

# **Ontario Securities Commission**

## **2008 - 2009 Statement of Governance Practices**

*This Statement of Governance Practices is intended to supplement the discussion of the Commission's governance contained in the OSC 2009 Annual Report. The OSC 2009 Annual Report is published on the Commission's website.*

### **BACKGROUND**

The Ontario Securities Commission (OSC or the Commission), as the regulatory body responsible for overseeing the capital markets in Ontario, administers and enforces the *Securities Act* (Ontario), the *Commodity Futures Act* (Ontario) and certain provisions of the *Business Corporations Act* (Ontario) (the Acts).

The *Securities Act* (Ontario) (the Act) establishes the Commission's role in regulating capital markets, sets out the fundamental principles that the Commission shall have regard to in overseeing the administration and enforcement of the Act, and outlines the basic governance and accountability structure for the Commission. The Commission is established as a self-funded Crown corporation with a board of directors consisting of the members of the Commission (Members or Commissioners).

#### ***The Commission's Governance Framework***

The Commission is accountable to the Minister responsible for securities regulation (the Minister) and, through the Minister, to the Ontario Legislature. The Act sets out the statutory responsibilities of the Members and requires the Commission to enter into a *Memorandum of Understanding* (MOU) with the Minister every five years that sets out the accountability relationship between the Commission and the Minister, the Board of Directors and the Minister, and the Chair and the Minister. The MOU also describes the respective roles and responsibilities of the Minister, the Deputy Minister, the Chair, the Members and the Executive Director and sets out the Commission's obligations to report to the Minister.

In 2006, to ensure greater transparency in, and understanding of, the Commission's governance structure, the Members adopted a *Charter of Governance: Roles and Responsibilities* (Charter) to more clearly delineate the Members' principal governance roles and responsibilities as regulators and administrators of the Act and as the Board of Directors. The Board adopted the mandates of the Adjudicative Committee, Audit and Finance Committee, Governance and Nominating Committee, the Human Resources and Compensation Committee, the Chair, the Vice-Chairs and the Lead Director. These governance documents are all published on the Commission's website.

In 2007, the Board determined to enhance the transparency of its governance practices and procedures by publishing along with the Commission's *Annual Report* an annual statement of governance practices that reports on the governance initiatives undertaken by the Commission each year. A comprehensive *Statement of Governance Practices* was published in June 2007. The present edition is intended to highlight current governance practices and to provide an update on governance initiatives undertaken in the 2008-2009 fiscal year. Updates are noted in boxes throughout this document. The original *2006-2007 Statement of Governance Practices* and all annual updates are published on the Commission's website.

- In June 2008, together with its *2008 Annual Report*, the Commission published its second *Statement of Governance Practices*, fulfilling its commitment in 2007 to continue to enhance the transparency of its governance practices.
- The Act requires that the Commission and the Minister enter into a MOU every five years. To that end, a review of the existing MOU was initiated in May 2008.

## MEMBERS OF THE COMMISSION

The Act provides that the Commission is to be composed of at least nine and not more than 14 Members. Currently, there are thirteen Members, three of whom are full-time and ten of whom are part-time. The full-time Members are the Chair of the Commission, W. D. Wilson, and Vice-Chairs L. E. Ritchie and J. E. A. Turner. *Member Biographies* are attached to this statement as Schedule “A”.

The following table lists the Members incumbent as at March 31, 2009 with their respective dates of appointment, dates of expiry of their terms of appointment and the committees of the Board and Commission on which they serve.

**Table 1: Members of the Commission – April 1, 2008 to March 31, 2009**

Member	Initial appointment	Appointment expiry
W. David Wilson, Chair <sup>(10)</sup>	November 1, 2005	November 1, 2010
Lawrence E. Ritchie, Vice-Chair <sup>(9)</sup>	February 21, 2007	February 21, 2012
James E. A Turner, Vice-Chair <sup>(9)</sup>	February 21, 2007	February 21, 2012
Paul K. Bates <sup>(7)(8)</sup>	June 11, 2003	June 10, 2009
M. G. Condon <sup>(9)</sup> *	April 9, 2008	April 9, 2010
Margot C. Howard <sup>(4)(6)</sup>	December 6, 2006	December 6, 2011
Kevin J. Kelly <sup>(6)(8)</sup>	December 6, 2006	December 6, 2011
P. L. Kennedy <sup>(6)</sup> *	April 9, 2008	April 9, 2010
David L. Knight <sup>(1)(7)</sup>	August 25, 2004	June 6, 2010
Patrick J. LeSage <sup>(5)(8)</sup>	December 15, 2005	February 11, 2011
Carol S. Perry <sup>(3)(6)</sup>	February 15, 2005	February 14, 2011
Suresh Thakrar <sup>(2)(9)</sup>	June 11, 2003	June 10, 2009
Wendell S. Wigle <sup>(7)(9)</sup>	May 28, 2003	May 27, 2009

- (1) Lead Director
- (2) Chair of the Audit and Finance Committee
- (3) Chair of the Governance and Nominating Committee
- (4) Chair of the Human Resources and Compensation Committee
- (5) Chair of the Adjudicative Committee
- (6) Member of the Audit and Finance Committee
- (7) Member of Governance and Nominating Committee
- (8) Member of Human Resources and Compensation Committee
- (9) Member of Adjudicative Committee
- (10) The Chair of the Commission is an *ex officio* member of the Governance and Nominating Committee
- \* On the expiry of their initial terms of appointment in April 2010, Commissioners Condon and Kennedy will be eligible for reappointment.

The Commission maintains a member profile that it developed to identify the areas of expertise, skills and qualifications needed by the Commission as a whole to fulfil its mandate. The detailed description of the attributes and qualifications required of Members along with the Commission's *Member Profile* is published on the Commission's website.

Appointments to the Commission are made according to the procedures of the Public Appointments Secretariat of the Government of Ontario. Each Member is appointed to the Commission for a fixed term by the Lieutenant Governor in Council. The 2006 *Government Appointees Directive* provides that a person appointed to a government agency, such as the Commission, will serve an initial appointment for a period of two years, and may be eligible for reappointment for a second term of up to three years and a third term of up to five years. The Commission, however, has adopted a policy that it will not normally recommend to the Minister the reappointment of an incumbent Member for more than two terms for a total of five years and, only in exceptional circumstances, would recommend reappointment for a third term of one year.

*Appointment of New Part-Time Members in 2008/09:*

- Following the appointments process established by the Ontario Government's Public Appointments Secretariat, on the recommendation of the Minister of Finance, the Lieutenant Governor in Council appointed Mary G. Condon and Paulette L. Kennedy as Part-time Members on April 9, 2008 for a term of two years.
- The terms of appointment of Part-time Member Wendell S. Wigle expired on May 27, 2009 and the terms of appointments of Members Paul K. Bates and Suresh Thakrar expired on June 10, 2009. In December 2008, the Commission commenced the nominations process for three new Part-time Members to fill the vacancies arising from the expiration of the above terms of appointment.

*Reappointment of Members in 2008/09:*

- On December 6, 2008, Margot C. Howard and Kevin J. Kelly were reappointed Part-time Members for a second term of three years, and Patrick J. LeSage was reappointed a Part-time Member for a term expiring February 11, 2011.

***Members' Duties and Responsibilities***

The Act provides that Members are responsible for the administration of the Act and for overseeing the management of the financial and other affairs of the Commission.

***Regulatory / Policy Making Role***

Members of the Commission discharge statutory responsibilities under the Acts as regulators of Ontario's capital markets. The Members, acting in their regulatory capacity, approve and oversee the implementation of the Commission's regulatory initiatives and priorities, set enforcement priorities and review enforcement practices and procedures. Members of the Commission hold bi-weekly policy meetings with senior Commission staff at which regulatory initiatives are identified and considered, proposed policies and rules are reviewed and approved, regulatory priorities are set and their implementation reviewed, and other matters with respect to the due administration of the Acts are considered. In addition, meetings of two Members acting as a statutory quorum of the Commission (Quorum) are held twice-weekly to consider and approve applications for exemptive relief and other matters permitted by statute and authorized by the Commission to be decided by a Quorum.

### *Adjudication*

Members, acting independently of the Commission as a whole, also perform an adjudicative function by serving individually, as required, on panels that preside over administrative proceedings. The Members, acting as a whole, however, have a responsibility to oversee the Commission's adjudicative policies, practices and procedures to promote the fair, independent, transparent and expeditious disposition of all adjudicative matters.

- In April 2008, the Commission adopted *Guidelines for Members and Employees Engaging in Adjudication*. (See below.)
- In 2008/09, Members served on panels that sat for a total of 248 hearing days to preside over adjudicative matters.
- A detailed review of the adjudicative activities in the past fiscal year is contained in the *OSC 2009 Annual Report*, available on the Commission's website.

To assist it in the discharge of this responsibility, the Commission established a standing committee, the Adjudicative Committee, to oversee the Commission's adjudicative policies, procedures and practices and the operations of the Office of the Secretary and the Registrar to ensure they are independent, effective and fair. The Secretary is an *ex officio* member of the Adjudicative Committee.

For fiscal year 2009/10, the Commission's **Adjudicative Committee** is composed of:

Patrick J. LeSage, Chair  
 Mary G. Condon  
 David L. Knight  
 Lawrence E. Ritchie  
 James E. A. Turner  
*Ex officio:* John P. Stevenson, Secretary

- A report on the Commission's regulatory, administrative and adjudicative activities in the fiscal year 2008-2009 is contained in the *OSC 2009 Annual Report* available on the Commission's website.

### *The Role of the Board of Directors*

The Members, acting as the Commission's Board of Directors, oversee the operations of the Commission, including the Commission's strategic planning, resource allocation, risk management, financial reporting policies and procedures, and effectiveness of internal controls and management information systems. The Board of Directors exercises its corporate oversight both through regular and special meetings of the full Board and its standing committees. Full meetings of the Board are held not less frequently than quarterly and special meetings are held as required. The Board also conducts strategic planning and priorities-setting meetings with senior management.

The Board annually appoints the members of the committees on the recommendation of the Chair of the Commission and the Lead Director. No Member is expected to serve as a committee

member for longer than five years or as a committee chair for longer than three years, absent exceptional circumstances.

There are three standing committees of the Board, each of which meets no less frequently than quarterly and holds special meetings when required. The three standing committees are: the Audit and Finance Committee; the Governance and Nominating Committee; and the Human Resources and Compensation Committee. The Secretary to the Commission acts as secretary and counsel to the Board and each of its committees. Each Board committee is composed of Part-time Members only, with the exception of the Governance and Nominating Committee, on which the Chair of the Commission serves as an *ex officio* member.

The forward agenda of each committee is established annually by the committee chairs in consultation with the Lead Director and the forward agenda for the Board is established annually by the Chair of the Commission in consultation with the Lead Director.

The following table lists the number of regular and special policy and regulatory meetings of the Commission, the number of regular and special meetings of a Quorum of the Commission, the number of meetings of the Adjudicative Committee and the number of meetings of the Board and Board Committees during the past fiscal year. The aggregate attendance rate by Members for Commission and Board meetings was over 93 percent.

**Table 2**  
**Number of Meetings of Members the Commission**  
**April 1, 2008 to March 31, 2009**

	Regular Meetings	Special Meetings
Commission policy and regulatory meetings	24	1
Quorum meetings	100	6
Board of Directors	5	13
Audit and Finance Committee	6	8
Governance and Nominating Committee	4	4
Human Resources and Compensation Committee	4	1
Adjudicative Committee	3	–

*Committee Appointments in 2009/10:*

- At the meeting of the Board held May 26, 2009, Commissioner Howard was appointed chair of the Audit and Finance Committee, Commissioner Perry was reappointed chair of the Governance and Nominating Committee, and Commissioner Kelly was appointed chair of the Human Resources and Compensation Committee.

The composition of the Board committees for the fiscal year 2009/10 is:

**Audit and Finance Committee**

Margot C. Howard, Chair  
Kevin J. Kelly  
Paulette L. Kennedy  
Carol S. Perry

**Human Resources and Compensation Committee**

Kevin J. Kelly, Chair

Margot C. Howard  
Paulette L. Kennedy  
Patrick J. LeSage

**Governance and Nominating Committee**

Carol S. Perry, Chair  
Mary G. Condon  
David L. Knight  
*Ex officio:* David W. Wilson, Chair of the Commission

*Appointment of the Lead Director:*

- In March 2008, the Part-time Members of the Commission appointed Commissioner David L. Knight to serve as Lead Director for a term of one year, and renewed that appointment on March 17, 2009 for a further term of one year. The mandate of the Lead Director is to assist the Members of the Commission in fulfilling their governance responsibilities and to oversee the governance obligations of the Board and its committees. Commissioner Knight was first appointed as a Part-time Member in 2004, is a member of the Governance and Nominating Committee, and has served as chair of the Audit and Finance Committee.
- The mandates of the Board and Commission committees and the *Mandate of the Lead Director* are published on the Commission's website.

## GOVERNANCE INITIATIVES

### *Reports of the Committees*

Each committee reports on its meetings at each Board or Commission meeting immediately following a committee meeting and provides an annual written report of the committee's activities to the Board or, in the case of the Adjudicative Committee, to the Commission. The following are summaries of the committees' annual reports.

#### **Audit and Finance Committee**

The Committee held six regular and eight special meetings during the fiscal year 2008-2009.

*Financial Review, Reporting and Public Disclosure:* The Committee reviewed and recommended for approval by the Board the annual (audited) and quarterly financial statements and management's discussion and analysis. The Committee also received quarterly presentations on contract issues. The Committee reviewed with management the appropriateness of the OSC's accounting and financial reporting policies and recommended amendments to these policies to the Board for approval. The Committee reviewed the new OSC fee rules and the impact of fee models on the financial position of the Commission, including the Commission's operating surplus. The Committee received regular updates on International Financial Reporting Standards ("IFRS") and the implications of IFRS on financial reporting, and it arranged high-level training on IFRS for the Members.

*Oversight of Internal Controls / Internal Audit:* The Committee reviewed reports of management's evaluation of the design of internal controls over financial reporting, and

management's fraud risk assessment and anti-fraud processes and controls. The Committee also reviewed the business continuity processes.

*Risk Management:* The Committee received and reviewed regular presentations on risk management and it initiated a plan to formalize an OSC-wide enterprise risk management framework.

*External Auditors:* The Committee reviewed and approved the annual audit plan and audit findings report of the external auditor (the Auditor General of Ontario). The Committee reviewed the submissions of the external auditor confirming the external auditor's independence and met with the external auditor without management present.

### **Governance and Nominating Committee**

The Committee held four regular and four special meetings during the fiscal year. In this period, the Committee reviewed and recommended the Commission's approval of its *2007-2008 Statement of Governance Practices* for publication on the Commission's website contemporaneously with the issuance of the Commission's *2007-08 Annual Report*.

*Review of Governance Documents:* In August 2008, the Commission revoked By-law Number 2 and adopted in its place a new Code of Conduct, discussed below. In response to this change, the Committee conducted a comprehensive review of its governance documents including the Charter, Member Profile, and the Mandates of the Board and its Committees to ensure compliance with the new Code. In March 2009, following the recommendations of the Committee, the Board approved and adopted revisions to its governance documents in order to enhance the Board and committee governance structure. The revised governance documents are available on the Commission's website.

*Assessment of Commission / Board and Committee Effectiveness:* In 2007, the Commission conducted a Commission/Board and Committee evaluation process (discussed below) which identified initiatives to enhance the effectiveness of the Commission's governance. During the year, the Committee reviewed the progress of these initiatives and reported on them to the Commission. In September 2008, the Committee initiated a second evaluation, which was completed in January 2009.

*Nominations and Appointments:* In September 2008, the Committee reviewed the Commission's *Member Profile* and initiated the process for the reappointment of Commissioners Howard, Kelly, and LeSage. In December 2008, the Committee initiated and monitored the process for the recommendation of nominees to the Minister in Spring 2009 for three new Part-time Member positions. A full description of the nominations process can be found in the 2006-2007 Statement of Governance Practices, which is published on the Commission's website.

### **Human Resources and Compensation Committee**

The Committee held four regular meetings and one special meeting during the fiscal year 2008-2009.

*Executive Performance and Compensation:* In April 2008, the Committee reviewed the performance and achievements of the Chair and the Vice-Chairs in fiscal 2007-2008

against their corporate goals and plans for that year. The Committee's recommendation on the Chair's and Vice-Chairs' compensation was approved by the External Compensation Committee and by the Board. The management evaluation and compensation process is described in greater detail later in this *Statement*. On August 15, 2008, the Committee reviewed and recommended the Board's approval of the corporate goals and plans of the Chair and Vice-Chairs for the fiscal year 2008/09. Board approval was granted on August 18, 2008.

*Executive Pension Plans:* The Committee reviewed the funded status of the executive pension plans in April 2008 and the actuarial assumptions underlying the OSC supplemental plan in March 2009.

*Human Resources Policies:* The Committee reviewed human resource policies and programs, including succession planning, and reviewed and recommended to the Board for approval significant changes to compensation policies applicable to Commission employees.

In 2009-2010, the Committee will review and make recommendations to the External Compensation Committee and the Board on the fees and other compensation paid to Part-time Members.

### **Adjudicative Committee**

The Adjudicative Committee held three regular meetings during the fiscal year and Committee members met frequently during this period to complete several projects that had been identified by the Committee as key adjudicative policy initiatives for the year.

*New Rules of Procedure:* The Committee's key initiative for the fiscal year was the review of proposed new Rules of Procedure; an initiative that had commenced in the previous fiscal year. Following the close of an extensive comment and consultation period, the Committee considered various recommendations for amendments to the proposed Rules. On the Committee's recommendation, the Commission approved and adopted the new Rules in February 2009, effective April 1, 2009, and indicated in the Notice accompanying the new Rules that the Committee would monitor the application of the Rules in the coming year. In particular, it would further consider, and seek further consultation on, the settlement hearings and pre-hearing conference procedures.

*Review of Adjudicative Functions:* The Committee oversaw a comprehensive review of the Commission's adjudicative functions over the past two years. This review was conducted in three phases: (i) an examination of the transparency and accessibility of the Commission's tribunal; (ii) an assessment of the resources required to support the Commission's adjudicative activities; and (iii) an examination of the tribunal's case management practices and procedures. Phases one and two have been completed and resulted in the adoption of the new Rules and the addition of new resources. The Committee has also completed its examination in the third phase and is in the process of considering recommendations for the implementation of a new case-management process. It is anticipated that the Committee's recommendations will address the issues identified by the Commission with respect to certain of its adjudicative procedures, in particular settlement hearings and pre-hearing conferences.

The Committee will continue throughout 2009/10 to consider ways to enhance the transparency and accessibility of the Commission's adjudicative functions.

### *Assessment of Commission/Board and Committee Effectiveness*

Following the adoption of the *Charter* and *Committee Mandates* in 2006, the Members retained an independent consultant to assist in the development of a Commission/Board and Committee evaluation process and implemented that process in April 2007. The evaluation addressed the operation of the Commission/Board and committees, the adequacy of information provided to Members and the Board, committee structure, agenda planning for Board and committee meetings, and strategic direction and process. The evaluation was completed in November 2007, and the results were reported in the Commission's *2007 – 08 Governance Disclosure Statement*.

In September 2008, the Commission conducted a similar evaluation process that resulted in the identification of initiatives to enhance the effectiveness of the Commission's governance. These initiatives included: (i) enhancing the monitoring of risk by the full Board; (ii) building on the efforts to increase the Commission's strategic focus, including regular updates on strategic issues; and (iii) implementing a forward agenda for the Adjudicative Committee and receiving quarterly updates from the Committee and staff. The Commission has developed an action plan to monitor the progress made during the year in respect of each of these initiatives and will report on them in its 2009-2010 *Statement of Governance Practices*.

### *Code of Conduct*

On August 20, 2008 the Commission revoked By-law Number 2 and adopted in its place a new, more comprehensive *Code of Conduct* applicable to all Members and employees. The Conflict of Interest Commissioner gave final approval to the conflict-related provisions of the Code in accordance with the *Public Service of Ontario Act, 2006* (PSOA). The *Code* builds on the Commission's existing policies and procedures that support and promote accountability, transparency and ethical behaviour at the Commission. The *Code* also delivers on the Commission's commitment to review and strengthen the Commission's high standards of ethics, integrity and accountability.

The *Code* sets out, among other things, the requirements for the conduct of Commission Members and employees relating to: (i) the avoidance and disclosure of conflicts of interest; (ii) prohibitions on the disclosure and use of confidential information; (iii) personal securities transactions and related reporting requirements; and (iv) conduct of former Members and former employees.

The *Code* also includes an ethics reporting policy which reflects the procedures for dealing with disclosures of wrongdoing established by the Management Board of Cabinet Directive. The intent of the Commission's new ethics reporting policy is to encourage internal disclosures of alleged wrongdoing consistent with the directives under the PSOA. The *Code* contemplates a mechanism to facilitate anonymous disclosures of suspected violations administered by a third party. The procedures available under the PSOA to disclose serious wrongdoing to the Integrity Commissioner are also outlined in the *Code*.

The Chair of the Commission became the Ethics Executive for Members and employees, responsible for, among other things, promoting ethical conduct at the Commission, dealing with inquiries about potential or actual conflicts and making determinations in respect of those inquiries.

- The *Ontario Securities Commission Code of Conduct* is published on the Commission's website.

### ***Guidelines for Members and Employees Engaging in Adjudication***

In addition to the *Code of Conduct*, the Commission also adopted *Guidelines for Members and Employees Engaging in Adjudication* in 2008. The Guidelines enhance the transparency of the Commission's adjudicative processes and provide guidance to Members and employees on the professional and ethical standards expected of them in the exercise of their adjudicative responsibilities. The purpose is to ensure that all proceedings before the Commission's adjudicative panels are, and are seen to be, conducted with integrity, competence, effectiveness, independence and impartiality.

- The *Guidelines for Members and Employees Engaging in Adjudication* are published on the Commission's website.

### ***Oversight of Strategic Planning***

As discussed below under the heading "*Reporting to the Minister*", the Commission is required to provide to the Minister, and to publish, an annual report and a statement of priorities. The Commission is also required to annually provide a business plan to the Minister for his or her approval. Members actively participate in the setting of the Commission's regulatory priorities in discussion with management, approve the draft *Statement of Priorities* before publication for comment and the final *Statement of Priorities* for delivery to the Minister, and approve the business plan. At each quarterly meeting, the Board receives comprehensive reports from Commission management on the status of the Commission's priorities and initiatives identified in its strategic plan. Members also hold an annual special meeting with senior management to consider the Commission's multi-year strategic plan and to develop and approve the Commission's business plan.

- The *Statement of Priorities, Annual Report, Report on the Statement of Priorities for Fiscal Year 2008-2009* and *Business Plan* are published on the Commission's website.

### ***Management Evaluation and Compensation***

The Commission is satisfied that its current executive compensation policies and programs are aligned with individual performance and reflect competitive market practices to allow it to attract, retain and motivate talented individuals to serve as executive management of the Commission.

The Human Resources and Compensation Committee annually reviews the performance of the Chair and Vice-Chairs and recommends to the Board the annual performance compensation for these executives. The Committee's Mandate requires that it measure the annual performance of these executives against performance goals and objectives for each of them as approved by the Board at the commencement of the fiscal year to which the goals and objectives apply. The compensation for the Chair and Vice-Chairs includes an annual base salary fixed by contract and

eligibility for an annual performance bonus. The Chair and Vice-Chairs are not eligible for any remuneration applicable only to Part-time Members as discussed below under the heading “*Compensation of Part-time Members*”.

To ensure an independent perspective, the Committee’s recommendations are reviewed by a three member independent compensation committee (*External Compensation Committee*) before the Committee submits its recommendations to the Board for approval. The chair of the External Compensation Committee is the Chair of the Human Resources and Compensation Committee. The two other members of the Committee are required to be individuals at arm’s length to the Commission and are jointly appointed by the Minister and the Chair of the Commission. The *Terms of Reference of the External Compensation Committee* are published on the Commission’s website.

The current members of the External Compensation Committee are:

- Kevin J. Kelly, Chair, Human Resources and Compensation Committee
- J. Urban Joseph<sup>(1)</sup>
- Robin W. Korthals<sup>(2)</sup>

### ***Compensation of Part-time Members***

The Human Resources and Compensation Committee is also responsible for periodically reviewing and making recommendations to the Board in respect of the fees and other compensation paid to Part-time Members to ensure that they are competitive for the purpose of attracting and retaining the services of experienced and highly qualified candidates. The remuneration scale for Part-time Members is also reviewed by the External Compensation Committee prior to approval by the Board. The last review of the remuneration of Part-time Members resulting in an amendment to the remuneration policy was conducted in 2005. The *Remuneration Schedule for Part-time Members* is published on the Commission’s website.

### ***Disclosure of Compensation of Chair, Vice-Chairs and Members***

The *Public Sector Salary Disclosure Act, 1996*, S.O. 1996, c. 1, Sch. A requires the disclosure of the total annual remuneration of the Chair, Vice-Chairs, Executive Director and Members who receive remuneration in excess of \$100,000 in the year.

- This disclosure is contained in the Ministry of Finance’s Public Salary Disclosure page at: <http://www.fin.gov.on.ca/english/publications/salarydisclosure/2008/>

<sup>(1)</sup> **J. Urban Joseph, O.C.** holds directorships in a number of companies and organizations including First Nations Bank of Canada, Blue Mountain Resorts, Bird Construction, Ontario Pension Board, Medcan Health Management, We Care Health Services, Meditech International, Canadian Orthopaedic Foundation, Career Edge Organization, The Design Exchange, and Prime Mentors. Mr. Joseph served as Vice-Chairman of the Toronto Dominion Bank from 1992 to 1996.

<sup>(2)</sup> **Robin W. Korthals** is active on a wide variety of boards, including Cognos Inc., Bucyrus International, Inc., Easyhome Ltd., Jannock Properties Limited, and several Mulvihill mutual funds. Mr. Korthals served as Chair of the Ontario Teachers’ Pension Plan Board from January 2000 to December 2006. He retired as President of The Toronto-Dominion Bank in 1995, after a career spanning twenty-eight years. He is currently Chair of Cadillac Fairview Corp. Mr. Korthals served as a Part-time Commissioner from 1995 to 2004.

## **REPORTING TO THE MINISTER**

As noted above, the Commission is accountable to the Minister and, through the Minister, to the Ontario Legislature. The Act provides that the Commission shall “promptly give the Minister such information about its activities, operations and financial affairs as the Minister requests” and requires the Commission to enter into an MOU with the Minister. The Act and the MOU together identify the information the Commission shall annually provide to the Minister. The *OSC 2008/09 Annual Report* and the *OSC Statement of Priorities for Fiscal 2009/2010* are published on the Commission’s website.

### ***Annual Report***

The Commission’s Annual Report is required to be delivered to the Minister within six months after the end of each fiscal year. In 2006 the Commission determined that it would deliver its Annual Report to the Minister within 90 days after the end of each fiscal year to conform to the requirements set out in National Instrument 51-102 *Continuous Disclosure Obligations* for the filing by reporting issuers of an annual information form. The Commission’s year end is March 31st.

The Commission's 2009 Annual Report was delivered to the Minister on June 15, 2009 and submitted to the Legislative Assembly by the Minister on June 30, 2009.

### ***Statement of Priorities***

The Act requires that the Commission publish a notice in the *Ontario Securities Commission Bulletin* inviting interested persons or companies to comment on its priorities at least 60 days before the publication date of the Statement of Priorities.

The Commission's draft *Statement of Priorities for Fiscal 2009/2010* was published in the *Bulletin* on May 1, 2009 and comments were received until June 1, 2009. Following consideration of the comments received, the Members of the Commission approved the final Statement of Priorities on June 23, 2009 for delivery to the Minister.

### ***Statement of Governance Practices***

Although not required under the Act or the MOU, the Commission has determined that it will issue an annual report on its governance practices contemporaneously with the publication of its Annual Report. This *Statement of Governance Practices* is the third such report.

Approved by the Commission  
on June 23, 2009

**Ontario Securities Commission  
2008-09 Statement of Governance Practices**

**Schedule “A”**

**Member Biographies**

**W. DAVID WILSON**

*Chair*

**David Wilson** became Chair of the Ontario Securities Commission on November 1, 2005, following an extensive 35-year career in Canada's securities and banking industry.

**Appointed:** November 2005

**Term Expires:** November 2010

**Committees:**

- Governance and Nominating Committee (*ex officio*)

**Professional / Industry Experience:**

- Investment Banking
- Retail and Institutional Investment
- Finance

**Education:**

- B.Comm, University of Toronto
- MBA, York University

Prior to his appointment for a five-year term as OSC Chair, Mr. Wilson was Vice Chair of the Bank of Nova Scotia and Chair and Chief Executive Officer of Scotia Capital in Toronto. He was responsible for all of Scotiabank's global wholesale banking activities, which included its corporate, institutional and government relationships on a global basis. Previously, Mr. Wilson held a variety of senior management positions with Scotiabank in the areas of investment banking, retail brokerage and corporate finance. He began his career as a financial analyst and in 1971 joined McLeod Young Weir, a predecessor firm to Scotia Capital.

During his career, Mr. Wilson has been actively involved in securities regulatory matters in Ontario and across Canada. He was Chairman of the Investment Dealers Association of Canada (IDA), a national self-regulatory organization (SRO), in 1996-1997. He was a founding Director of the Mutual Fund Dealers Association of Canada (MFDA), a SRO for the mutual fund industry, from 1997 to 1998. From 2001 to 2003, he served on the Ontario government's Five Year Review Committee, which reviewed the content of the Ontario Securities Act. Since 2003, he has been advising the Government of Ontario on its work toward the establishment of a common securities regulator for Canada.

## **LAWRENCE E. RITCHIE**

*Vice-Chair*

**Lawrence Ritchie**, a former partner at Osler, Hoskin & Harcourt in Toronto, was a litigator for nearly 20 years, specializing in general corporate, securities and commercial litigation. He was also cross-appointed to the firm's Pensions & Benefits Department. His practice included a range of corporate governance, securities, pension, and general corporate and commercial civil litigation before the courts and before administrative tribunals. Mr. Ritchie had also acted for defendants in numerous class action proceedings. Mr. Ritchie participated in a secondment to the enforcement branch of the Ontario Securities Commission (OSC) in 1993, where he served as enforcement counsel. Upon return to his law firm, he acted for OSC enforcement staff, as well as securities dealers, brokers, promoters, public issuers, officers and directors and other securities market participants, in a wide range of securities-related proceedings. He advised public corporations and other securities-related participants, their officers and directors relating to internal and regulatory investigations, and reputational risk management. In addition to his securities regulatory practice, he acted in numerous private securities disputes and proceedings, including those relating to shareholder rights and remedies, private company disputes and corporate governance issues before the Courts and in ADR forums. Mr. Ritchie has been recognized in *Best Lawyers in Canada and Lexpert*.

**Appointed:** February 2007

**Term Expires:** February 2012

**Committees:**

- Adjudicative Committee

**Professional / Industry Experience:**

- Legal
- Litigation / Adjudication
- Administrative Law

**Education:**

- BA, University of Western Ontario
- LLB, Osgoode Hall Law School
- LLM, London School of Economics

## **JAMES E. A. TURNER**

*Vice-Chair*

**James Turner**, prior to joining the Commission, was a senior partner with Torsys LLP. Mr. Turner has over 30 years of legal experience, specializing in corporate, securities, mergers and acquisitions and corporate governance matters. He has advised numerous public companies and boards of directors in connection with governance matters, fiduciary duties, public takeover bids and mergers and acquisitions. Mr. Turner is a former General Counsel of the Ontario Securities Commission (1987/88). He is recognized internationally as a leading practitioner in capital markets, mergers and acquisitions and securities law. He has been a speaker and panellist at numerous seminars, conferences and law school classes.

**Appointed:** February 2007

**Term Expires:** March 2012

**Committees:**

- Adjudicative Committee

**Professional / Industry Experience:**

- Legal

**Education:**

- BA, University of Western Ontario
- LLB, University of Western Ontario

## PAUL K. BATES

**Paul Bates** has been a leader and educator in the Canadian business community for more than two decades. He has been president of four major brokerage and investment firms, and has served on the boards of the Toronto Stock Exchange and the Investment Dealers Association. Professor Bates is currently Dean and Industry Professor in Financial Management Services at the DeGroot School of Business at McMaster University. As a former Adjunct Professor at the University of Toronto's Rotman School of Management, he was awarded the Outstanding Teacher Award in 2003 and again in 2004.

**Appointed:** June 2003  
**Re-appointed:** June 2006  
**Term Expired:** June 2009

**Committees (2008-2009):**

- Governance and Nominating Committee
- Human Resources and Compensation Committee

**Concurrent Directorships (2008-2009):**

- Board of Governors, McMaster University

**Professional / Industry Experience:**

- Investment Management
- Retail and Institutional Investment

**Education:**

- Graduate, Cornwall Technical College (UK)

## MARY G. CONDON BA, MA, LL.M., S.J.D.

**Professor Mary Condon** teaches securities law at Osgoode Hall Law School, and also directs and teaches in its part-time LL.M. program specializing in securities law. In winter 2009, she was the visiting Owen Chair at the Faculty of Law, University of British Columbia and Co-Director of the National Centre for Business Law. She is co-author of *Business Organizations: Principles, Policies and Practice* (2007) and *Securities Law in Canada: Cases and Commentary* (2005). Her book entitled *Making Disclosure: Ideas and Interests in Ontario Securities Regulation* was published by University of Toronto Press in 1998. She is also the author of articles, book chapters and commentaries on topics related to securities regulation and pension policy and has presented conference papers and given invited lectures nationally and internationally. She has prepared research and policy papers for the Ontario Expert Commission on Pensions, the Task Force to Modernize Securities Regulation (with Poonam Puri), the Department of Finance (Wise Persons' Committee) and the Law Commission of Canada (with Lisa Philipps). She is a member of the Bar of Ontario.

**Appointed:** April 2008  
**Term Expires:** April 2010

**Committees:**

- Adjudicative Committee
- Governance and Nominating Committee

**Current Directorships:**

- Board of Trustees, York University Pension Fund

**Professional / Industry Experience:**

- Legal

**Education:**

- BA, Trinity College, Dublin
- MA, University of Toronto
- LL.M. and S.J.D., University of Toronto

**MARGOT C. HOWARD** CFA, MBA  
*Chair, Audit and Finance Committee*

**Margot Howard** is a Chartered Financial Analyst with over twenty years of investment management experience and extensive knowledge of the Canadian capital markets. She began her career with McLeod Young Weir in 1985. Most recently, she was a portfolio manager with AMI Partners. Prior to that, Ms. Howard held senior positions with C.A. Delaney Capital Management Ltd. and Scotia McLeod Inc. Ms. Howard is an active member of Women in Capital Markets and is on the board of the Peter Gzowski Foundation for Literacy.

**Appointed:** December 2006  
**Re-appointed:** December 2008  
**Term Expires:** December 2011

**Committees:**

- Audit and Finance Committee (Chair)
- Human Resources and Compensation Committee

**Professional / Industry Experience:**

- Finance
- Portfolio Management
- Retail and Institutional Investment

**Education:**

- BA, York University
- MBA, University of Western Ontario
- CFA, CFA Institute

**KEVIN J. KELLY**  
*Chair, Human Resources and Compensation Committee*

**Kevin Kelly** has over thirty years of senior experience in the North American capital markets and financial services industry. He has served as President and Co-CEO of Wellington West Capital Inc., President of Fidelity Brokerage Company based in Boston, President of Fidelity Investments Institutional Services Co., President and CEO of Fidelity Investments Canada Ltd., and President and CEO of Bimcor Inc. Prior to holding these positions, Mr. Kelly served in senior management positions at Investment Corporation, Midland Walwyn Capital, Inc., and Merrill Lynch Canada, Inc.

**Appointed:** December 2006  
**Re-appointed:** December 2008  
**Term Expires:** December 2011

**Committees:**

- Audit and Finance Committee
- Human Resources and Compensation Committee (Chair)

**Current Directorships:**

- Chair, Canada-US Fulbright Foundation

**Professional / Industry Experience:**

- Investment Management
- Retail and Institutional Investment
- Investment Banking
- Finance

**Education:**

- B.Comm., Dalhousie University

**PAULETTE L. KENNEDY** CA

**Paulette Kennedy** is a chartered accountant with over 30 years financial and management experience. A chartered accountant since 1979, Paulette has held senior management positions at Ford Motor Company of Canada, Sun Life Financial, Sobeys Inc. and AEGON Canada. Areas of responsibility have included taxation and trade, accounting and financial reporting, financial management, internal auditing and corporate governance. Paulette has experience in IFRS reporting and the implementation of internal control attestations. Paulette has been a member of the board of directors of financial services and mutual fund management companies. She is currently a member of the business board of the University of Toronto and vice chair of their audit committee.

**Appointed:** April 2008  
**Term Expires:** April 2010

**Committees:**

- Audit and Finance Committee
- Human Resources and Compensation Committee

**Professional / Industry Experience:**

- Audit
- Accounting
- Financial Management

**Education:**

- BComm, McMaster University
- Chartered Accountant

## **DAVID L. KNIGHT**

*Lead Director*

**David Knight** was a partner in the accounting firm KPMG LLP (Canada) or its predecessor firm, Peat Marwick, for 30 years. For most of that time, he was a Vice-Chairman. Mr. Knight became a Chartered Accountant in 1962. He was elected as a Fellow of the Institute of Chartered Accountants of Ontario in 1985 in recognition of his professional accomplishments and service to the accounting profession and society. During his 46-year career in public accounting, Mr. Knight chaired committees and task forces which dealt with a wide range of matters including professional standards-setting, partnership governance, risk management, computer technology in auditing, and quality review of professional work. Mr. Knight has a long history of volunteer board-level involvement with health care organizations, including the Multiple Sclerosis Society of Canada, where he served as National Chair for two years. In 2002, he was awarded the Queen's Golden Jubilee Medal in recognition of his community service.

**Appointed:** August 2004  
**Re-appointed:** June 2007  
**Term Expires:** June 2010

**Committees:**

- Adjudicative Committee
- Governance and Nominating Committee

**Professional / Industry Experience:**

- Accounting
- Auditing

**Education:**

- CA

## **PATRICK J. LeSAGE Q.C.**

*Chair, Adjudicative Committee*

**Patrick LeSage** is a former Chief Justice of the Superior Court of Justice for Ontario. During his 29-year career on the bench, he presided over some of Canada's most publicized and complex cases. He began his career as a Crown Attorney in the Ontario Ministry of the Attorney General, where he rose to the position of Director of Crown Attorneys for Ontario. Appointed to the County and District Court in 1975, he became Associate Chief Judge of that Court in 1983. In 1994 he became Associate Chief Justice and in 1996 was appointed Chief Justice of what is now the Superior Court of Justice for Ontario. He held that position until September 2002, when he became a Senior Resident at Massey College, University of Toronto. Mr. LeSage is currently a member of the Advocacy Law Group at Gowling Lafleur Henderson in Toronto.

**Appointed:** December 2005  
**Term Expires:** February 2011

**Committees:**

- Adjudicative Committee (Chair)
- Human Resources and Compensation Committee

**Current Directorships:**

- Board of Governors, York University

**Professional / Industry Experience:**

- Legal
- Adjudication
- Administrative Law

**Education:**

- B.Comm., University of Ottawa
- LLB, Osgoode Hall Law School

## **CAROL S. PERRY**

*Chair, Governance and Nominating Committee*

**Carol Perry** is a former investment banker with more than 35 years of business experience. During her twenty year career in the investment industry she held senior investment banking positions with major Canadian firms, including CIBC World Markets and RBC Capital Markets, and started her own boutique financial advisory firm in 2000. Her public service and regulatory experience includes having served as a director and Audit Committee Chair of the Independent Electricity Market Operator. Ms. Perry is a former Chair of St. Joseph's Health Centre Board of Directors and is an active member of the Institute of Corporate Directors, currently serving on its Marketing and Membership Committee.

**Appointed:** February 2005  
**Re-appointed:** February 2008  
**Term Expires:** February 2011

**Committees:**

- Audit and Finance Committee
- Governance and Nominating Committee (Chair)

**Current Directorships:**

- Atomic Energy of Canada Limited

**Professional / Industry Experience:**

- Finance
- Investment Banking

**Education:**

- B. Engineering Science (Electrical), University of Western Ontario
- MBA, University of Toronto
- ICD.D, Directors Education Program, Rotman/ICD Corporate Governance College

## **SURESH G. THAKRAR** MBA, FICB, ICD.D

**Suresh Thakrar** is an advisor in the areas of business/corporate financing, strategic planning, and corporate governance. He has over 30 years of extensive experience in the financial services industry. A former executive of the RBC Financial Group, Mr. Thakrar held senior positions in various areas of the bank, including corporate finance, multinational banking, commercial banking, personal financial services, merger office, process re-engineering, systems and technology, strategic planning, and business management. In his public service and community leadership roles, he has served on numerous boards and advisory committees, including the GTAA (Greater Toronto Airport Authority) Consultative Committee, the Indo-Canada Chamber of Commerce, Canada India Business Council, Renaissance ROM Campaign Cabinet, the ROM Royal Patrons Circle, and the Gujarat (India) Earthquake Relief Fund. Mr Thakrar was Chair of the Governance and Nominating Committee of the Commission. He was awarded the Queen's Golden Jubilee Medal in recognition of his contribution to Canada and fellow Canadians.

**Appointed:** June 2003  
**Re-appointed:** June 2006  
**Term Expired:** June 2009

**Committees (2008-2009):**

- Audit and Finance Committee (Chair)
- Adjudicative Committee

**Professional / Industry Experience:**

- Finance
- Investment Banking
- Financial Services

**Education:**

- B.Sc., Makerere University (Uganda)
- MBA, McGill University
- FICB, Institute of Canadian Bankers
- ICD.D, Directors Education Program, ICD Corporate Governance College

## **WENDELL S. WIGLE Q.C.**

**Wendell Wigle** is senior litigation counsel and, since 1968, a senior partner at Hughes, Amys LLP. A member of the Ontario Bar since 1957, he has appeared before all levels of trial and appellate courts, including the Supreme Court of Canada. He was appointed Queen's Counsel in 1972 and was certified as a Specialist (Civil Litigation) by the Law Society of Upper Canada in 1988. Mr. Wigle has served as President of the Advocates' Society and the Medico-Legal Society of Toronto. He is also a member of the Canadian Bar Association, the American Bar Association, the Defense Research Institute, and the American College of Trial Lawyers. From 1982 to 1989, he was a Fellow of the International Academy of Trial Lawyers. Mr. Wigle has served as chair, lecturer and panellist at various continuing legal education programs for the Law Society of Upper Canada and other groups.

**Appointed:** May 2003  
**Re-appointed:** May 2006  
**Term Expired:** May 2009

**Committees (2008-2009):**

- Adjudicative Committee
- Governance and Nominating Committee

**Professional / Industry Experience:**

- Legal
- Litigation / Adjudication
- Administrative Law

**Education:**

- BA, University of Western Ontario
- LLB, Osgoode Hall Law School