8,034,536
Total equity balance		7,652,334	7,055,603	15,981,377
Distributions to government		\$9,742,041	\$18,655,687	\$10,210,706

Net income for the year ended March 31, 2024 was \$10.3 million, higher than the previous year and well ahead of budgeted income. The Commission saw revenue increase in both registrations and the number of licenses issued, as activity within certain sectors increased, most notably, in the areas of insurance, real estate, collections agencies and commissioners of oaths. Revenue from the securities industry was slightly higher than the previous year, exceeding our budgeted expectations. Much of the impact came from the updated fee rules that relate to international dealers and advisers. As interest rates stayed elevated throughout the year, we noted a substantial impact on our investment returns.

As an organization, we continue to adapt to our growing responsibilities and set ambitious goals for ourselves, which require investment in our information technology infrastructure, staffing and training. During the year, we modernized our internal system environment, improved our cyber security posture and launched the public facing Unclaimed Property website. Through all these changes, we were able to maintain reasonable cost controls while also improving our financial results for the year. Revenues reached \$26.1 million, exceeding both our budget expectation and the previous year. Expenses of \$15.8 million were well below the budget of \$17.5 million.

The items making up this variance include:

- Salaries and benefits costs, though higher than the previous year, were impacted by the timing of new staff hires and staff turnover.
- Numerous outreach programs were completed, however, costs were managed and came in under budget.
- Costs related to adjudication were less than budgeted as costs savings were realized by transferring the responsibility to the Energy and Utilities Board, combined with the levels of activity being slightly lower than anticipated.

- Costs related to travel and training were higher than the previous year, however, remained below budget as staff found effective ways to utilize current technology to complete both training and certain regulatory responsibilities.
- Board-related costs were lower due to a change in the compensation model for the Chair and Members.
- General administration expenses were notably lower than budget.

The Commission's revenue comes from five sources:

- Filing, registration, license and application fees paid by regulated entities and persons.
- Assessments charged to the insurance and credit union sectors and the restricted unclaimed property fund.
- Administrative penalties, recoveries of costs and other monetary orders from the Tribunal.
- Vested unclaimed property.
- Investment income and miscellaneous charges.

In fiscal 2024, revenue totalled \$26.1 million – a 7.7% increase from 2023 revenue of \$24.3 million. The securities sector represents the Commission's largest source of revenue, at 71% of total revenue.

A direct relationship exists between revenue and expenses for the insurance sector. According to the *Insurance Act*, all costs for administering the Act must be assessed and recovered from licensed insurers. When expenses are budgeted or incurred for this sector, an equivalent amount of revenue is budgeted or incurred. A reduction in expenses produces an equivalent drop in revenue, therefore, the net impact is neutral. This relationship also applies to the administration of the *Credit Unions Act* as the Commission recovers costs required to administer the regulatory system for credit unions.

## Analysis of Total Revenue

Category	Description	2024 Amount	2023 Amount	Change
<b>Prospectus and distribution filings</b>	Paid by securities issuers when filing distribution documents. Most of this is paid by mutual funds for their ability to be sold in New Brunswick.	\$10,679,700	\$10,258,900	\$420,800
<b>Registration fees</b>	Paid by individuals and firms registering with the Commission to sell or advise on securities.	5,775,213	5,451,762	323,451
<b>Financial filing fees</b>	Paid by companies and mutual funds when filing annual financial statements and annual information forms.	2,012,400	2,182,600	(170,200)
<b>Licences and fees</b>	Paid by a variety of sectors to be registered or compliant with legislation, including fees from insurance agents, loan and trust companies, pension filings, as well as a variety of consumer affairs fees.	3,122,809	2,508,341	614,468
<b>Exemptions and orders</b>	Paid by market participants primarily to request exemptions from <i>Securities Act</i> requirements.	36,550	26,450	10,100
<b>Other fees</b>	Paid by regulated entities for late filings and other miscellaneous fees.	34,063	47,953	(13,890)
<b>Total fees</b>		\$21,660,735	\$20,476,006	\$1,184,729
<b>Assessments/ Costs and expenses recovery</b>	Paid by licensed insurers to administer the <i>Insurance Act</i> and by the Deposit Protection Fund to administer the <i>Credit Unions Act</i> .	3,305,155	3,099,165	205,990
<b>Unclaimed Property income</b>	Property vested pursuant to the <i>Unclaimed Property Act</i> .	440,496	66,550	373,946
<b>Investment income</b>	Earned on bank balances and short-term investments.	673,298	614,187	59,111
<b>Administrative penalties and settlements</b>	Recoveries of costs and other monetary orders from the third-party adjudicator.	55,000	0	55,000
<b>Miscellaneous income</b>	Numerous other items that occur throughout the year.	2,620	9,694	(7,074)
<b>Total revenue</b>		\$26,137,304	\$24,265,602	\$1,871,702

## Expenses

In 2023-2024, our total expenses were \$15.8 million, up \$1.3 million (8.7%) from \$14.5 million in 2022-2023. Details by expense category follow.

Category	2024	% of 2024 Expenses	2023	% of 2023 Expenses	Change
Salaries and benefits	\$12,006,584	76.0%	\$11,053,777	76.0%	\$952,807
Administration	1,772,722	11.2	1,509,963	10.4	262,759
Professional services	474,109	3.0	452,702	3.1	21,407
Travel	202,511	1.3	165,366	1.2	37,145
Premises	469,459	3.0	390,309	2.7	79,150
Tribunal	278,501	1.7	437,822	3.0	(159,321)
Depreciation and amortization	594,646	3.8	525,750	3.6	68,896
<b>Total expenses</b>	<b>\$15,798,532</b>	<b>100.0%</b>	<b>\$14,535,689</b>	<b>100.0%</b>	<b>\$1,262,843</b>

### Salaries and benefits

Compensation expenses increased by 8.62% to \$12 million from the previous year and represented 76.0% of operating costs (76.0% in 2023). At year end, 107 staff were on payroll. The increase over the prior year arose from our annual compensation adjustment, filling vacant positions and the creation of new positions within Finance and Facilities, Legal Services, Information Technology, and Communication and Public Affairs teams.

### Administration

Although lower than budget, administration expenses increased to \$1.8 million in 2024 from \$1.5 million in 2023, representing 11.2% of operating costs (10.4% in 2023). Our administrative costs over the past few years have returned to pre-pandemic levels. Our ability to travel and to organize in-person events and outreach programs have all been important contributors to our annual administration costs.

### Professional services

Professional services expenses reached \$474,000 in 2024, slightly higher than the prior year at \$453,000. These costs cover general consulting, information technology consulting, the financial audit, translation, legal and other consulting activities associated with regulatory matters. The organization undertook a number of significant projects that required third-party consultation during the year.

## Travel

Travel costs were \$202,000, which were slightly higher than the previous year as staff continue to travel to fulfil our oversight responsibility and take advantage of specialized training. Our travel costs have not reached pre-pandemic levels due to staff finding certain opportunities to take part in events virtually.

## Premises

Our premises costs have increased as compared to the prior year due to an increase in property taxes in our Fredericton office, where we currently do not have a long-term lease. Also, the costs associated with the space occupied by the former Tribunal are now the responsibility of the Commission and are captured as part of our premises costs. Costs associated with the remainder of our Saint John office are included in depreciation and amortization.

## Tribunal

On June 16, 2023, the functions and duties of the Tribunal were transferred to the Energy and Utilities Board (EUB), which now provides independent adjudication and oversight in the financial and consumer services sectors. This change has resulted in a reduction in the overall costs of the Tribunal.

All costs associated with the Tribunal are accumulated and charged directly by the EUB.

## Depreciation and amortization

Depreciation and amortization expenses were \$595,000, higher than the previous year, as work on our internally built information technology infrastructure continues.

## Financial Assets and Liquidity

### Market enhancement and consumer protection reserve

Funds in the market enhancement reserve of \$214,000 come from administrative penalties and are to be spent only on endeavours or activities that enhance the financial marketplace or consumer protection in New Brunswick. These funds are maintained in a separate bank account and generate their own bank interest. There were \$37,500 in administrative penalties issued during the year (none in 2023).

### Liquidity and financial position

The Commission has sufficient liquidity to fund its 2024-2025 operations and capital purchases with cash of \$6.2 million (\$5.2 million in 2023).

## Disposition of surplus operating funds

The Commission made a series of payments totalling approximately \$9.7 million to the Province of New Brunswick.

## Stabilization reserve

The Commission has a fully funded \$5 million stabilization reserve to absorb revenue shortfalls or unexpected expenditures that could arise from assuming a large regulatory mandate. Revenue generated from the reserve is moved into general operations.

## Accounts receivable

Assessments to the insurance industry and costs and expense recovery from the Deposit Protection Fund largely make up the accounts receivable. These amounts are assessed subsequent to year end and appear as accrued revenue with a corresponding receivable. This accounts for 90% of the receivable balance in 2024 (84.8% in 2023). General fee receivables and HST receivables make up the majority of the remaining balance.

## Lease obligations

The Commission's Saint John office space is a 10-year lease that began March 1, 2021. The lease provides an early termination clause granting the Commission the option to terminate the agreement after the fifth year of the agreement. The Commission's lease obligations are \$715,000.

## Unclaimed property

New Brunswick's *Unclaimed Property Act* requires businesses and government entities holding unclaimed property (holders) to review their books and deliver any unclaimed monetary property to the program. The program relieves holders of the expense and liability of carrying the property on their books.

After the first full year of operations, the Commission is holding \$8.8 million, and has known receivables of \$254,000. The cash is kept in a unique bank account and is currently available to claim.

The Commission received reports from holders of securities. These amounts will continue to be held by the business or government entity. The Commission provides the details of those securities on its FundsFinderNB.ca website. As of March 31, 2024, entities reported holding \$22 million of securities.

## Risks and uncertainties

### Risk assessment and mitigation

The Commission is dedicated to managing risk, both those that could impact our strategic objectives and those that could impede operations. Risk and strategy are considered across five key areas: People, Process, Consumers and Market Participants, Finance, and Environmental, Social and Governance. Our comprehensive approach involves an enterprise risk register for key strategic risks, overseen by the Board, and an operational risk register managed with oversight by our leadership team.

Our Enterprise Risk Management (ERM) program guides us in identifying, assessing and managing risks within these areas. Each risk is carefully evaluated for its potential impact on our strategic objectives, with response strategies tailored accordingly. This process is integral to our annual strategic planning and budgeting, informing our organizational strategy and business plan.

The Commission is involved in one legal action arising from the conduct of our business. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs. The ultimate dispositions of these actions are not determinable at this time.

### Fee revenue

We fund operations primarily from filing fees paid by market participants and regulated entities. Fee revenue is generally not sensitive to market conditions, which held true over the past few years as we saw an overall increase in our annual fees collected.

### National electronic filing system for the securities sector

Under various agreements with the Canadian Securities Administrators (CSA), CGI Information Systems and Management Consultants Inc. (CGI) operates the following electronic systems:

- System for Electronic Data Analysis and Retrieval + (SEDAR+), a secure web-based system for securities market participants to file regulatory documents and pay fees.
- National Registration Database (NRD), an electronic system for registrants to register and pay fees.
- System for Electronic Disclosure by Insiders (SEDI), an Internet-based system for insiders to report their trades.



About 70.7% of our total revenue is collected through SEDAR+ and NRD. CGI maintains a comprehensive business continuity plan for each system and the CSA requires a third-party audit report (CSAE 3416 Reporting on Controls at Service Organization) each year.

On July 25, 2023, SEDAR+ consolidated and replaced SEDAR, the Cease Trade Order database and the Disciplined List database. SEDAR+ also includes a consolidated reporting issuers list from all provincial and territorial regulators. Users can now access all this information in one location. New features of SEDAR+ include 24/7 availability, simplified filing processes and automatic calculations of fees.

## Critical accounting estimates

Management must make estimates and assumptions when preparing our financial statements. Management makes those assumptions based on experience and current conditions, and believes that they are reasonable. However, actual results may differ from management's estimates. In our financial statements, management has estimated the portion of accounts receivable we will receive, the useful lives of our capital assets and the value of employee leave liabilities.

We accrue expenses incurred and amounts due when they meet generally accepted revenue recognition criteria. We have not recognized any provisions for legal challenges in the financial statements.

## Changes in accounting policies

Management is responsible for selecting the significant accounting policies and preparing the financial statements, including the accompanying notes, according to the generally accepted accounting principles (GAAP). For fiscal 2024, there were no new standards that impacted the Commission's results.

# 2025 outlook

## Revenue and expenses

Budgeted revenue is \$26.2 million for 2025, an increase over our 2024 budget. The budgeted increase year-over-year represents anticipated increases in our registration and licensing fees, and the continued impact of the Unclaimed Property Program with some additional revenue due to various cost recoveries.

Operating expenses are budgeted to be \$18.8 million for 2025. This is an increase from our 2024 budget of \$1.3 million.

The additional budget expenses relate mostly to our annual increase in staff compensation combined with the Commission’s additional staffing needs, and costs related to our premises in both Fredericton and Saint John. As our organization continues to meet the needs of New Brunswickers, we will continue to strategically invest in our people and our organization.

## Liquidity

Our budgeted surplus for 2025 is approximately \$7.4 million. Given the funded stabilization reserve, we intend to transfer ongoing surpluses to the Province of New Brunswick.

# MD&A supplement – Compensation disclosure – Senior management remuneration

Senior management includes the Chief Executive Officer (CEO), two Vice Presidents, a Chief Information Officer (CIO) and 12 Leaders. Their compensation and benefits are determined by the Commission and are based on an independent consultant’s advice. Senior management also receive the same employment benefits received by all staff, which includes health, dental, life insurance, pension, leave and parking. The CEO receives a vehicle allowance and is eligible for a supplemental pension.

## Senior management remuneration

Position	Salary range as at March 2024
Chief Executive Officer	\$179,520 – \$269,280
Executive Management: Vice Presidents (2) and Chief Information Officer of IT and Regulatory Informatics	\$146,488 – \$201,421
Leaders (12)	\$111,531 – \$167,088

# Financial Statements



## Management's responsibility and certification

Management is responsible for the integrity, consistency and reliability of the financial statements and other information presented in the annual report. The financial statements have been prepared by management in accordance with International Financial Reporting Standards.

We certify that we have reviewed the financial statements and other information contained in the annual report. Based on our knowledge:

- a) The financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the financial statements and annual report; and
- b) The financial statements and financial information contained in the annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Financial and Consumer Services Commission as at the dates and for the periods presented.

The preparation of financial statements involves transactions affecting the current period, which cannot be finalized with certainty until future periods. Estimates and assumptions upon which the financial statements have been prepared are based on historical experience and current conditions, and are believed to be reasonable.

The Commission maintains an accounting system and related controls designed to provide the Commission with reasonable assurance that reliable financial information is available on a timely basis. The Members of the Commission ensure that management fulfils its responsibility for financial information and internal control.

The financial statements and annual report have been reviewed by the Audit Committee and approved by the Commission.

The report of the independent auditor, Deloitte LLP, outlines the scope of the Auditor's examination and opinion on the financial statements.

Original signed by Kevin Hoyt

Kevin Hoyt, FCPA, FCGA, CPA (DE), ICD.D  
Chief Executive Officer

Original signed by Manon Losier

Manon Losier,  
Vice President, Legal and Business Operations

June 27, 2024

## Independent Auditor's Report

To the Members of  
Financial and Consumer Services Commission

### Opinion

We have audited the financial statements of Financial and Consumer Services Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2024 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of 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 Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants  
July 5, 2024



## Statement of Financial Position as at March 31, 2024 (in Canadian \$)

	2024 March 31	2023 March 31
<b>ASSETS</b>		
Current Assets		
Cash (Note 7)	\$ 6,181,442	\$ 5,233,809
Cash unclaimed property (Notes 7, 14)	8,770,873	2,030,398
Accounts receivable (Note 9)	3,228,078	3,087,918
Accounts receivable unclaimed property (Notes 9, 14)	253,513	659,427
Prepaid expenses	261,018	198,161
	18,694,924	11,209,713
Cash held for designated purposes (Notes 7, 10)	214,539	166,761
Investments held for designated purposes (Notes 8, 10)	5,000,000	5,000,000
Property and equipment (Note 11)	956,787	1,216,201
Intangible assets (Note 12)	598,895	564,736
	\$ 25,465,145	\$ 18,157,411
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 20)	\$ 640,674	\$ 816,281
Unclaimed property (Note 14)	9,024,387	2,689,826
Accrued salaries and benefits	235,298	290,711
Current portion of employee future benefits (Note 19)	69,179	62,465
Accrued vacation liabilities	162,710	157,243
Current portion of lease obligations (Note 13)	356,425	345,412
Deferred revenue	6,236,551	5,392,305
	16,725,224	9,754,243
Lease obligations (Note 13)	350,893	676,296
Employee future benefits (Note 19)	736,694	671,269
	1,087,587	1,347,565
Total liabilities	17,812,811	11,101,808
Equity balances		
General	2,437,793	1,888,841
Stabilization reserve (Note 10)	5,000,000	5,000,000
Market enhancement and consumer protection reserve (Note 10)	214,351	166,572
Disgorgement reserve (Note 10)	190	190
	7,652,334	7,055,603
	\$ 25,465,145	\$ 18,157,411

Commitments and contingencies (Note 17)

The accompanying notes are part of these financial statements.

APPROVED BY THE COMMISSION

Original signed by Paul Van Iderstine

Chair

Original signed by Norma Kelly

Member



## Statement of Comprehensive Income (by nature) for the year ended March 31, 2024 (in Canadian \$)

	2024	2023
<b>REVENUE</b>		
Fees		
Prospectus and distribution filings	\$ 10,679,700	\$ 10,258,900
Registrations	5,775,213	5,451,762
Financial filings	2,012,400	2,182,600
Licences and fees	3,122,809	2,508,341
Exemptions and orders	36,550	26,450
Other	34,063	47,953
Assessments	3,305,155	3,099,165
Unclaimed property (Note 14)	440,496	66,550
Administrative penalties, settlements and cost recoveries	55,000	-
Investment income	673,298	614,187
Miscellaneous	2,620	9,694
	<b>26,137,304</b>	<b>24,265,602</b>
<b>EXPENSES</b>		
Salaries and benefits (Note 21)	12,006,584	11,053,777
Administration (Note 22)	1,772,722	1,509,963
Professional services	474,109	452,702
Tribunal	278,501	437,822
Travel	202,511	165,366
Premises	469,459	390,309
Depreciation and amortization	594,646	525,750
	<b>15,798,532</b>	<b>14,535,689</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$ 10,338,772</b>	<b>\$ 9,729,913</b>

The accompanying notes are part of these financial statements.

## Statement of Changes in Equity for the year ended March 31, 2024 (in Canadian \$)

	General	Restructuring reserve	Stabilization reserve	Market enhancement and consumer protection reserve	Disgorgement reserve	Total
<b>Balance, March 31, 2022</b>	\$ 1,820,251	\$ 10,000,000	\$ 4,000,000	\$ 160,936	\$ 190	\$ 15,981,377
Comprehensive income	9,729,913	-	-	-	-	9,729,913
Disposition of surplus operating funds (Note 15)	(18,655,687)	-	-	-	-	(18,655,687)
Investment income reallocation	(5,636)	-	-	5,636	-	-
Allocation from general (Note 10)	(1,000,000)	-	1,000,000	-	-	-
Allocation to general (Note 10)	10,000,000	(10,000,000)	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>\$ 1,888,841</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>	<b>\$ 166,572</b>	<b>\$ 190</b>	<b>\$ 7,055,603</b>
Comprehensive income	10,338,772	-	-	-	-	10,338,772
Disposition of surplus operating funds (Note 15)	(9,742,041)	-	-	-	-	(9,742,041)
Investment income reallocation	(10,279)	-	-	10,279	-	-
Allocation from general (Note 10)	(37,500)	-	-	37,500	-	-
<b>Balance, March 31, 2024</b>	<b>\$ 2,437,793</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>	<b>\$ 214,351</b>	<b>\$ 190</b>	<b>\$7,652,334</b>

The accompanying notes are part of these financial statements.

## Statement of Cash Flows for the year ended March 31, 2024 (in Canadian \$)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Comprehensive income	\$ 10,338,772	\$ 9,729,913
Adjustment for depreciation and amortization	594,646	525,750
	10,933,418	10,255,663
Changes in non-cash working capital		
Accounts receivable	265,754	(888,867)
Prepaid expenses	(62,857)	(16,838)
Accounts payable and accrued liabilities	6,158,954	2,771,463
Accrued salaries and benefits	(55,413)	(76,062)
Employee future benefits	72,139	176,738
Accrued vacation liabilities	5,467	(7,653)
Deferred registration fee revenue	844,246	548,798
	18,161,708	12,763,242
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Disposition of surplus operating funds	(9,742,041)	(18,655,687)
Repayment of lease liability	(314,390)	(346,011)
	(10,056,431)	(19,001,698)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(369,391)	(533,093)
Investments held for designated purposes	-	9,000,000
	(369,391)	8,466,907
<b>NET INCREASE IN CASH</b>	7,735,886	2,228,451
<b>CASH, BEGINNING OF YEAR</b>	7,430,968	5,202,517
<b>CASH, END OF YEAR</b>	15,166,854	7,430,968
Represented by:		
Cash	\$ 6,181,442	\$ 5,233,809
Cash unclaimed property	8,770,873	2,030,398
Cash held for designated purposes	214,539	166,761
	\$ 15,166,854	\$ 7,430,968
	<b>2024</b>	<b>2023</b>
Note: Cash flow from interest received is included in comprehensive income.	<b>\$ 947,106</b>	<b>\$ 503,508</b>

The accompanying notes are part of these financial statements.

## Notes to the Financial Statements for the year ended March 31, 2024 (in Canadian \$)

### 1. Nature of the corporation

The Commission is a body corporate without share capital established under the name Financial and Consumer Services Commission (Commission) as of July 1, 2013 under the provisions of the *Financial and Consumer Services Commission Act (New Brunswick) (Act)*.

The Act enables the Commission to be New Brunswick's integrated financial and consumer services regulator. With offices in both Fredericton and Saint John, the Commission is responsible for the administration and enforcement of provincial legislation regulating mortgage brokers, payday lenders, real estate, securities, insurance, pensions, credit unions, trust and loan companies, cooperatives, and a wide range of consumer legislation.

The Commission develops and conducts educational programs on financial and consumer services.

Financial and consumer services legislation<sup>[33]</sup> means the:

- *Financial and Consumer Services Commission Act*
- *Auctioneers Licence Act*
- *Collection and Debt Settlement Services Act*
- *Commissioners for Taking Affidavits Act*
- *Consumer Product Warranty and Liability Act*
- *Cooperatives Act*
- *Cost of Credit Disclosure and Payday Loans Act*
- *Credit Reporting Services Act*
- *Credit Unions Act*
- *Direct Sellers Act*
- *Financial Advisors and Financial Planners Title Protection Act*<sup>[34]</sup>
- *Franchises Act*
- *Gift Cards Act*
- *Insurance Act*
- *Loan and Trust Companies Act*
- *Mortgage Brokers Act*
- *Nursing Homes Pension Plans Act*
- *Pension Benefits Act*
- *Pooled Registered Pension Plans Act*
- *Pre-arranged Funeral Services Act*
- *Real Estate Agents Act*
- *Securities Act*
- *Securities Transfer Act*
- *Unclaimed Property Act*

In support of the regulatory endeavours associated with the financial and consumer services legislation, the Act sets out the role of the Commission, and also the role of the independent Tribunal, which was assumed by the Energy and Utilities Board pursuant to section 3 of the *Energy and Utilities Board Act*.

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.

33. *Bill 16 - The Consumer Protection Act* was introduced by government on November 22, 2023, and received third reading on March 22, 2024. Rules under the proposed act will be developed over 2024-2025.

34. As of date of publication, this Act has not been proclaimed.

The financial statements for the year ended March 31, 2024 (including comparatives) were approved by the Commission's Board on June 27, 2024.

The Commission maintains its registered office at 85 Charlotte Street, Suite 300, Saint John, New Brunswick, E2L 2J2.

As a Crown corporation, the Commission is exempt from income taxes.

## **2. Basis of preparation and statement of compliance with International Financial Reporting Standards (IFRS)**

Management have prepared these financial statements according to IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Canadian dollars, which is also the functional currency of the Commission.

The financial statements have been prepared under the historical cost basis, as modified by financial assets and financial liabilities reported at fair value through the statement of comprehensive income.

The principal accounting policies applied in the preparation of these financial statements are set out in Note 3. These policies have been consistently applied to all the years presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

### 3. Summary of material accounting policy information

#### (a) Revenue recognition

The Commission recognizes revenue to depict the transfer of promised services to market participants in an amount that reflects the consideration to which the Commission expects to be entitled in exchange for those services by applying the following steps:

- Identify the legislation and regulation i.e. contract with the market participant;
- Identify the performance obligations in the legislation and regulation i.e. contract;
- Determine the transaction price;
- Allocate the transaction price; and
- Recognize revenue when, or as, the Commission satisfies a performance obligation.

Assessments are recognized in the period in which the costs to administer the specific financial and consumer services legislation are incurred.

Licensing, application fees and registration fees are deferred and recognized as revenue over the year to which they relate.

Activity fees are triggered by certain activities requested of staff by market participants (prospectus and private placement filings), by pension plans (registration of pension plans) and by loan and trust companies (review and issue of letters patent). The activities undertaken are normally completed in a relatively short period of time and are recognized as revenue when the associated services have been rendered.

Cost recovery of investigations and administrative penalty revenue are recognized at the decision date unless management determines no reasonable assurance as to ultimate collection exists, in which case they are recognized when cash is received.

Investment income is recorded as earned.

## (b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation/amortization and impairment allowances. Cost includes expenditures that are directly attributable to the asset's acquisition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is calculated to write off the cost, less estimated residual value, on a straight-line basis over the expected useful economic lives. The rates used are:

- Office furniture and equipment: 4 years
- Information technology infrastructure: 4 years
- Leasehold improvements: over term of lease
- Office equipment lease: over term of lease
- Right-of-use assets: over term of lease

The Commission allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, the method of depreciation, and the useful lives of the assets are reviewed annually and adjusted, if appropriate.

Gains and losses on disposals of property and equipment and intangible assets are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive income.

### (c) Intangible assets

The Commission's internally generated intangible assets arising from development (or from the development phase of an internal project) are recognized if all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to use the intangible asset;
- How the intangible asset will generate probable future benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the statement of comprehensive income in the period in which it is incurred.

Amortization is calculated to write off the cost, less estimated residual value, on a straight-line basis over the expected useful economic lives. The rates used are:

Website: 5 years

Regulatory information data system (internally generated): 5 years

### (d) Impairment of property and equipment and intangible assets

At each financial year end, the Commission reviews the carrying value of its property and equipment and intangible assets to determine whether those assets have suffered any impairment loss. If so, the asset's recoverable amount is estimated to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognized as an expense immediately.

In the rare instance when an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.



#### **(e) Provisions**

Provisions are recognized when the Commission has a present legal or constructive obligation as a result of past events. It is more likely than not that a resource outflow will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

On occasion, legal proceedings are threatened or initiated against the Commission. The Commission provides for the estimated full cost of any such challenges where, at the end of the year, it is more likely than not that there is an obligation to be settled. The amount provided is discounted to present value.

#### **(f) Cash**

Cash includes cash on hand, cash equivalents and deposits held with banks.

#### **(g) Financial instruments**

Financial assets and liabilities are recognized when the Commission becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

The Commission recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income or comprehensive income.

##### **Financial assets**

Financial assets are measured at amortized cost if both of the following criteria are met: the object of the Commission's business model for these financial assets is to collect their contractual cash flows; and the asset's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. They are initially measured at the amount expected to be received less, when material, a discount to reflect the time value of money. Subsequent to initial measurement, they are carried at amortized cost using the effective interest method less appropriate provisions for impairment.

The Commission applies the simplified method of the expected credit loss (ECL) model required under IFRS 9. Under this method, the Commission estimates a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Financial assets are measured at fair value through other comprehensive income (FVTOCI) if both of the following criteria are met: the objective of the Commission's business model is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and the contractual terms of the financial asset gave rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding. They are initially recognized at fair value and transaction costs are expensed. Subsequent to initial measurement, they are carried at fair value and all gains and losses realized and unrealized are recognized in the statement of comprehensive income.

The Commission assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

Financial assets are derecognized when their rights to receive cash flows have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

### **Financial liabilities**

Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs and after initial measurement are recognized at amortized cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of comprehensive income over the contractual term using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

The fair value of a financial instrument is the amount of which the financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous market for that instrument to which the Commission has immediate access. If market prices are not available, fair value is based on prevailing market rates for instruments with similar characteristics and risk profiles or internal or external valuation models that require inputs.

The Commission's financial instruments comprise cash, cash held for designated purposes and investments held for designated purposes, accounts receivable, accounts payable and accrued liabilities, unclaimed property, accrued salaries and benefits, accrued vacation liabilities and lease obligations.

The Commission's financial assets were included in "fair value through income" and all of the Commission's financial liabilities were carried at amortized cost.

### **Fair value hierarchy**

Financial assets and liabilities that are recognized on the statement of financial position at fair value are to be classified into a hierarchy of three levels based on the significance of the impacts used in making the measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

#### **(h) Unclaimed Property**

The Commission has the legislative right to make claims against the restricted unclaimed property fund to recover the costs of administering the Unclaimed Property Program. The claims are recognized in the financial statements when the recognition criteria have been met and the claim has been made.

#### **(i) Future accounting and reporting changes**

The IASB is continually working toward improving and developing new accounting standards. The IASB has issued a number of exposure drafts of new standards that are expected to come into effect within future reporting periods. The Commission monitors the IASB work plans and publications to assess any potential impact on the organization. There are no standards issued but not yet adopted that are expected to have a significant impact on the Commission.

### **4. Material accounting estimates and judgments**

The Commission makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are management's estimates and judgments that most significantly affect the Commission's financial statements. These estimates and judgments have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **(a) Material accounting estimates**

##### **Property and equipment and intangible assets**

Management estimates the useful lives of property and equipment and intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment and amortization of intangible assets for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Commission's property and equipment and intangible assets in the future.

### **Sick leave credits benefit**

Upon retirement, Commission employees are eligible to receive 20 per cent of the accumulated sick leave balance to a maximum of 48 days as a payout. The material accounting estimates used to determine the liability are outlined in Note 19 (c).

### **Supplemental pension benefit**

Supplemental pension benefits were calculated by a qualified actuary.

### **Assessments**

Management estimates the amount of indirect administrative overhead and indirect support cost required to administer the *Insurance Act* and the *Credit Unions Act*, and includes these amounts in an assessment to these specific sectors. Management also estimates these amounts to administer the *Unclaimed Property Act*, and can include these amounts for claims against the restricted unclaimed property fund.

### **(b) Material accounting judgments**

Management exercises its judgment in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report have been disclosed above. The determination of the collectability of administrative penalty and disgorgement revenue represents a material policy judgment area.

## **5. Capital management**

The Commission's objective when it manages capital is to ensure it continues as a going concern to fulfil its mandate. The Commission has established a stabilization reserve of \$5,000,000 (\$5,000,000 in 2023). The Commission ensures that any payment of surplus funds to the Province of New Brunswick will not impair the Commission's ability to pay its liabilities, to meet its obligations as they become due or to fulfil its contractual commitments.

## **6. Financial instruments**

The Commission's financial instruments consist of cash, accounts receivable, cash held for designated purposes, investments held for designated purposes, accounts payable and accrued liabilities, unclaimed properties, accrued salaries and benefits, accrued vacation liabilities and lease obligations. These financial instruments do not include any rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The fair values of these financial instruments approximate their carrying values due to their short-term nature and negligible credit losses.

## **7. Cash and cash held for designated purposes**

The Commission maintains five separate bank accounts. The first two are comprised of the operating account and those monies attributable to the reserves and not otherwise invested and monies received from disgorgement orders. The third account is maintained for the market enhancement reserve. The fourth account is maintained for monies held in trust, as securities for licences issued under various financial and consumer services legislation. The balance for the fourth account as of March 31, 2024 was \$18,761 (\$17,778 in 2023) and is included in cash. The fifth is a bank account that holds unclaimed property. Under the terms of the Commission's banking agreement, these accounts earn interest at prime less 1.70 per cent.

## **8. Investments held for designated purposes**

The Commission invested \$5,000,000 to the stabilization reserve (2023, \$5,000,000). The interest earned on these investments varied from 5.00% to 6.05%. The amounts attributable to the reserve have been disclosed on the statement of financial position as investments held for designated purposes.

## **9. Accounts receivable**

The Commission charges assessments as per specific financial and consumer services legislation to the credit union system and to insurance sector participants. The assessments owing total \$2,912,493, as of March 31, 2024 (\$2,617,733 in March 31, 2023).

The Commission has recognized allowance for doubtful accounts of \$nil (2023, \$nil).

## 10. Reserve

### **Stabilization reserve**

The Commission has established a reserve consistent with subsection 21(8) of the *Financial and Consumer Services Commission Act* to finance extraordinary expenses for isolated and unanticipated purposes that are regulatory in nature, and for changes in market activity affecting revenue. The reserve is funded through charges to the general fund and currently holds \$5,000,000 (\$5,000,000 in 2023).

### **Market enhancement and consumer protection reserve**

The Commission collects administrative penalties under section 186 of the *Securities Act* and under subsection 21(5) of the *Financial and Consumer Services Commission Act*. Consistent with subsection 21(5) of the *Financial and Consumer Services Commission Act*, these amounts are not used for the Commission's normal operating expenditures. Instead, they are used for endeavours or activities that enhance New Brunswick's capital markets or consumer protection. Market enhancement reserve funds are maintained separate from the Commission's normal operating funds and generate their own investment revenue. The value of the reserve is \$214,351 (\$166,572 in 2023).

### **Disgorgement reserve**

Disgorgement orders, issued by the Tribunal or Court of King's Bench, permit the Commission to order a person be divested from the benefits obtained as a result of failure to comply with securities law. These amounts are not used for the Commission's normal operating expenditures as described in subsection 21 (6) of the *Financial and Consumer Services Commission Act* and will generally be used to return funds to negatively impacted investors consistent with Local Rule 15-502, *Procedure for the Distribution of Disgorged Funds*. During the period, no funds were collected.

## 11. Property and equipment

		Office furniture and equipment	Office equipment lease	Information technology infrastructure	Leasehold improvements	Right-of-use asset	Total
Cost	As at March 31, 2022	\$ 500,965	\$ 47,400	\$ 289,092	\$ 889,567	\$ 2,280,536	\$ 4,007,560
	Additions	34,655	-	50,297	100,142	-	185,094
	Dispositions	-	-	14,253	-	-	14,253
	As at March 31, 2023	\$ 535,620	\$ 47,400	\$ 325,136	\$ 989,709	\$ 2,280,536	\$ 4,178,401
	Additions	-	37,486	180,414	-	-	217,900
	Dispositions	-	47,400	102,773	-	-	150,173
	As at March 31, 2024	\$ 535,620	\$ 37,486	\$ 402,777	\$ 989,709	\$ 2,280,536	\$ 4,246,128
Accumulated Depreciation	As at March 31, 2022	\$ 440,848	\$ 37,549	\$ 174,445	\$ 822,463	\$ 1,037,010	\$ 2,512,315
	Depreciation	27,170	8,421	55,325	55,725	317,497	464,138
	Dispositions	-	-	14,253	-	-	14,253
	As at March 31, 2023	\$ 468,018	\$ 45,970	\$ 215,517	\$ 878,188	\$ 1,354,507	\$ 2,962,200
	Depreciation	29,485	6,542	79,260	44,530	317,497	477,314
	Dispositions	-	47,400	102,773	-	-	150,173
	As at March 31, 2024	\$ 497,503	\$ 5,112	\$ 192,004	\$ 922,718	\$ 1,672,004	\$ 3,289,341
Net Book Value	As at March 31, 2023	\$ 67,602	\$ 1,430	\$ 109,619	\$ 111,521	\$ 926,029	\$ 1,216,201
	As at March 31, 2024	\$ 38,117	\$ 32,374	\$ 210,773	\$ 66,991	\$ 608,532	\$ 956,787



## 12. Intangible assets

		Website	Regulatory information data system (internally developed)	Total
<b>Cost</b>	<b>As at March 31, 2022</b>	\$ 58,779	\$ 1,273,423	\$ 1,332,202
	Additions	-	348,000	348,000
	Dispositions	-	-	-
	<b>As at March 31, 2023</b>	\$ 58,779	\$ 1,621,423	\$ 1,680,202
	Additions	12,510	138,980	151,490
	Dispositions	-	-	-
	<b>As at March 31, 2024</b>	<b>\$ 71,289</b>	<b>\$ 1,760,403</b>	<b>\$ 1,831,692</b>
<b>Accumulated Amortization</b>	<b>As at March 31, 2022</b>	\$ 26,956	\$ 1,026,896	\$ 1,053,852
	Amortization	10,608	51,006	61,614
	Dispositions	-	-	-
	<b>As at March 31, 2023</b>	\$ 37,564	\$ 1,077,902	\$ 1,115,466
	Amortization	11,859	105,472	117,331
	Dispositions	-	-	-
	<b>As at March 31, 2024</b>	<b>\$ 49,423</b>	<b>\$ 1,183,374</b>	<b>\$ 1,232,797</b>
<b>Net Book Value</b>	<b>As at March 31, 2023</b>	\$ 21,215	\$ 543,521	\$ 564,736
	<b>As at March 31, 2024</b>	<b>\$ 21,866</b>	<b>\$ 577,029</b>	<b>\$ 598,895</b>

### 13. Lease obligations

The Commission entered into a 10-year lease for office space in Saint John effective February 15, 2006. On August 11, 2014, this lease was extended to February 28, 2023. This lease was renewed for 10 years beginning March 1, 2023. The lease provides an early termination clause granting the Commission the option to terminate the agreement after the fifth year of the agreement. The Commission is required to provide nine months prior written notice to exercise said option. The Commission has assessed the term of the lease to be five years for the purposes of calculating its right of use asset and lease liability since it is not reasonably certain it will not exercise the early termination clause.

The Commission's leases entered into in 2024, for office equipment, have terms of five and a half years. The Commission has an option to purchase the equipment for a nominal amount at the end of the lease term. The lease liability is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	2024	2023
Not later than 1 year	\$ 358,844	\$ 360,017	\$ 356,425	\$ 345,412
Later than 1 year and not later than 5 years	356,035	687,784	350,893	676,296
	\$ 714,879	\$ 1,047,801	\$ 707,318	\$ 1,021,708
Less: Current portion			356,425	345,412
Lease obligations			<b>\$ 350,893</b>	<b>\$ 676,296</b>

## 14. Unclaimed property

Holders of unclaimed property are to report and deliver this property to the Commission. The delivered funds are recorded and put into an account by the Commission and managed in accordance with provisions of the *Unclaimed Property Act*. Funds that are available for claim are listed on a free public online searchable database.

	2024	2023
<b>Balance beginning of year</b>	\$ 2,689,826	\$ -
Receipts from holders	6,299,521	2,094,861
Receivables from holders	253,513	659,427
Less payouts to claimants	156,984	-
Less vested property	61,489	64,462
<b>Balance end of year</b>	<b>\$ 9,024,387</b>	<b>\$ 2,689,826</b>

The *Unclaimed Property Act* and *Rules* require holders of securities valued at \$1,000 or more to hold these securities until the Director of Unclaimed Property provides permission to deliver. Currently, holders have provided the Commission with details related to securities holdings of \$21,945,006 (2023, \$595,643). These holders have reported the existence and details of the securities, which are posted on FundFindersNB.ca and are available to claim.

The Commission has not made a claim against the fund as of March 31, 2024.

## 15. Disposition of surplus operating funds

The disposition of surplus operating funds consists of payments to the Consolidated Fund of the Government of New Brunswick subject to the approval of the Treasury Board and consistent with subsection 21(7) of the *Financial and Consumer Services Commission Act*. The Commission paid \$9,742,041 in 2024 (\$18,655,687 in 2023).

## 16. Provisions

A provision is recognized if, as a result of a past event, the Commission has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Commission has no provisions recorded at March 31, 2024 (\$nil at March 31, 2023).

## 17. Commitments and contingencies

The New Brunswick Securities Commission (which was continued as the Financial and Consumer Services Commission) was named as a defendant in two statements of claim, filed in 2011 and 2013, respectively. The 2011 matter went to trial and a decision in the Commission's favour was rendered in August 2023. Aside from the filing of the pleadings, there has been no activity in the 2013 action. Expenses for the 2013 action, if any, concerning this contingency will be accounted for in the period in which the payment or provision occurs.

## 18. Financial risk management

### Financial risk factors

The Commission's objectives are to protect itself against various financial risks. These include credit, liquidity and interest rate risks.

### Credit risk

The Commission's financial assets exposed to credit risk consist of cash, cash held for designated purposes, unclaimed property, investments held for designated purposes and accounts receivable. This risk is minimal since the majority of the Commission's revenue is received when due. Accounts receivable are current and collectable. Its five bank accounts are held with a Schedule 1 Canadian financial institution.

### **Liquidity risk**

All financial liabilities, except for the lease obligations, are due within one year and have been classified as current and presented as such on the statement of financial position. The Commission generates enough cash from operating activities to fund its operations and fulfil its obligations as they become due. The Commission has a stabilization reserve in place in the event that cash requirements exceed cash generated from operations.

### **Interest rate risk**

This risk is minimal since the Commission did not incur any interest-bearing, long-term debt except on the lease obligations during the year. Cash deposits earn interest at a floating rate, and this revenue is impacted by the current low, short-term interest rates, while cash held for designated purposes and investments held for designated purposes earn interest at a fixed rate, and this revenue is impacted by the interest rate paid on one-year guaranteed investment certificate. A 25-basis-point change in the interest rate would have an immaterial impact on the financial statements.

## **19. Employee future benefits**

### **(a) Pension plan**

The Commission provides pension benefits to its employees through participation in the New Brunswick Public Service Pension Plan (the “Plan”), which is a shared risk pension plan. Annually, the Commission receives notification of the required contributions from the Board of Trustees of the Plan, which administers the Plan.

Pension costs included in these financial statements comprise the cost of employer contributions for current service of employees during the year. For the year ended March 31, 2024, the Commission expensed contributions of \$1,142,730 (\$1,051,094 in 2023) under the terms of the Plan.

**(b) Unfunded benefit plan**

Unfunded post-employment benefits for supplemental pension benefits are summarized below:

	2024	2023
Supplemental pension benefit obligation	\$ 332,500	\$ 260,800
Discount rate, end of year	4.9%	4.9%
Long-term rate of compensation increases	2.6%	2.6%
Assumptions for benefit increases (percentage of Consumer Price Index)	2.1%	1.9%

**(c) Sick leave credits**

Employees are eligible to receive a payout of 20 per cent of their unused sick leave credits at layoff, retirement or death. These statements reflect a liability of \$473,373 (\$472,934 in 2023) for this benefit and a current year expense of \$43,571 (\$83,954 in 2023). This liability is discounted as follows: employees over the age of 50, the Commission applies a 3.00% discount factor to adjust for the age of each eligible employee for each year that the employee is under the age of 55; and for employees under the age of 50, the Commission applies a three-per-cent discount factor to adjust for the age of each eligible employee for each year that the employee is under the age of 65. For liability calculation purposes, management estimates that half of employees under the age of 40 will retire from the Commission, 75 per cent of employees between the ages of 40 and 50 will retire from the Commission, and all employees over the age of 50 will retire from the Commission.

## 20. Related party transactions

Service New Brunswick (SNB), a related party to the Commission, provides certain services in the normal course of operations that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. SNB provided information technology services to the Commission, such as data storage, data backup, data protection and support. The Commission expensed \$63,104 (\$122,011 in 2023) during the reporting period on these services. As of March 31, 2024, an accounts payable of \$55,840 (\$114,039 at March 31, 2023) was owed to SNB and was subject to normal terms. This amount is included in accounts payable and accrued liabilities.

The Translation Bureau for the Government of New Brunswick provides services to the Commission that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total expenditures during the period were \$14,210 (\$8,879 in 2023). As of March 31, 2024, an accounts payable of \$1,848 (\$999 at March 31, 2023) was owed to the Translation Bureau and is subject to normal terms. This amount is included in accounts payable and accrued liabilities.

New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC) utilizes the resources of the Commission to provide human resource and administration support for administering the *Credit Unions Act*. The Commission assumes the salaries and overhead costs, which are billed to NBCUDIC. NBCUDIC expensed \$757,600 as of March 31, 2024 (\$657,008 in 2023). The value of the unpaid amounts from NBCUDIC at March 31, 2024 were \$63,465 (2023 - \$41,664) and were included in accounts receivable.

On October 1, 2014, the Commission entered into an agreement with the Department of Transportation and Infrastructure (“DTI”) for leased office space. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Commission expensed \$338,017 (\$290,986 in 2023). As of March 31, 2024, an accounts payable of zero (\$46,078 in 2023) was owed to DTI and subject to normal terms.

For the period of April 1, 2023 to June 30, 2023, the compensation of the Commission's Chair was governed by a personal services contract that was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. This was in lieu of an employment contract. Throughout the year, the Commission, through its Human Resources and Governance (HRG) Committee, reviewed the chair's role, responsibilities and compensation model in consultation with government, culminating in a revised compensation structure for the chair, which includes, as for other members, an annual retainer and per diems. The Commission expensed \$38,079 (\$152,317 in 2023), related to the contract, during the reporting period.

The Commission provides certain administrative services for the Government of New Brunswick associated with assessments or recoveries from the insurance sector and that are for the benefit of the Consolidated Revenue Fund of the Government of New Brunswick. These services include the invoicing and updating receivables under the *Premium Tax Act*, the *Medical Services Payment Act*, the *Hospital Services Act* and the *Family Services Act*; and updating receivables under the *Fire Prevention Act*. These transactions do not flow through the Commission's financial statements and are recorded directly in the financial information system of the Government of New Brunswick. The Commission performs these functions without any financial consideration or payment from the Government of New Brunswick.

The New Brunswick Energy and Utilities Board (EUB) provides independent adjudication and oversight in the financial and consumer services sectors. Prior to June 2023, the Financial and Consumer Services Tribunal heard enforcement matters under financial and consumer services legislation. The Tribunal functions are now within the Energy and Utilities Board (EUB). The Commission expensed \$237,393 in fiscal 2024 relating to the adjudication provided by the EUB and our payable at year end was zero.

In addition, the Commission recovers costs incurred by the Government of New Brunswick when it intervenes at insurance rate hearings. In 2024, these costs were \$89,601 (\$133,911 in 2023). The Commission now treats these costs as a recoverable from the insurance sector.



## Key management personnel

Key management of the Commission includes Commission Members and the executive committee:

	2024	2023
Salaries and other short-term employee benefits	\$ 1,107,612	\$ 1,152,033
Post-employment benefits	102,645	117,157
	<b>\$ 1,210,257</b>	<b>\$ 1,269,190</b>

The salary amount includes the relevant expenses associated with the Chair's personal services contract.

## 21. Salaries and benefits

	2024	2023
Salaries	\$ 9,698,853	\$ 8,826,608
Benefits	1,165,001	1,198,469
Pension expenses (Note 19)	1,142,730	1,028,700
	<b>\$ 12,006,584</b>	<b>\$ 11,053,777</b>

## 22. Administration

	2024	2023
Investor protection and education	\$ 411,569	\$ 372,406
Members and staff development	362,643	361,694
Information technology	408,285	271,068
Other administration	590,225	504,795
	<b>\$ 1,772,722</b>	<b>\$ 1,509,963</b>

### 23. Alternative presentation – Income statement by function

		2024	2023
<b>Revenue</b>	Securities	\$ 18,533,069	\$ 17,966,188
	Insurance	4,503,676	3,960,559
	Financial Institutions	906,545	811,753
	Consumer Affairs	784,665	603,872
	Investment income	673,328	614,159
	Unclaimed Property	440,496	66,550
	Pensions	239,767	241,675
	Miscellaneous	55,758	846
		26,137,304	24,265,602
<b>Expenses</b>	Governance and Corporate Management	5,804,663	4,894,022
	Insurance	2,581,968	2,543,853
	Communications and Public Affairs	1,431,076	1,225,146
	Securities	1,415,887	1,643,403
	Consumer Affairs	1,352,540	1,200,461
	Pensions	817,958	731,017
	Enforcement	814,181	780,305
	Financial Institutions	716,336	637,743
	Unclaimed Property	585,422	441,917
	Tribunal	278,501	437,822
		15,798,532	14,535,689
<b>Comprehensive income</b>		<b>\$ 10,338,772</b>	<b>\$ 9,729,913</b>