



**Manitoba Financial
Services Agency**

Annual Report 2022

For the Fiscal Year Apr. 1, 2021 to March 31, 2022

**Securities
Commission**

**Real
Estate**

**Financial
Institutions**

A Special Operating Agency of the Province of Manitoba



**MINISTER OF
FINANCE**

**Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8**

Her Honour the Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May it Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report of the Manitoba Financial Services Agency for the fiscal year ended March 31, 2022.

Respectfully submitted,

Original signed by Cameron Friesen

Honourable Cameron Friesen
Minister



**Manitoba
Financial Services
Agency**

Securities Commission
Financial Institutions
Real Estate

The Honourable Cameron Friesen
Minister of Finance
Room 103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

I submit for your approval the Annual Report of the Manitoba Financial Services Agency for the fiscal year ended March 31, 2022.

Respectfully submitted,

Original signed by David Cheop

David Cheop
Chief Administrative Officer
Manitoba Financial Services Agency



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The Manitoba Financial Services Agency (MFSA) is a Special Operating Agency (SOA) of the Province of Manitoba that administers and enforces legislation for the province's securities and insurance sectors, real estate and mortgage brokers, credit unions, *caisses populaires*, and trust and loan companies.

The Agency is comprised of The Manitoba Securities Commission (MSC) and Financial Institutions Regulation Branch (FIRB).

This report is available in alternate formats upon request to securities@gov.mb.ca. A PDF version is available at mbsecurities.ca.

Legend



Numbers at a Glance



2,763
Registrations
Under the Real Estate Services Act

SEE PAGE 47.



12 Statement of Allegations Filed

SEE PAGE 15.



19 Investor Alerts & Cautions

SEE PAGE 17.

COMBINED ASSETS OF

\$40
BILLION



Held in Manitoba Credit Unions and *Caisses populaires*

SEE PAGE 48.

827



Prospectuses Filed

SEE PAGE 46.

24
THOUSAND



Registrations under *The Securities Act*

SEE PAGE 46.

1,100+



Podcast Downloads

SEE PAGE 13.

CAO's Message

Fiscal 2021/22 was a year of significant accomplishments for the Manitoba Financial Services Agency despite the ongoing challenges presented by Covid-19. Working within these constraints, Commission members and staff carried on operations without interruption, providing our services to the public and the industries we regulate. The past year saw two key initiatives move forward at the provincial level, namely:

- the proclamation of *The Real Estate Services Act* and supporting regulation into force at the beginning of 2022. This legislation completely modernizes the regulatory framework for the real estate brokerage and property management sectors, replacing legislation originally adopted decades earlier. In conjunction with this, in January completely redrafted forms of Offers to Purchase for residential properties, were published for comment. These forms, which are prescribed for use under the legislation, were developed by a Committee comprised of representatives from the Commission, the brokerage industry and the real estate bar and the extensive comments received are being considered;
- the passage by the Legislature of *The Credit Union and Caisses Populaires Amendment Act*, which updates the oversight model for credit unions, *caisses populaires*, Credit Union Central of Manitoba and Deposit Guarantee Corporation of Manitoba. These amendments, which were proclaimed into force on July 1, 2022 together with the associated



David Cheop

Chief Administrative Officer

Regulation, Prudential Standards and Standards of Sound Business Practices, create a comprehensive and modern regulatory regime for this important part of Manitoba's financial services sector.

On the national level, we have worked collaboratively with our fellow securities regulators as part of the Canadian Securities Administrators (CSA) to advance a number of important projects, including:

- the consolidation of the two industry self regulatory organizations, The Investment Industry Regulatory Organization of Canada and The Mutual Fund Dealers Association of Canada into a single body. This initiative is on track for completion at the end of 2022 and will result in a new organization that is responsive to both the public and industry through a new governance model and updated rules that balance the various important interests involved
- the implementation of the Client Focus Reforms, which require registrants to resolve the conflicts of interest that arise in their dealings with clients in a fair and reasonable manner
- the discontinuation of the deferred sales charge option on the sale of investment funds and the prohibition on the payment of trailing commissions to dealers who do not provide advice to clients
- continued work on the implementation of SEDAR+, the national filing and information system for the securities industry, which will replace a number of separate platforms currently used by registrants, issuers and the public
- publishing for comment proposed climate-related disclosure requirements for public issuers to address the need for more consistent and comparable information to help inform investment decisions

- responding to new and emerging issues in the financial services markets, including those relating to the rise of cryptocurrency and trading platforms

Investor education remains an important part of our mandate, particularly through the MoneySmart Manitoba initiative. Over the past year we continued to expand our use of social media in addition to traditional vehicles to better reach the public. For the first time, we produced a seven-episode podcast focused on providing people with information from experts on fraud awareness and prevention.

Throughout the pandemic Staff of the Agency has continued to work diligently in challenging times to provide our services to both industry and the public and to play our part in promoting the health of the province's financial services sector.

Original signed by David Cheop

David Cheop

Chief Administrative Officer,
Manitoba Financial Services Agency
Chair and CEO of the MSC

Commissioners

The Manitoba Securities Commission, a division of MFSA, was structured in its present form in 1968 as set out in The Securities Act.

The Commission is divided into two branches; the administrative or functional arm which is made up of full-time employees who conduct the day-to-day operations; and the policy-making group made up of a maximum of seven Order in Council appointees who meet regularly (Commission Members).

Commission Members deal with policy formulation, applications seeking exemptive or other special relief, and perform a judicial function in the hearing of disciplinary proceedings brought pursuant to the several Acts or for the determination of applications.

Commission Members are selected based on nomination or application to the Office of the Minister of Finance, vetted and approved by the Agencies, Boards and Commissions Committee of Cabinet and the Legislation and Strategic Policy Branch. An Order in Council is prepared, and once approved by the Cabinet, is signed by the Lieutenant Governor.

Members may serve up to ten years.



Mr. David Cheop, Q.C.
Chair



Ms. Deborah J. Metcalfe,
Vice-Chair



Mr. Charles Burns



Mr. David Huberdeau-Reid



Ms. Andrea Martens



Mr. J.T.(Jack) McJannet, Q.C.



Ms. Linda Vincent

Hearings and Commission Meetings

During the fiscal year 2021/22, the Manitoba Securities Commission held a total of 19 Commission meetings, 23 hearings, and 10 special meetings. Hearing attendance by individual Commissioners is determined on a case by case basis by the Chair, factoring in a variety of considerations.

	DJM	CDB	AEM ¹	JTM	DHR	LAV
COMMISSION MEETINGS	18/19	17/19	10/19	19/19	19/19	17/19
HEARINGS	1	8	5	13	22	19
SPECIAL MEETINGS ²	9	2	1	-	1	2

DJM - Deborah J. Metcalfe
CDB - Charles Burns
AEM - Andrea Martens

JTM - Jack McJannet
DHR - David Huberdeau-Reid
LAV - Linda Vincent

¹Andrea Martens left the Commission in 2021, with her last Commission Meeting on Sept. 15, 2021

²Special meetings are also determined on a case by case basis, and typically do not need to involve all Commissioners.

Management Team

			
David Cheop CAO, MFSA CEO & Chair, MSC	Chris Besko Director General Counsel	Scott Moore Superintendent FIRB	Keith Schinkel Registrar Real Estate Division
			
Wayne Bridgeman Deputy Director Corporate Finance ¹	Ainsley Cunningham Manager Education & Communications	Djemal Halilagic Deputy-Superintendent FIRB	Sue Henderson Deputy Director Registrations
			
Marlene Nemes Controller	Jason Roy Senior Investigator Investigations	Patrick Weeks Acting Deputy Director Corporate Finance ²	Paula White Deputy Director Compliance

¹ Wayne Bridgeman retired on Feb. 11, 2022

² Patrick Weeks assumed the role of Acting Deputy Director in March, 2022

Gender Diversity in Management and FTE Staff Positions

As a member of the Canadian Securities Administrators, MFSA works to maintain equitable representation of gender diversity within the organization's management structure comparable to national statistics.

	F		M	
2021/22				
Commission Members	3	50%	3	50%
Senior Management	0	0%	2	100%
Management	4	45%	5	55%

The MFSA employs a combined 48.6 Full-Time Equivalent (FTE) staff positions.

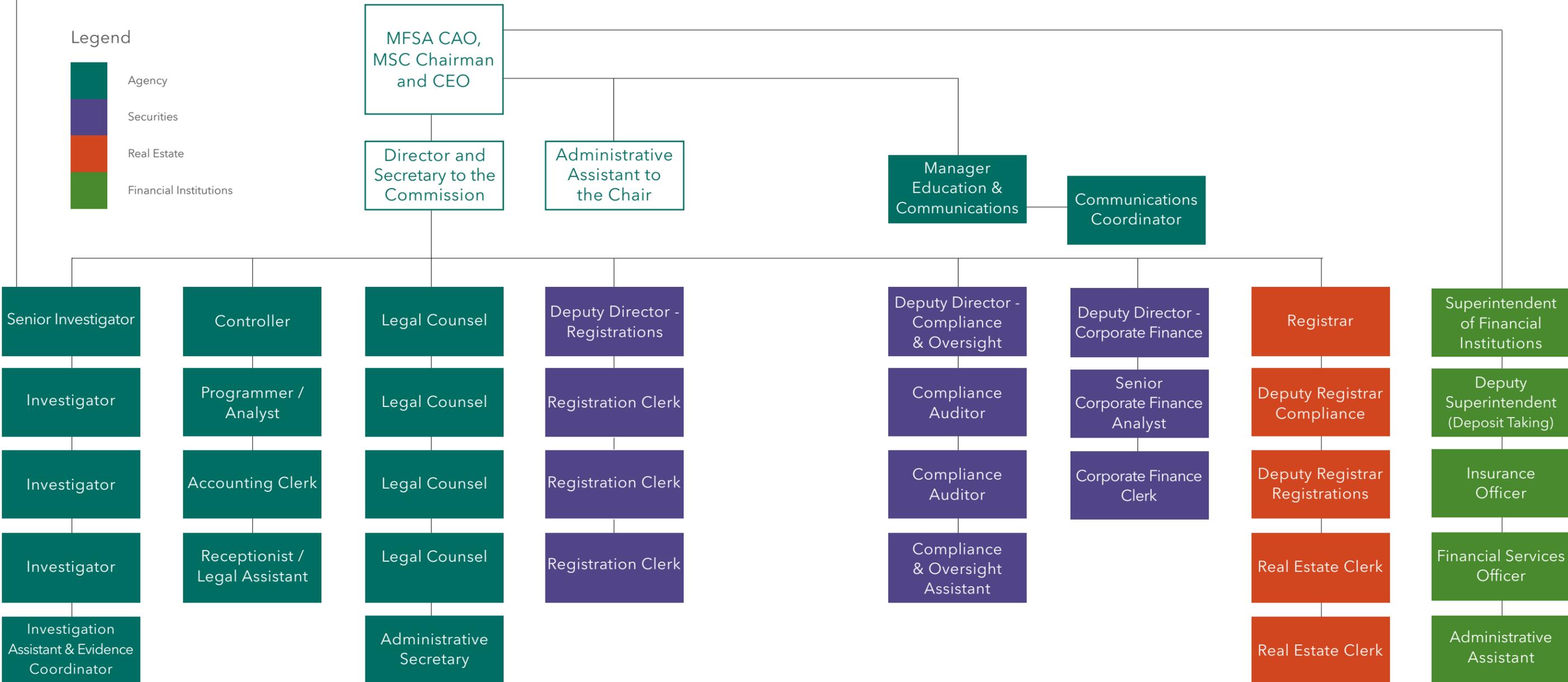
	FTE Staff Positions	Estimated Staff Expenditures (in thousands)	Actual Staff Expenditures (in thousands)	Variance* Over (Under) (in thousands)
2021/2022	48.6	\$4,245	\$3,973	(\$272)
2020/2021	48.6	\$4,290	\$3,753	(\$537)
2019/2020	48.6	\$4,334	\$3,783	(\$551)
2018/2019	48.6	\$4,241	\$3,446	(\$795)
2017/2018	48.6	\$4,196	\$3,659	(\$537)

*Variance (under) due to vacant positions and staff utilizing Voluntary Reduced Work-Week (VRW) days.

Organizational Chart

Legend

- Agency
- Securities
- Real Estate
- Financial Institutions



Education & Communications

As in the previous fiscal year, much of Education and Communications' time was spent working remotely. Despite the unique work arrangement, the area brought some great programming to Manitobans in fiscal year 2021/22.

Given the success of the first Facebook live event that MoneySmart Manitoba hosted in 2020/21, we followed up with two additional Facebook live events. The first in June 2021 for Seniors' month entitled *Senior Financial Abuse: Detection, Prevention and Resolution* and a second event, *Navigating a "Hot" Seller's Market* in Manitoba in January 2022 following the launch of the new *Real Estate Services Act* (RESA).

In October, we expanded our social media presence when we launched the MoneySmart Manitoba Instagram account. Between launch and the end of the fiscal year, the account had attracted 94 followers.

In November, MoneySmart soft launched the *Time to Call Out Fraud* campaign where, for the first time ever, we shared actual tapes of conversations between MFSA investigators and fraudsters, operating offshore, to show Manitobans what the investment pitches actually sound like. The audio clips highlighted many of the typical red flags of fraud such as guaranteed returns, manipulation, and high-pressure tactics.

The second phase of this project included the development and launch of the *Time to Call Out Fraud* seven-episode podcast, another first for the Agency. The podcast featured experts including psychologists, senior advocates, cryptocurrency experts and enforcement professionals. The podcast also connected with two victims who very courageously tell their story of victimization. The podcast was featured in March for Fraud Prevention month.

In fiscal 2021/22, Corporate Finance introduced new regulatory initiatives that improved access to capital markets and streamlined regulation that focussed on reducing regulatory burden without compromising investor protection.

Corporate Finance continued to be a key member of both the CSA Corporate Finance Steering Committee and the Investment Funds Steering Committee. The committees include members from other CSA jurisdictions and their mandates are to provide guidance and direction regarding policy initiatives and operational matters. We participated in several other standing CSA Committees including the Investment Funds Operational Committee, Prospectus Systems Committee, and the 51-102 Committee amongst others.

Several new regulatory initiatives advanced in Fiscal 2021/22. We published *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure*, which will improve the quality of information provided to investors respecting various financial measures that commonly lack standardized meaning.

We continued development of alternative prospectus models by simplifying At-The-Market offerings, introduced a Well Known Seasoned Issuer exemption for larger issuers, and have developed a Listed Issuer



Financing Exemption that will make it easier for issuers to issue listed securities.

For Investment Fund issuers, we have streamlined regulation by allowing the consolidation of the AIF with the simplified prospectus, codifying exemptive relief, eliminated duplication across the required Forms, and provided guidance on ESG-related Investment Fund Disclosure.

Looking ahead to the coming year, we will continue to participate in Corporate Finance and Investment Fund policy development, Investor Protection, Climate Disclosure, Diversity initiatives, and the implementation of SEDAR+.

E&C Statistics at a Glance

Social

Twitter Followers:	301
Facebook Followers:	322
Instagram Followers:	94
Posts Per Month:	190+

Podcast

Total Episodes:	Seven
Total Downloads:	1,100+

Subscription

Subscribers to the MoneySmart Newsletter:	800
Free Talking About Money Calendars provided:	5,500

Legal

The Legal department assists all areas of the MFSA meet their individual mandates, including support in developing policy, rules, and legislation. This included the ongoing refinement of policies to allow MFSA staff to effectively provide services and meet its regulatory oversight role in the latter part of the pandemic. The redefinition and modification of internal policies also allowed for the safe return to the workplace for staff who were working remotely in the previous year, and for the Commission to conduct enforcement proceedings via video-conference.

On the Securities side, Legal has worked with other CSA members in the review and implementation of new capital raising exemptions and the reduction of regulatory burden on issuers of securities without compromising investor protections. In registration matters, we supported the final implementation of the Client Focused Reforms to registration requirements that will promote greater investor protections.

In the areas of capital formation and technology driven changes to financial markets, Legal is actively

engaged with CSA colleagues as part of the CSA Regulatory Sandbox and the CSA Cryptotrading Platform Taskforce, which looks at new business models and technologies that are changing the financial markets and their impacts on regulation. We have been actively looking at cryptoassets and working with local participants involved in that area.

On the Real Estate side, we have assisted in developing legislation and regulations, and in particular assisted in the preparation and consultations for the regulations under RESA, which came into force in January 2022. We believe the modernization of this legislation will enhance the protection of consumers participating in the real estate and mortgage markets.

As part of its mandate to protect Manitobans in their dealings in the securities, real estate, and mortgage markets, Legal staff pursue enforcement proceedings, before the Commission itself and in the provincial courts.

Legal Statistics 2021-22

Exemptions Orders:	19	Statements of Allegations Issued:	12
Investigation Orders:	3	Enforcement Orders Filed:	4
Financial Reporting Orders:	3	Settlement Agreements Completed:	1
Cease Trade Orders:	4	Decision Documents Published:	3
Miscellaneous Orders:	5	Pending Provincial Court Hearings:	1
Compliance Orders:	1		

For more expansive Legal statistics, see page 48.

Compliance & Oversight

Oversight

Compliance staff continued to participate in the work related to the creation of a new, single self-regulatory organization and a new combined investor protection fund. Along with other CSA Staff, we have been meeting with the SROs, IPFs and other relevant industry stakeholders and are working towards the integration of the operations of the IIROC and MFDA on January 1, 2023.

Compliance

The Client Focused Reforms (CFRs), which make significant amendments to the registrant conduct obligations under *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*, came into effect during 2021. As of June 30, 2021, registrants were required to have implemented the CFRs relating to conflicts of interest, and by December 31, 2021 were required to have implemented the know your client, know your product, suitability and relationship disclosure information reforms. In early 2022, the MSC, along with other members of the CSA carried out a sweep review to assess compliance with the conflict of interest requirements of the CFRs. We intend to use the information gained from the review for regulatory,

compliance and policy development purposes.

A second sweep to examine the balance of the CFR requirements is planned.

We continue to work cooperatively with registrants to foster a culture of compliance at their firms. Our goal is to enhance investor protection by ensuring compliance with Manitoba securities law, and to help registrants understand initial and ongoing compliance requirements. We encourage registrants to reach out to our department to discuss any compliance-related matters or to report changes in their business or personnel.

Investigations & Enforcement

In late 2021, staff of the Investigations department obtained access to the Market Analysis Platform (MAP), a data repository and analytics tool. MAP provides staff with access to Canadian equity market data and the ability to generate various order and trade reports, which has assisted with staff's investigations of potential insider trading and market manipulation.

During the fiscal year 2021/22, the MFSA participated in the CSA Investment Fraud Task Force (IFTF), which identifies and addresses a wide range of emerging threats. Current fraud trends are largely related to offshore cryptocurrency and Forex fraud. The IFTF creates strategies for disrupting, deterring and preventing investment fraud and addressing other emerging threats. The IFTF continues monitoring the market activity related to digital asset marketplaces and products to identify new frauds and scams. New versions of offshore investment fraud included other components like 'Romance Scams' and social media account hacks.

The MFSA issued 19 Investor Alerts warning the public about investment-related scams. Tying back to the IFTF's research, most of the alerts were related to offshore Forex and cryptocurrency trading scams that continue to target Manitobans. Investor Alerts are an important tool for the public to review when researching investment offers, along with checking a firm's registration.

Real Estate-related complaints have continued to increase in 2021 and carrying through March 31, 2022—reflecting a continued increase in market activity/transactions. In 2021-22, the MFSA opened a total of 601 complaint files, of which 336 pertained to real estate, mortgage brokers, or property managers. The record number of real estate sales in the province corresponded directly with the record number of complaints. The continued increase of offshore investment fraud accounts for the vast majority of securities complaints.

Investigations Statistics 2021-22

SECURITIES

Complaints / Inquiries to Investigation and Enforcement: 265

Formal Investigation Files Opened: 20

REAL ESTATE

Complaints / Inquiries to Investigation and Enforcement: 336

Formal Investigation Files Opened: 22

For more expansive Investigations statistics, see pages 48 and 49.

Registrations

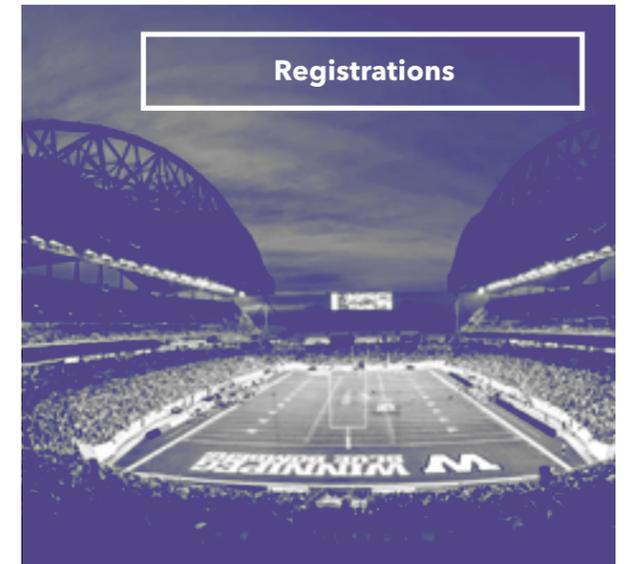
In fiscal 2021/22, Registrations continues to be involved in initiatives locally and through the Canadian Securities Administrators to improve the registration process.

The CSA will continue to process the review of registration applications for Crypto Asset Trading Platforms (CTP) in consultation with the CTP Taskforce to coordinate registration of the platforms, with exemptive relief being issued to allow for their operations.

Registrations continued work with the Client Focused Reforms (CFR) implementation committee, which has met regularly over the last year, discussing issues in operationalizing CFR. The implementation committee has published updated FAQs to assist stakeholders.

We discussed issues arising from various work-from-home arrangements that are being implemented by registrants and how they could be properly supervised and reflected on the National Registration Database.

Registrations processed the review of notice filings for Crowdfunding Platforms relying on registration exemptions in *National Instrument 45-110 Start-Up Crowdfunding Registration and Prospectus Exemptions* through the National Registration Database.



Registrations published final amendments to *National Instrument 33-109 Registration Information - Modernizing Registration Information Requirements, Clarifying Outside Activity Reporting and Updating Filing Deadlines* on Dec. 16, 2021, to be effective on June 6, 2022. The amendments establish a more efficient and oversight process for registrants and regulators by simplifying and streamlining certain regulatory requirements. The changes also provide registrants with greater clarity on the information required as part of the registration process, while improving the quality of information received by regulators. Looking ahead, registrants are required to update their responses on the national registration database by the deadline of June 6, 2023.

Real Estate

This year the new Real Estate Services Act (RESA) and accompanying Real Estate Services Registration came into force on January 1, 2022. RESA replaces the existing Real Estate Brokers Act and greatly modernizes the regulatory structure that governs the real estate industry in Manitoba.

For most Manitobans, buying or selling a house is the largest financial transaction they will undertake. Along with bringing the regulatory regime into the modern age, this new Act and Regulation introduce new measures to protect the public when dealing with registrants in such a significant transaction, including:

- requiring registrants to enter into service contracts before providing real estate services to a person;
- allowing the registrar to discipline registrants;

- increasing the monetary penalties the Commission may assess as well as providing authority to take action against persons carrying on unregistered activity.

RESA also incorporates a number of provisions that will provide new flexibility for real estate and property management registrants, while reducing regulatory burden and providing for increase efficiencies, including:

- permitting the use of electronic agreements and digital signatures on offers to purchase and other agreements;
- allowing brokerages to keep all records in electronic form;
- permitting brokerages to carry out digital transactions from their trust accounts.

Real Estate Statistics 2021-22

Registrations	Registrations Under the RESA:	2,763
	Registrations Under the Mortgage Brokers Act:	497

Education	Salesperson Pre-Licensing Education Enrollments:	861
	Broker Pre-Licensing Education Enrollments:	39
	Re-Licensing Education Completions:	2174

Financial Filings & Compliance Audits	Registered Broker Reports Reviewed:	406
	Final Close-Out Reports Reviewed:	11
	Brokers Suspended for Failure to File:	14

For more expansive Real Estate statistics, see page 49.

RE: Broker Trust Accounts



Every real estate and property management brokerage in Manitoba must maintain an interest-bearing trust account at a branch of a bank, credit union or trust company in Manitoba. The accrued interest is payable to MSC.

MSC uses this interest to fund grants for education programs related to the real estate industry, as well as not-for-profit initiatives to promote affordable home ownership and area revitalization.

In the reporting year, interest earned on Broker Trust Accounts amounted to \$377,000.

Funds were distributed to the following in 2022 (in thousands):

MREA - Course Development	\$61
Housing Opportunity Partnership	\$50
Habitat for Humanity	\$75
<hr/>	
Total	\$186

Management's Discussion & Analysis

for the year ended March 31, 2022

Financial Institutions Regulation Branch

Bill 22, *The Credit Unions and Caisses Populaires Amendment Act*, was passed in May 2021. Bill 22 strengthens the regulatory framework of Credit Union Central of Manitoba (CUCM), as well as changing the oversight and governance framework for Manitoba's credit union system. This specifically includes the Deposit Guarantee Corporation of Manitoba (DGCM) becoming the primary regulator of CUCM, in addition to their current role as primary regulator of Manitoba's credit unions and *caisses populaires*.

The Registrar of Credit Unions (FIRB) is given significantly expanded oversight powers over DGCM in order to ensure they fulfil their regulatory role.

Subject to the Registrar's approval, DGCM may make binding standards of sound business practice and prudential standards. Standards may address financial matters, such as capital and liquidity, as well as governance. DGCM may also issue directives and compliance orders to a credit union, *caisse populaire*, or CUCM. In addition, the Registrar may issue compliance orders to DGCM, and temporarily act in its place if necessary. Other significant amendments include the authority to enact regulations to enhance consumer protection, and the management of consumer complaints. Transition of the prudential oversight of CUCM to DGCM occurred in July 2022 when the Act came into force on proclamation.

FIRB Statistics at a Glance

Insurance

Agent, Broker and Adjuster Licenses Issued:	25,356
Number of Federal and Provincial Licensed Insurers:	210

Credit Unions

Credit Unions:	21
<i>Caisses populaires</i> :	1
Combined Assets:	40.0 billion

Trust & Loans

Trust and Loan Corporations - Federal:	49
- Extra-Provincial:	3

For more expansive FIRB statistics, see page 50.

The following is a discussion and analysis for the operating results of the Manitoba Financial Services Agency (MFSA) for the year ended March 31, 2022. It should be read in conjunction with the Agency's audited financial statements beginning on page 27.

October 1, 2012 by Order in Council, the Manitoba Financial Services Agency, a Special Operating Agency (SOA), was established. The Manitoba Securities Commission (Commission) and the Financial Institutions Regulation Branch (FIRB) merged to form the new agency. The Commission and FIRB now operate as divisions of MFSA.

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

Results of Operations

Annual Surplus

Annual surplus for the year ended March 31, 2022 was \$18.2 million, an increase over the prior year by \$399,000. Revenues of \$23.9 million exceeded budgeted revenue by \$2.5 million. Expenses of \$5.7 million came in under budget by \$373,000. The net result was annual surplus exceeded budgeted annual surplus by \$2.9 million.

Revenue

The Agency exceeded its revenue targets by \$2.5 million or 11.9% because of increased market activity. See table below for fiscal year end 2020/21 – 2021/22 revenue details.

Revenue (000's)	2022	% of Total	2021	% of Total	2022 % Increase/ (Decrease) from 2021
Corporate Finance Fees	\$ 12,593	53%	\$ 12,812	56%	(1.7)%
Registration Fees	7,310	31%	6,496	28%	12.5%
FIRB Fees	2,180	9%	2,072	9%	5.2%
Real Estate Fees	1,591	7%	1,420	6%	12%
Investment Income	75	-%	129	1%	(72)%
Legal Fees	120	-%	98	-%	22.4%
Miscellaneous Income	78	-%	70	-%	11.4%
	\$ 23,947	100%	\$ 23,097	100%	3.7%

Corporate finance fees and registration fees accounted for 84% of the Agency's 2022 revenues. Corporate finance fees consist of prospectus fees and fees related to filings such as financial statements, annual information forms and rights offerings. Registration Fees are comprised of fees for registration of advisors, dealers and representatives. FIRB fees consist of Insurance fees, Credit Union Fees and Trust and Loan Fees.

Expenses

Overall, total expenses for fiscal year 2022 were \$5.7 million, a decrease of \$451,000 over fiscal year 2021. See table below for details.

Expenses (000's)*	2022	% of Total	2021	% of Total	2022 % Increase/ (Decrease) from 2021
Salaries and Benefits	\$ 3,973	69%	\$ 3,753	71%	5.5%
Operating Expenses	1,759	31%	1,530	29%	13%
Amortization	10	-%	8	-%	20%
	\$ 5,742	100%	\$ 5,291	100%	7.9%

* For details of expenses refer to the Statement of Operations and Accumulated Surplus in the Audited Financial Statements

Total expenses were \$373,000 or 6.1% below budget. Explained variances in salaries and benefits and operating expenses are below.

Salaries and Benefits

Overall, salaries and benefits increased by 5.5% or \$220,000 over the previous year. For the fiscal year ending March 31, 2022, salaries and benefits were 6.4% below budget due to vacancies and the impact of the Voluntary Reduced Workweek program.

Operating Expenses

Operating expenses for the fiscal year were .13% higher than last year and were under budget by \$96,000 or 5.2% primarily due to:

- Staff Development and Professional Dues - under budget by \$24,000 due to lower staff development and conference costs.
- Education/Information Initiatives – under budget by \$33,000 due to the timing of initiatives.
- Office Materials and Supplies – under budget by \$16,000 due to lower than expected printing costs.
- Travel – under budget by \$99,000 due to cancellations of committee meetings because of COVID-19.

Operating expenses that were over budget are as follows:

- Professional Services – over budget by \$104,000 due to ongoing investigations and consulting costs.

Capital Expenditures

Capital expenditures for the 2021-2022 fiscal year were \$8,000. Capital expenditures are financed through operations.

Liabilities

Accrued liabilities were \$79,000 for the year ending March 31, 2022. This balance represents accrued vendor obligations. Accrued vacation and severance liabilities were \$438,000 and \$594,000 respectively as at March 31, 2022 (March 31, 2021 – \$411,000 and \$602,000). Accrued salaries and benefits were \$57,000 for the year ending March 31, 2022 (March 31, 2021 – \$43,000). Public Sector Accounting Standards require the recognition of a liability for sick pay benefit obligations that accumulate but do not vest. The Agency has not recorded an accrued sick pay benefit obligation as it has been determined to be immaterial.

Liquidity

Liquidity is an organizations ability to meet financial obligations as they come due. Liquidity management provides the certainty that funds will be available to honour all commitments and involves continuous forecasting and monitoring of expected cash flows. The Agency requires liquidity principally to finance its operations and capital expenditures. Its objective is to have sufficient funds available to maintain its operations, without impairment, should revenue decrease below expenses.

The Agency had cash and cash equivalents of \$79.6 million as of March 31, 2022.

The investment of \$269,000 is valued at cost and represents an investment held with the Province of Manitoba in a trust account earning a market rate of interest. The utilization of the investment is to repay employee vacation and severance balances which existed at the time the Commission became a Special Operating Agency.

As at March 31, 2022, the Agency has \$750,000 in its reserve fund to finance extraordinary expenses that are regulatory in nature and for unexpected changes in market activity that have a negative effect on revenues. Invested with the Province of Manitoba Treasury Division allows the Agency the flexibility to access these funds when needed.

2022/2023 Overview

For the fiscal year ending March 31, 2023, the Agency has budgeted revenue of \$22.1 million and budgeted expenses of \$6.6 million.

The Agency will continue to monitor market activity closely due to the uncertainty of COVID-19 affects. This may impact the financial condition of the Agency and budgeted revenues will be subject to variability.

Information Technology

As of March 31, 2022, the Agency had the following internal systems in place:

- Manitoba Securities Commission Information System 2.0 (MSCIS 2.0)
- Real Estate On-line Registration System (ROLS) - An online system that gives registrants the ability to register on-line and use a credit card option for payments.
- Consumer Affairs Tracking System - Database for entering insurance agents, companies and adjusters.
- ISM – Data base for Credit Unions
- The Agency uses Dynamics Great Plains and Management Reporter, an accounting and financial reporting software package for all its accounting and reporting needs. For Accounts Payable and Payroll, the Agency utilizes SAP with the department of Finance.
- The Agency uses Request Tracker to track the various changes that are requested for SEDAR and MSCIS 2.0.

As well, the Commission division interfaces with, and uses, the following national CSA systems:

- System for Electronic Data Analysis and Retrieval (SEDAR)
- National Cease Trade Order database (CTO)
- System for Electronic Disclosure by Insiders (SEDI)
- National Registration Database (NRD)
- Disciplined Persons, and
- Regulatory Fee Guide for SEDAR

These systems allow the Commission to receive, store and access pertinent information and documentation filed with respect to *The Securities Act*, *The Commodity Futures Act*, *The Real Estate Services Act* and *The Mortgage Brokers Act*. Maintenance and development of these internal and external systems insure that daily operations run effectively and efficiently.

The National Systems Renewal Project – NSRP – is an initiative of the Canadian Securities Administrators (CSA), which is comprised of the 13 securities regulators across Canada including The Manitoba Securities Commission (MSC). A multi-year project to update the core systems that individuals and companies use to file material with CSA jurisdictions. These include:

- SEDAR, public companies and other issuers use this system to file prospectuses, continuous disclosure material (such as financial statements) and material change reports, among other documents.
- NRD, used by registrants to file applications for registration and other material.
- SEDI, used by insiders to file trading reports.

The new system (SEDAR+) is national in scope, used by individuals and companies as a single point of access to all 13 CSA jurisdictions, including the MSC, and is crucial to the operation of Canada's capital markets. Fees collected by the CSA over the years from filers are paying for the costs of NSRP itself, which is in the tens of millions of dollars. However, the MSC will need to update the interfaces it has with SEDAR+ that are used to download and upload documents and information to our system.

MFSA Financial Statements

for the year ended March 31, 2022

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- 31. Financial Statements
- 35. Notes to Financial Statements
- 43. Schedule of Operating Income, MSC & FIRB



**Manitoba
Financial Services
Agency**

Securities Commission
Financial Institutions
Real Estate

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of the **MANITOBA FINANCIAL SERVICES AGENCY** and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to the audit report date.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of the **MANITOBA FINANCIAL SERVICES AGENCY** are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management of **Manitoba Financial Services Agency**:

Original signed by David Cheop

Original signed by Marlene Nemes

David Cheop
Chair and CEO

Marlene Nemes, CPA, CMA
Controller

May 20, 2022



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BDO Canada LLP
201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

Independent Auditor's Report

To The Special Operating Agencies Financing Authority

Opinion

We have audited the financial statements of Manitoba Financial Services Agency (the "Agency"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2022, and its results of operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Agency 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Agency'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 Agency'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 Agency 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.

BDO Canada LLP

Chartered Professional Accountants
Winnipeg, Manitoba
May 24, 2022

Statement of Financial Position (in thousands)

March 31	2022	2021
Financial Assets		
Cash and cash equivalents (Note 5)	\$ 79,645	\$ 61,466
Accounts receivable (Note 6)	42	24
Temporary investments	1,019	1,019
	80,706	62,509
Liabilities		
Accounts payable and accrued liabilities	79	115
Accrued vacation entitlements	438	411
Accrued salaries and benefits	57	43
Employee future benefits (Note 7)	594	602
	1,168	1,171
Net financial assets	79,538	61,338
Non-financial Assets		
Tangible capital assets (Note 8)	29	31
Prepaid expenses	80	73
	109	104
Accumulated surplus	\$ 79,647	\$ 61,442

Designated assets (Note 9)
Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

Statement of Operations and Accumulated Surplus (in thousands)

For the year ended March 31	2022	2022	2021
	Budget	Actual	Actual
Revenue			
Fees	\$ 21,227	\$ 23,791	\$ 22,898
Interest	98	75	129
Miscellaneous	75	81	70
	21,400	23,947	23,097
Expenses			
Amortization - capital assets	15	10	8
CSA initiatives*	117	113	93
Contract services	436	427	310
Education/Information initiatives	109	76	61
Miscellaneous	39	34	26
Office materials and supplies	68	52	52
Premises	619	619	581
Professional services	156	260	221
Research resources	79	77	85
Salaries and benefits	4,245	3,973	3,753
Staff development and professional dues	54	30	29
Telecommunications	78	70	70
Travel	100	1	2
	6,115	5,742	5,291
Annual surplus	15,285	18,205	17,806
Accumulated surplus, beginning of year	58,853	61,442	43,636
Accumulated surplus, end of year	\$ 74,138	\$ 79,647	\$ 61,442

* Canadian Securities Administrators

The accompanying notes are an integral part of these financial statements.

Statement of Change in Net Financial Assets (in thousands)

For the year ended March 31	2022		2021
	Budget	Actual	Actual
Annual surplus	\$ 15,285	\$ 18,205	\$ 17,806
Tangible Capital Assets			
Acquisition of tangible capital assets	(102)	(8)	(1)
Amortization of tangible capital assets	15	10	8
Net change in tangible capital assets	(87)	2	7
Other Non-financial Assets			
Decrease (increase) in prepaid expense	4	(7)	2
Net acquisition of other non-financial assets	4	(7)	2
Increase in net financial assets	15,202	18,200	17,815
Net financial assets, beginning of year	58,785	61,338	43,523
Net financial assets, end of year	\$ 73,987	\$ 79,538	\$ 61,338

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows (in thousands)

For the year ended March 31	2022		2021
	Cash provided by (applied to):		
Cash Flows from Operating Activities			
Annual surplus	\$ 18,205	\$	17,806
Amortization of tangible capital assets	10		8
	18,215		17,814
Changes in non-cash working capital balances			
Accounts receivable	(18)		91
Prepaid expenses	(7)		2
Accounts payable and accrued liabilities	(36)		(18)
Accrued vacation entitlements	27		87
Accrued salaries and benefits	14		14
Employee future benefits	(8)		50
	18,187		18,040
Cash Flows from Capital Activities			
Acquisition of capital assets	(8)		(1)
Increase in cash and cash equivalents	18,179		18,039
Cash and cash equivalents, beginning of year	61,466		43,427
Cash and cash equivalents, end of year	\$ 79,645	\$	61,466
Supplementary Information			
Interest received	\$ 49	\$	230

The accompanying notes are an integral part of these financial statements.

For the year ended March 31, 2022

1. Nature of Organization

Effective April 1, 1999 the Lieutenant Governor in Council designated the Manitoba Securities Commission (“Commission”) as a special operating agency under *The Special Operating Agencies Financing Authority Act* (C.C.S.M. c.S185) by Order in Council No. 144/1999. The Order also gave approval to the Special Operating Agencies Financing Authority and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Commission, at that time, to enter into a Management Agreement with respect to the Agency.

A Management Agreement between the Financing Authority and the Minister of Consumer and Corporate Affairs assigns responsibility to manage the assets transferred to the Manitoba Securities Commission in delivering regulated services to clients. The Manitoba Securities Commission subsequently came under the umbrella of the Finance Department with the Minister of Finance responsible for the Agency.

The Manitoba Financial Services Agency, a Special Operating Agency (SOA), was established as of October 1, 2012 by Order in Council. The Manitoba Securities Commission (Commission) was merged with Financial Institutions Regulation Branch (FIRB) to form The Manitoba Financial Services Agency (MFSA). The Commission and FIRB now operate as divisions of the MFSA. The Chief Administrative Officer of the MFSA is also the Chair of the Commission. The Minister of Finance continues to be responsible for the Agency.

2. Basis of Accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

3. Significant Accounting Policies

Revenue

Fees and cost recoveries are recognized when received. Investment income is recorded in accordance with terms of the related investment.

Expenses

- (a) All expenses incurred for goods and services are recorded on an accrual basis.
- (b) Government transfers are recognized as expenditures in the period in which the transfers are authorized and all eligibility criteria have been met.

For the year ended March 31, 2022

3. Significant Accounting Policies (continued)

Financial Assets

Temporary investments are investments that are capable of reasonably prompt liquidation and are recognized at cost.

Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

Non-financial Assets

- (c) Prepaid expenses are payments for goods or services which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.
- (d) Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition cost. Capital assets are recorded at cost and amortized over their useful lives as follows:

Office equipment	20% straight-line
Furniture and fixtures	20% straight-line
Leasehold improvements	10% straight-line
Computer hardware	20% straight-line
Computer software	20% straight-line

The half-year rule is used in the year of acquisition.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

For the year ended March 31, 2022

4. Financial Instruments and Financial Risk Management

Financial instruments are classified into one of the two measurement categories:

(a) fair value; or (b) cost or amortized cost.

The Agency records its financial assets and liabilities at cost, which include cash and cash equivalents, accounts receivable and temporary investments. The Agency also records its financial liabilities at cost, which include accounts payable, accrued liabilities, accrued vacation entitlements, accrued salaries and benefits, and employee future benefits.

Financial Risk Management Overview

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; and interest rate risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, accounts receivable, and temporary investments.

The maximum exposure of the Agency to credit risk at March 31 is:

	2022		2021
Cash and cash equivalents	\$ 79,645	\$	61,466
Accounts receivable	42		24
Temporary investments	1,019		1,019
	\$ 80,706	\$	62,509

Cash, cash equivalents and temporary investments: The Agency is not exposed to significant credit risk as the cash and term deposits are primarily held by the Minister of Finance.

For the year ended March 31, 2022

4. Financial Instruments and Financial Risk Management (continued)

Accounts receivable: The Agency is not exposed to significant credit risk as the payment in full is typically collected when it is due. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Management has determined that no allowance for doubtful accounts is required as at March 31, 2022 (Nil in 2021).

Liquidity Risk

Liquidity can be defined as an organization's ability to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit.

5. Cash and Cash Equivalents

The Agency invests all surplus cash in short-term deposits with the Province of Manitoba, which are made up of ninety day callable term deposits bearing interest between 0.13% and 0.79%.

For the year ended March 31, 2022

6. Accounts Receivable

	2022		2021
Accrued interest	\$ 30	\$	4
Trade	12		20
	\$ 42	\$	24

7. Employee Future Benefits

Pension Benefits

Employees of the Manitoba Financial Services Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province of Manitoba the pension liability for its employees.

Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2022 was \$227 (\$220 in 2021). Under this Agreement, the Agency has no further pension liability.

Severance Benefits

Effective April 1, 1998 or the date of their creation, whichever is later; SOAs began recording accumulated severance pay benefits for their employees. The amount of their severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2020. The report provides a formula to update the liability on an annual basis. The special operating agencies' actuarially determined net liability for accounting purposes as at March 31, 2022 is \$594 (\$602 in 2021). The actuarial loss of \$75 based on actuarial reports is being amortized over the 15 year expected average remaining service life (EARSL) of the employee group.

For the year ended March 31, 2022

7. Employee Future Benefits (continued)

Significant long-term actuarial assumptions used in the March 31, 2020 valuation, and in the determination of the March 31, 2022 present value of the accrued severance benefit obligation were:

Annual rate of return	3.20%
Assumed salary increase rate:	
Annual productivity increase	1.00%
Annual general salary increase	2.50%
	3.50%

The severance benefit liability at March 31 includes the following components:

	2022		2021
Accrued benefit liability			
Balance, beginning of year	\$ 686	\$	588
Adjustment due to actuarial valuation	-		52
Benefits accrued	22		21
Interest on accrued benefits	26		25
Severance paid	(65)		-
	669		686
Less unamortized actuarial losses	(75)		(84)
Severance benefit liability	\$ 594	\$	602

The total expenses related to severance benefits at March 31 include the following components:

	2022		2021
Interest on obligation	\$ 22	\$	21
Current period benefit cost	26		25
Amortization of actuarial losses over EARSL	(56)		4
Total expense related to severance benefit	\$ (8)	\$	50

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The Agency has not recorded an accrued sick pay benefit obligation as it has been determined to be immaterial.

For the year ended March 31, 2022

8. Tangible Capital Assets	2022			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office equipment	\$ 69	\$ -	\$ -	\$ 69
Furniture and fixtures	229	-	-	229
Leasehold improvements	86	-	-	86
Computer hardware	147	-	-	147
Computer software	869	8	-	877
	1,400	8	-	1,408
Accumulated Amortization				
Office equipment	65	2	-	67
Furniture and fixtures	226	2	-	228
Leasehold improvements	64	4	-	68
Computer hardware	145	1	-	146
Computer software	869	1	-	870
	1,369	10	-	1,379
Net book value	\$ 31	\$ (2)	\$ -	\$ 29
				2021
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office equipment	\$ 68	\$ 1	\$ -	\$ 69
Furniture and fixtures	229	-	-	229
Leasehold improvements	86	-	-	86
Computer hardware	147	-	-	147
Computer software	869	-	-	869
	1,399	1	-	1,400
Accumulated Amortization				
Office equipment	63	2	-	65
Furniture and fixtures	225	1	-	226
Leasehold improvements	60	4	-	64
Computer hardware	144	1	-	145
Computer software	869	-	-	869
	1,361	8	-	1,369
Net book value	\$ 38	\$ (7)	\$ -	\$ 31

For the year ended March 31, 2022

9. Designated Assets

Designated assets are distinct from restricted assets. Unlike restricted assets, the Agency or the Government can readily change its by-law or resolution and use the designated assets for another purpose if the need arises. The Agency has allocated \$1,019 (\$1,019 in 2021) of its temporary investments as designated assets for the following purposes:

The Agency maintains separate deposits of \$750 (\$750 in 2021) to fund expenses which may arise with respect to its reserve fund. The Reserve Fund was established to finance extraordinary expenses for isolated and unanticipated purposes that are regulatory in nature and for changes in market activity that have a negative effect on revenues. The investment bears interest at 0.13% with a maturity date of April 4, 2022.

The Agency has received \$269 (\$269 in 2021) of cash from the Province of Manitoba for the purpose of settling certain of its vacation and severance liabilities in the future. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. The principal of this note is re-invested annually and the interest is re-invested into a separate short-term deposit. The investment bears interest at 2.02% with a maturity date of March 30, 2023.

10. Commitments

The Agency has entered into a lease agreement as of December 31, 2013, which includes rental of the 5th floor and 207 - 400 St. Mary Avenue that expires April 30, 2026.

Minimum annual lease payments for this agreement totals \$613 per year for each of the next four years.

Schedule of Operating Income - The Manitoba Securities Commission
(Unaudited) (in thousands)

For the year ended March 31	2022	2022	2021
	Budget	Actual	Actual
Revenue			
Fees	\$ 19,417	\$ 21,610	\$ 20,826
Interest	98	75	129
Miscellaneous	1	3	3
	19,516	21,688	20,958
Expenses			
Amortization - capital assets	15	10	8
CSA initiatives*	117	113	93
Contract services	406	406	282
Education/Information initiatives	109	76	61
Miscellaneous	35	32	26
Office materials and supplies	60	48	46
Premises	488	535	501
Professional membership and dues	31	27	27
Professional services	123	236	194
Research resources	78	77	85
Salaries and benefits	3,705	3,497	3,326
Staff development and professional dues	20	2	1
Telecommunications	68	62	61
Travel	88	-	1
	5,343	5,121	4,712
Annual operating surplus	\$ 14,173	\$ 16,567	\$ 16,246

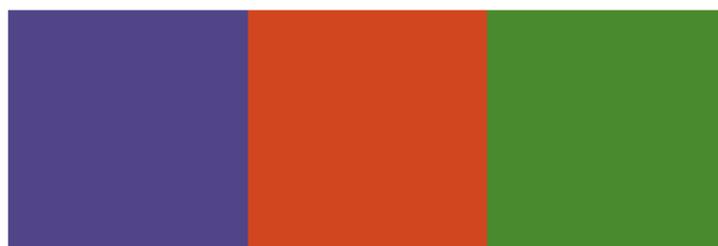
* Canadian Securities Administrators

Schedule of Operating Income - Financial Institutions Regulation Branch
(Unaudited) (in thousands)

For the year ended March 31	2022	2022	2021
	Budget	Actual	Actual
Revenue			
Fees	\$ 1,810	\$ 2,181	\$ 2,072
Miscellaneous	74	78	67
	1,884	2,259	2,139
Expenses			
Contract services	30	21	28
Miscellaneous	4	2	-
Office materials and supplies	8	4	6
Premises	131	84	80
Professional services	33	24	27
Research resources	1	-	-
Salaries and benefits	540	476	427
Staff development and professional dues	3	1	1
Telecommunications	10	8	9
Travel	12	1	1
	772	621	579
Annual operating surplus	\$ 1,112	\$ 1,638	\$ 1,560

Agency Statistics

for the year ended March 31, 2022



SECURITIES STATISTICS

	2021/2022	2020/2021	2019/2020
Registrations Under <i>The Securities Act</i>	24,185	22,834	22,492
Registrations Under <i>The Commodity Futures Act</i>	368	366	364
Prospectuses Filed	827	864	597
Issuers Included in Prospectuses	4,846	4,712	4,333
Classes of Securities Included	20,315	23,045	21,728
Amendments and Supplements	7,000	5,050	4,270
Issuers Included	8,201	5,888	5,837
Classes of Securities Included	8,507	6,213	6,091
Rights Offerings	15	9	9
45-106F1 Capital Raising Forms*	1,966	1,843	1,598
Offering Memorandums	85	60	67
Annual Financial Statements	5,589	5,490	5,308
Annual Information Forms	1,238	1,208	1,073
Issuers Made Active (opened)	550	487	343
Issuers Made Inactive (closed)	270	325	269
Reporting Issuers Under <i>The Securities Act</i>	6,311	6,035	5,888
Takeover Bids and Issuer Bids	21	19	23
Exemptions Orders	19	17	14
Investigation Orders	3	4	3
Financial Reporting Orders	3	7	4
Cease Trade Orders**	4	3	1
Miscellaneous Orders	5	2	6
Notices of Hearing Issued	0	3	2
Statements of Allegations Issued	0	3	2
Enforcement Orders Filed	4	6	7
Settlement Agreements Completed	1	6	4
Decision Documents Published	3	5	5
Completed Provincial Court Hearings	0	0	0
Pending Provincial Court Hearings	1	1	1
Completed Queen's Bench Hearings	0	0	0
Pending Queen's Bench Hearings	0	0	0
Complaints and Inquiries			
General Investigation and Enforcement	265	219	177
Formal Investigation Files Opened	20	26	9

* This form is required to be filed with the Commission and sets out information about the business raising the capital as well as the capital raised during the offering.

** Cease trade orders include both permanent and temporary orders.

REAL ESTATE STATISTICS

	2021/2022	2020/2021	2019/2020
Registrations			
Registrations Under <i>The Real Estate Services Act</i>	2,763	2,591	2,466
Registrations Under <i>The Mortgage Brokers Act</i>	497	407	407
Education			
Salesperson Pre-Licensing Education Enrolments*	861	822	349
Broker Pre-Licensing Education Enrolments	39	54	27
Re-Licensing Education Completions	2,174	2,107	2,082
Financial Filings and Compliance Audits			
Registered Brokerage Reports Reviewed	406	396	397
Final Close-Out Reports Reviewed	11	12	13
Brokers Suspended for Failure to File	14	5	11
Investigations and Enforcement			
General Investigations and Inquiries**	336	199	222
Formal Investigations**	22	38	34
Complaints Resulting in a Warning or Reprimand	1	4	6
Complaints Resulting in Further Action by MSC	1	4	3
Interest Earned on Broker Trust Accounts (In Thousands)			
Interest Earned	377	211	342
Total Disbursements to MREA	61	20	175
Disbursements to non-profit orgs***	125	111	167
Funds Held in Trust by MREA	222	490	485
Disbursement to the Minister of Finance	0	0	0
Balance Remaining After Disbursement to MREA	191	80	0
Unclaimed Trust Account Funds (In Thousands)			
Balance Forwarded at April 1, 2020	25	25	25
Received During the Fiscal Year	7	2	1
Total	32	27	26

* Previously listed as "New Model Pre-Licensing Education Enrolments."

** In prior reporting years, formal investigations were grouped with general complaints.

*** See page 20, Real Estate, for the list of individual disbursements to non-profits.

FIRB STATISTICS

	2021/2022	2020/2021	2019/2020
Insurance Sector			
Special Insurance Broker Licenses	10	6	6
Number of Licensed Insurers - Federal	163	169	170
Number of Licensed Insurers - Provincial	47	47	49
Complaint Files Opened	48	53	52
Complaint Files Closed	55	45	82
Complaint Files in Progress	15	25	14
Insurance Council of Manitoba			
Examinations for Agents, Brokers, and Adjusters	3,244	3,640	3,875
Pass Rate	73%	75%	74%
Successful Applications	2,364	2,745	2,859
Agent, Broker, and Adjuster Licences Issued	25,356	23,006	21,886
Complaint Files Against Agents, Brokers, Adjusters Opened	19	22	61
Complaint Files Against Agents, Brokers, Adjusters Closed	14	32	54
Presented to Council for Decision	4	7	14
Complaints Filed Against Agents, Brokers, Adjusters in Progress	25	22	32
Credit Union Sector			
Credit Unions in Manitoba	21	22	25
<i>Caisses Populaires</i> in Manitoba	1	1	1
Combined Assets (Billions)	\$40.0	\$37.8	\$34.5
Member Deposits (Billions)	\$36.3	\$34.4	\$31.3
Member Equity (Billions)	\$2.6	\$2.4	\$2.3
Co-operatives Sector*			
Securities Offering			
Documents Approved	-	1	1
Housing Cooperative Appeals	4	5	8
Trust and Loan Corporations			
Federal	49	50	49
Extra-Provincial	3	3	3

*In 2020, the Cooperatives Registry was transferred to the Companies Office.

Performance Reporting

The MFSA's Planning Process is set out in three documents:

- A Planning Document, which serves dual purposes in outlining the MFSA's goals and action plan, as well as the means of measuring the organization's successes.
- A multi-year Strategic Plan that notes the main challenges to the organization and maps out strategies to respond.
- An annual Business Plan that establishes the year's roadmap for implementing the strategic plan and developing the MFSA's operational budget.

In addition to being a performance measurement document, the Planning Document doubles as a work plan for the MFSA's various functional areas carrying out most aspects of the Business Plan.

The Planning Document provides a template for breaking down broad MFSA goals into four perspectives: financial, stakeholder, internal, and learning and growth. Measures are set out under each perspective to determine how the MFSA will evaluate achievements against established goals.

Quantitative measurements are typically matters that can be tangibly evaluated, such as the number of field audits completed in a year, the number of staff members cross-trained for other jobs, the number of staff training hours completed, or the number of educational programs delivered to the public.

Qualitative measurements don't rely on concrete figures, but are still valid indicators of objectives the MFSA has fulfilled.

The planning document also includes target dates, proposed results and a status column to track results. It is reviewed on a quarterly basis and incorporated into a final report at the end of each fiscal year, which is made available to all employees.

As in previous years, MFSA has generally met the performance goals set, particularly in areas where quantitative targets were laid out. In the few areas where goals were not met during the fiscal year, valid reasons were given and the goals were re-evaluated for completion during the subsequent planning cycle.

Service Standards

MFSA service standards include standards set by the MSC and the CSA.

MSC service standards include reviewing applications for exemptive relief from legislative requirements within six weeks.

With respect to administrative hearings, the standard is to deliver decisions within six weeks on administrative hearings lasting less than five days.

CSA service standards include issuing comment letters for prospectus filings

within Passport guidelines. When reviewing prospectuses as the principal regulator, staff ensure all Passport guidelines for reviewing and commenting on prospectuses as well as amendments to prospectuses, are met.

MFSA service standards include the development and delivery of programs and resources for public and investment industry use. The Agency's standard response time is 24 to 48 hours for media inquiries or other information requests.

The Public Interest Disclosure Act

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters of wrongdoing in the Manitoba public service, and strengthens protections from reprisal. The Act builds on protections already in place under other statutes as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under the Act may be:

- contravention of federal or provincial legislation,
- an act or omission that endangers public safety, public health or the environment,
- gross mismanagement,
- knowingly directing or counselling a person to commit a wrongdoing.

The Act is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith in accordance with the Act and with a reasonable belief that wrongdoing has been, or is about to be committed, is considered to be a disclosure under the Act, whether or not the subject matter constitutes wrongdoing.

All disclosures receive careful and thorough review to determine if action is required under the Act, and must be reported in a department's annual report in accordance with Section 18 of the Act.

The following is a summary of disclosures received by the MFSA for the fiscal year 2021/22. (Information required annual, as per Section 18 of the Act)

Number of disclosures received, and the number acted on and not acted on.
(Subsection 18(2)(a)) -- NIL

Number of investigations commenced as a result of a disclosure.
(Subsection 18(2)(b)) -- NIL

In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no corrective action was taken.

Subsection 18(2)(c) -- NIL

Comittees

Real Estate Advisory Council

This council represents a non-statutory advisory body established by the MSC and the Manitoba Real Estate Association. Its mandate is to advise and make recommendations to the MSC and MREA on real estate issues, review mutually beneficial ideas and give advance notice of trends arising in the real estate industry.

Claude Davis (Chair)	Royal LePage Dynamic Real Estate
Michael Barrett	Re/Max Valleyview Realty
Tom Fulton	RE/MAX Performance Realty
Lori Richard	Canadian Condominium Institute, Manitoba Chapter
David Powell	Powell Property Group
David Salvatore	Manitoba Real Estate Association
Keith Schinkel	MSC
Ron Tardiff	Sutton Group - Kilkenny Real Estate
Robert L. Tyler	Manitoba Bar Association
Garret Wong	Professional Property Managers Association

MFSA STATUTES

The Agency administers the following
Acts of the Consolidated Statutes of
Manitoba

The Securities Act, C.C.S.M. c.S50

The Commodity Futures Act, C.C.S.M. c.C152

The Real Estate Services Act, C.C.S.M. c.R21

The Mortgage Brokers Act, C.C.S.M. c. M210

The Insurance Act, C.C.S.M. c. 140

The Credit Unions and Caisses Populaires Act, C.C.S.M. c. C301

The Corporations Act, C.C.S.M. c. C225, Part XXIV



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