

# Ethics and Conduct Policy

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(EFFECTIVE June 15, 2006)

## **PURPOSE**

### **1.1 Purpose**

Our actions and decisions must be without reproach given our regulatory role in BC securities markets. We must always be honest and impartial and show integrity by:

- complying with the law
- maintaining high ethical standards
- avoiding actual and apparent conflicts of interest
- avoiding behaviour that could harm the good reputation of the BCSC

### **1.2 Application**

This ethics and conduct policy applies to all BCSC commissioners and employees. You must *always* comply with this policy - it is a condition of your employment.

We may take disciplinary steps, including terminating the service of employees who do not comply with this policy.

### **1.3 Exemptions**

Your director<sup>1</sup> may exempt you (in writing, copy to HR) from a policy requirement if you show that the requirement causes you unreasonable hardship. The Chair and HR committee review all exemptions from this policy quarterly.

### **1.4 Initial and annual certification**

You must undertake to comply with this policy when we hire you, and you must certify your compliance with this policy every year when asked by your supervisor<sup>2</sup> (see Appendix A).

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<sup>1</sup> “director” means  
(1) your director;  
(2) the ED, if you report to the ED;  
(3) the Chair, if you work in the Office of the Chair or are a commissioner, and;  
(4) the HR committee, if you are the Chair.

<sup>2</sup> “supervisor” means the person who completes your performance tracker.

## **GENERAL CONDUCT**

### **2.1 Service to the public**

You must serve the public professionally and courteously.

### **2.2 Workplace behaviour**

Your conduct, including your language, must be appropriate for a business setting. You must treat your colleagues with respect and dignity. You must not exploit a work relationship for private advantage or benefit.

You must not participate in making a decision if a reasonable person would question your objectivity. For example, you must not participate in personnel decisions involving relatives or people living with you.

### **2.3 Duty of confidentiality**

You must not give non-public information to an unauthorized person. Section 11(1) of the *Securities Act* requires that you keep confidential all non-public information you obtain while in our service, with few exceptions. Your duty to keep this information confidential continues after you leave our service.

You must not sign an affidavit for a third party about work-related matters unless directed by a lawyer acting for us.

### **2.4 Representing the BCSC**

You must not:

- teach, lecture or write about the BCSC unless authorized by your director<sup>3</sup>
- speak to the media about the BCSC, unless authorized by the Director of Communications and Education<sup>4</sup>

### **2.5 Dispute resolution**

You should use constructive feedback and active listening to resolve workplace conflicts with other employees. If you need help to fix a problem, you should discuss it first with your supervisor. Your supervisor should deal with the matter promptly. When informal methods fail or if you consider the problem serious, you can follow the dispute resolution process in Appendix B.

### **2.6 Discrimination and harassment**

You have the right to work without discrimination or harassment because of your race, colour, ancestry, place of origin, religion, family status, marital status, physical disability, mental disability, sex, age, sexual orientation, political belief, or conviction for a criminal or summary offence unrelated to your employment.

You must not harass or discriminate against other employees or the public in the course of your employment. We will act to stop discrimination and harassment.

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<sup>3</sup> The Chair and the ED are exempt.

<sup>4</sup> The Chair, ED, and Directors are exempt.

Discrimination and harassment may be verbal, non-verbal, physical, deliberate or unintended, unsolicited or unwelcome, as determined by a reasonable person<sup>5</sup>. It may be one incident or a series of incidents depending on the context.

Sexual harassment is any unwelcome comment or conduct of a sexual nature that may:

- detrimentally affect the work environment, or
- lead to adverse work-related consequences for the victim.<sup>6</sup>

Sexual harassment does not include normal social contact between employees. This policy does not intend to inhibit interactions or relationships based on mutual consent.

You can use the procedure in Appendix C to complain about work-related discrimination or harassment.

## **2.6 Workplace safety**

We want a safe, violence-free workplace, so we:

- respect your health, safety and dignity
- comply with WorkSafeBC regulations
- train some employees how to diffuse potentially violent situations, and what procedures to follow if violence occurs
- offer support to those affected by work-related violence

You must immediately report all unsafe situations, assaults, or threats to HR.

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<sup>5</sup> More information is available in the *Human Rights Code*.

<sup>6</sup> Sexual harassments include:

- a person in authority asking an employee for sexual favours in return for preferential treatment;
- sexual advances with actual or implied work-related consequences;
- unwelcome sexual invitations;
- unwelcome remarks, questions, jokes or innuendo of a sexual nature;
- verbal abuse, intimidation or threats of a sexual nature;
- leering, staring or making sexual gestures;
- display of pornographic or other sexual materials;
- offensive graffiti, cartoons or sayings; and
- unwanted physical contact.

## **CONFLICT OF INTEREST RULES**

### **3.1 Duty to avoid conflicts**

You must avoid actual or apparent conflicts of interest, and must identify and disclose any actual or potential conflicts to your director. When deciding if the circumstances could be an actual or apparent conflict, consider whether a reasonable person who knew the facts would conclude that you could act impartially.

Ask your director for guidance if you are unsure.

Know, for purposes of this section, means information you actually know or ought reasonably to know because of your particular work assignment, or routine access to that information through work-related systems.

### **3.2 Types of conflicts to avoid**

You must not:

- (1) use your position or non-public information to benefit yourself, family, friends, or associates
- (2) accept preferential treatment from a registrant
- (3) act in a matter if a reasonable person would question your objectivity
- (4) hold office in or be a director of any registrant or any reporting issuer without the prior written consent of your director
- (5) accept outside work or business which could conflict with your BCSC work
- (6) use your position to raise money or memberships for political parties or candidates or any other cause
- (7) accept a gift, favour, or service from anyone, other than:
  - the normal exchange of gifts between friends or family,
  - the normal exchange of hospitality between persons doing business together,
  - tokens exchanged as part of protocol, or
  - the normal presentation of gifts to persons participating in public functions, speeches, lectures, or seminars.

### **3.3 Securities transactions**

This section applies to all securities in which you have, or would have after a proposed securities transaction, beneficial ownership, or control or direction over, except securities in a blind trust<sup>7</sup>.

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<sup>7</sup> "Blind trust" means a blind trust, or similar non-trust arrangement, under which: (1) another person has sole discretion to make all purchases and sales of securities; (2) you are not told about these securities transactions; (3) your supervisor has a copy of the terms of the trust or arrangement and has given written consent.

- (1) **Material non-public information** — You must not enter into, or encourage someone to enter into, a transaction in relation to a security when you know non-public information that could reasonably affect the price of the security.
- (2) **Prospectuses and applications** — If you know of an unreceipted prospectus or open exemption application, you must not enter into, or encourage someone to enter into, a transaction in relation to the subject security or issuer until three days after the prospectus receipt is issued or a decision on the application is made. This restriction does not apply to purchases and sales of:
- mutual fund securities,
  - securities of other investment funds not redeemable on demand or not redeemable at all, including labour sponsored funds and exchange-traded funds,
  - exchange-traded index participation units,
  - securities under an automatic share purchase plan,
  - securities under a reinvestment plan for dividends, interest and distributions of capital, or
  - securities by an agent or trustee with a legal obligation to sell under a prior agreement
- (3) **Investigations** — If you know we are investigating an issuer, or any of its insiders, associates or affiliates, you must not enter into, or encourage someone to enter into, a transaction in relation to securities of the issuer.
- (4) **Registrants** — You may only buy or sell securities of a registrant through a stock exchange or, in the case of debt securities, in an over-the-counter market.

### **3.4 Commission proceeding conflicts to avoid**

As a commissioner, you must not participate in a proceeding if:

- you have an association (past or current business or personal relationship) or personal interest that could reasonably be perceived as preventing you from making an impartial decision, or
- you think you would be unable to render an impartial decision

### **3.5 Proceeding conflicts of interest**

When asked to participate in a proceeding, a commissioner must tell the Chair about any continuing or prior interest, association, or relationship that could give rise to a conflict of interest. The Chair will decide if you can participate in the proceeding. The Chair's decision is final.

You must not ask any party to a proceeding to waive any conflict of interest or to consent to your participation in a proceeding if your participation would be contrary to this policy. However, if all parties to a proceeding voluntarily agree in writing or on the record, you may participate in the proceeding.

## **REPORTING**

Ask your director for guidance if you are unsure of your reporting obligations.

### **4.1 Required reports**

You must report:

#### *Conflicts of interest*

You must immediately report in writing to your director any actual or potential conflict of interest. For example, you must report when you hold securities of, or have a personal or other interest in, an issuer involved in a matter assigned to you.

#### *Third party information requests*

You must immediately tell your director if a third party asks you to provide information or summons you to testify about anything work-related. Your director will decide if we should comply or hire a lawyer.

#### *An unsafe workplace*

You must immediately report any unsafe situation, assault, or threat to HR.

#### *Misconduct*

You must immediately report serious misconduct you discover. Follow the process in Appendix D.

### **4.2 Voluntary reports and complaints**

You can report:

#### *Disputes*

When informal methods fail to resolve a work-related dispute, or if you consider the problem serious, you can follow the dispute resolution process in Appendix B.

#### *Discrimination and harassment*

If you experience discrimination or harassment and want to complain, you can follow the process in Appendix C.

### **4.3 Act in good faith**

You must act in good faith when you report a breach or complain under this policy. That is, you must be satisfied that a reasonable person would conclude that the information you intend to report suggests a serious breach or bona fide complaint. We may discipline you for making false or malicious reports or complaints.

### **4.4 No retaliation**

We encourage you to raise breaches of, and complaints under, this policy within rather than outside the Commission. So, we will protect you from reprisals if you report or complain in good faith. We will discipline, and may dismiss, anyone who retaliates against a reporter or complainant.

#### **4.5 Confidentiality**

We will keep your report or complaint confidential, except we will share enough information to allow us to investigate the matter, and will disclose any information required by law. We ask that you, and will ask that others involved by our investigation, also keep information confidential. We may discipline anyone who does not keep a report or complaint confidential.

#### **4.6 Timeliness**

You must make your report or complaint promptly. Do not let problems fester. It is very hard to resolve old matters. Evidence and memories deteriorate quickly. We will not usually pursue a report or complaint based on events more than 6 months old.

## Appendix A - Ethics and Conduct Policy Undertaking<sup>8</sup>

To:

(Insert Director),  
BC Securities Commission

I have read and understand the BCSC Ethics and Conduct Policy and will observe it. I will not depart from the policy without a written exemption from you.

If my spouse is a registrant or employed by a registrant under *the Securities Act*, I have listed their names below.

Name of Spouse: .....

Name of Registrant/Employer: .....

Dated: .....

Signed: .....

..... (Print Name)

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<sup>8</sup> This undertaking appears as last page of the performance tracker form.

## Appendix B - Dispute Resolution Procedure

### Purpose

This procedure describes how to address work-related disputes. It intends to promote:

- fair and efficient resolution
- communication, particularly constructive feedback
- teamwork and cooperation

We encourage you to talk openly with your supervisor about any work-related problems, and to involve HR when and as you see fit. You will solve most problems or complaints this way. However, when informal methods fail or if you consider the problem serious, follow this process.<sup>9</sup>

### Procedure

*Talk to your supervisor:*

Discuss the problem with your supervisor.<sup>10</sup> Ask them to follow this dispute resolution process. Your supervisor will try to solve the problem and to respond within five business days. Your supervisor will commit to a decision date if he or she needs more time.

*Appeal to your director:*

If the problem is not resolved to your satisfaction, your supervisor will invite you to speak to your director.<sup>11</sup> Your director will try to solve the problem by applying Commission policies to the facts, and will respond to you within five business days. Your director will commit to a decision date if he or she needs more time.

*Appeal to the HR Manager:*

If you are not satisfied with your director's decision, bring the problem to the HR Manager. In some cases, the HR Manager may help you present the problem to your director again. Otherwise, the HR Manager will record your problem, review it with your director, interpret Commission policy and practice, and research the legal aspects of your problem. Your director and the HR Manager will decide together, and respond within five business days.

*Appeal to the ED:*

If you are not satisfied with the joint decision, you may ask that the ED review the problem. The ED will consider the facts, consult with the Chair or his delegate, and provide a final decision within ten business days.

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<sup>9</sup> Contact HR if you have questions about this policy or need support or guidance at any time during the dispute resolution process.

<sup>10</sup> If the complaint is against your supervisor, you may go to the next level of management or to the HR Manager.

<sup>11</sup> If your supervisor reports to a manager, your next step is to discuss the problem with that manager. If the problem is not resolved to your satisfaction, that manager will invite you to speak to your director.

## **Appendix C - Discrimination and Harassment Complaint Procedure**

### **Purpose**

This procedure is an alternative to filing a complaint under section 13 of the *Human Rights Code*. If you experience work-related discrimination or harassment and would like to complain, this procedure gives you an opportunity to raise your concerns internally. We will investigate complaints quickly, but thoroughly. When we complete our review, we will share our conclusions and recommendations with you.

This procedure does not prevent you from filing a complaint under the *Human Rights Code*. However, if you make a complaint of discrimination or harassment to the British Columbia Human Rights Commission, this procedure will not apply. The BCSC will cooperate with a Human Rights Commission investigation.

### **Procedure**

*Talk to your supervisor or HR:*

To complain, talk to your supervisor or HR and ask for help resolving the matter. If the matter is resolved to your satisfaction, we will consider the complaint closed.

If the matter is not resolved to your satisfaction, you may approach the next level of management. That manager will act to resolve your complaint as quickly as possible and discuss the proposed resolution with you and the person about whom you are complaining.

You and the other person may both ask a colleague to observe the meetings.

*Appeal to the Executive Director:*

If you are not satisfied with the manager's proposed resolution, you may refer the matter in writing to the HR Manager within 30 days of receiving the manager's response.

Your written complaint must detail your allegations, including:

- date(s) of incident(s)
- name of the person you are complaining about
- the action, conduct, events or circumstances involved
- names of witnesses (if any)
- prior attempts to resolve (if any)
- the remedy you seek

The HR Manager will promptly review the complaint with the other person and report to the Executive Director. The ED will consider the report and decide whether a formal interview of the parties involved is necessary. If so, the ED will interview the parties promptly. The ED will consult with the Chair or his delegate, and decide how to resolve the issue. The ED's decision is final.

## Appendix D – Misconduct Reporting Procedure

### Purpose

Our Ethics and Conduct Policy requires commissioners and employees to act honestly and impartially, and with integrity. This procedure describes how you report serious misconduct at the BCSC. Serious misconduct means any work-related situation or behaviour you reasonably believe:

- is illegal or unethical
- misuses BCSC assets
- discloses confidential information
- endangers health, safety or the environment, or
- is a serious breach of our Ethics and Conduct Policy

### Procedure

*Talk to your director:*

Disclose evidence of serious misconduct, anonymously or with your name, to your director.<sup>12</sup> Your director will consult with HR. HR records all complaints and will acknowledge receipt to known complainants within five business days.

HR will promptly investigate the complaint and take appropriate corrective action if warranted by the investigation. Unless made anonymously, HR will keep you informed of the investigation and share the decision with you.

*Appeal to the Executive Director:*

If you are not satisfied with HR's decision, you may ask that the ED review the problem. The ED will consider the facts, consult with the Chair or his delegate, and provide a final decision within ten business days.

*Involvement of Commissioners:*

If the matter concerns executive or senior management<sup>13</sup>, you report evidence of it, anonymously or with your name, to the Chairs<sup>14</sup> of the:

- Audit Committee for questionable BCSC financial, accounting, or audit matters
- HR Committee for any other matter

The committee will write any identified complainants to explain how the matter will be resolved.

### Review

We report complaints of serious misconduct to the appropriate committee immediately. The committees review other complaints under this policy quarterly.

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<sup>12</sup> "director" means

- (1) your director;
- (2) the ED, if you report to the ED;
- (3) the Chair, if you work in the Office of the Chair or are a Commissioner, and;
- (4) the HR committee, if you are the Chair.

<sup>13</sup> "executive or senior management" includes the Chair, a Vice-chair, a commissioner, the Executive Director and directors.

<sup>14</sup> Refer to <http://staffweb/OfficeChair/Commission/commission.asp> for their names and contact information.