



Manitoba Financial  
Services Agency

Tulabi Falls Campground, Nopiming Provincial Park, MB

# ANNUAL REPORT

## 2023 / 2024

For the Fiscal Year April 1, 2023 - March 31, 2024  
A Special Operating Agency of the Province of Manitoba

Securities Commission  
Real Estate  
Financial Institutions



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**MINISTER OF  
FINANCE**

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

Her Honour the Honourable Anita Neville, P.C., 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, 2024.

Respectfully submitted,

Honourable Adrien Sala  
Minister





**Manitoba  
Financial Services  
Agency**

Securities Commission  
Financial Institutions  
Real Estate

The Honourable Adrien Sala  
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, 2024.

Respectfully submitted,

David Cheop  
Chief Administrative Officer  
Manitoba Financial Services Agency







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This report is available in alternate formats upon request to [\*\*securities@gov.mb.ca\*\*](mailto:securities@gov.mb.ca)

A PDF version is available at [\*\*themfsa.ca\*\*](http://themfsa.ca)

## LEGEND

	Agency Content
	Securities Commission
	Real Estate
	Financial Institutions



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 industries, 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).

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### **MISSION**

The MFSA seeks to foster a better financial future for all Manitobans through responsive regulation that promotes fairness, honesty and openness within Manitoba's financial services and real estate sectors.

### **VISION**

Strong and fair financial services and real estate sectors that benefit both the industry and the public, supported by the MFSA.



# NUMBERS AT A GLANCE





**85** Investor Alerts  
& Cautions



**2,812** Registrations  
Under the Real Estate Services Act



**04** Statement of  
Allegations Filed

Combined assets of  
**\$43.6** BILLION

Held in Manitoba Credit Unions  
and *Caisses populaires*



**592**  
Prospectuses Filed



**26,107**  
Registrations under  
*The Securities Act*



**2,712**  
Podcast Downloads



## CAO's MESSAGE

In the past year, the Manitoba Financial Services Agency has diligently supported a strong and fair financial services sector in our province through various activities, ranging from public education to enforcement proceedings. Our mission is to ensure that the financial services sector benefits all Manitobans by fostering a transparent, fair, and resilient market environment.

As an active member of the Canadian Securities Administrators (CSA), we participated in several significant initiatives. In November 2023, we proposed granting the Ombudsman for Banking Services and Investments (OBSI) the authority to issue binding decisions. This proposal aims to address the power imbalance between securities firms and their clients, as litigation is often too costly and complex for most investors. Under this proposal, OBSI recommendations would be binding for amounts up to \$350,000, with an option for review if either party believes the recommendation is inappropriate. This change is expected to enhance investor protection and ensure fair treatment in disputes, providing a more accessible and equitable resolution process for clients.

The CSA also proposed changes to rules regarding the director nomination process, board renewal, and diversity. These changes would require disclosures beyond the current information on women's representation. Two alternative approaches were suggested: one for explaining diversity objectives and measuring progress, and another for standardized disclosure of designated group representation. This proposal received significant feedback, with support for the goal but divided opinions on the preferred approaches. The aim is to foster greater diversity and transparency within corporate governance structures, promoting more inclusive and representative boards.

By enhancing these governance practices, we hope to drive better decision-making and reflect the diverse perspectives of our community.

Our staff played a major role in post-consolidation projects following the merger of the Investment Industry Regulatory Organization Canada and the Mutual Fund Dealers Association of Canada into the Canadian Investment Regulatory Organization (CIRO). We are working closely with CIRO in its creation of a consolidated rule book and providing ongoing oversight as CIRO exercised its supervisory responsibilities over the investment industry. This collaboration ensures a cohesive regulatory environment that supports investor protection and market integrity, streamlining regulations to better serve both industry participants and investors.

In September, the CSA launched SEDAR+, a replacement for three existing systems for securities filings and public disclosures. This modernized system offers a user-friendly interface for both firms and the public, updating decades-old platforms. SEDAR+ enhances the efficiency and accessibility of filing processes, making it easier for stakeholders to access important information. The new platform represents a significant advance in how disclosure documents are filed and accessed, supporting transparency and informed decision-making in the market.

The new regulatory supervision model for Manitoba's credit unions and caisses populaires, with Deposit Guarantee Corporation of Manitoba assuming oversight, has been in place for over a year. This transition has been smooth, ensuring robust regulation amid ongoing consolidation and increased competition in the financial services sector. The new model provides a solid regulatory



framework that supports the stability and resilience of credit unions and caisses populaires. This framework helps these institutions navigate challenges and seize opportunities in a competitive landscape, ensuring they continue to serve their members effectively.

We collaborated with a special committee of lawyers and real estate practitioners to develop updated forms for property transactions. These forms, published for public comment in early 2024, are being finalized and will be introduced with significant lead time for educational programs to prepare the legal and brokerage professions for the changes. The updated forms aim to streamline property transactions and ensure clarity and transparency for all parties involved. By modernizing these documents, we are facilitating smoother transactions and reducing the potential for misunderstandings and disputes.

Our investigation staff continued to address the rise in online fraudulent activity, working with colleagues nationwide and internationally. We also looked into complaints in traditional areas of the securities and real estate sectors. Our educational activities aimed to inform the public about new and existing financial risks, using various platforms such as print, radio, social media, and podcasts. These efforts are crucial in raising awareness and helping the public make informed financial decisions. By leveraging diverse communication channels, we are reaching a broader audience and ensuring that critical information about financial risks and best practices is accessible to all Manitobans.



**David Cheop**

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

Commission panels conducted several hearings under The Real Estate Services Act and The Securities Act, including some in-person sessions for the first time in years.

We updated our hearing room technology to facilitate remote appearances by witnesses, counsel, and members through video conferencing, building on processes developed during the COVID pandemic. These upgrades ensure that our hearings are accessible and efficient, accommodating the needs of all participants. By improving our technological capabilities, we are enhancing the transparency and efficiency of our regulatory processes.

We welcomed Al Babiuk as a new Commission member, replacing David Huberdeau-Reid. We thank David for his service and contributions over the years. His dedication and expertise have been invaluable to the Commission's work. Al Babiuk brings a wealth of experience and fresh perspectives to our team, and we look forward to his contributions in the coming years.

Looking forward, the Agency is excited about the opportunities in the coming year to continue supporting a vibrant and active financial services sector that serves the best interests of all Manitobans. Our commitment to fairness, transparency, and investor protection remains steadfast as we navigate the evolving landscape of financial services. We are dedicated to continuous improvement in our regulatory practices and to fostering a financial environment that promotes confidence, growth, and prosperity for all.



## 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.



**Mr. David Cheop, K.C.**  
Chair



**Ms. Deborah J. Metcalfe**  
Vice-Chair



**Mr. Al Babiuk**



**Mr. Charles Burns**



**Mr. David  
Huberdeau-Reid**



**Ms. Debbie Ammeter**



**Mr. J.T. (Jack)  
McJannet, K.C.**



**Ms. Linda Vincent**

## HEARINGS & COMMISSION MEETINGS

During the fiscal year 2023/24, the Manitoba Securities Commission held a total of 18 Commission meetings, 15 hearings, and 7 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	DAA	JTM	DHR <sup>1</sup>	LAV	AWB <sup>2</sup>
COMMISSION MEETINGS	18/18	11/18	18/18	16/18	0/18	16/18	9/18
HEARINGS	5	6	6	1	0	10	6
SPECIAL MEETINGS <sup>3</sup>	2	0	1	4	0	1	0

### LEGEND

DJM Deborah J. Metcalfe  
 CDB Charles Burns  
 DAA Debbie Ammeter  
 JTM Jack McJannet

DHR David Huberdeau-Reid  
 LAV Linda Vincent  
 AWB Al Babiuk

<sup>1</sup> David Huberdeau-Reid resigned from the Commission on May 23, 2023.

<sup>2</sup> Al Babiuk joined the Commission in 2023, with his first Commission Meeting on September 13, 2023.

<sup>3</sup> Special 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



**Ainsley Cunningham**  
Manager, Education &  
Communications



**Djemal Halilagic**  
Deputy Superintendent,  
FIRB



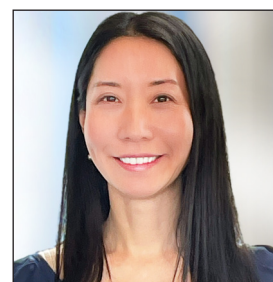
**Jason Roy**  
Senior Investigator  
Investigations



**Leigh-Anne Mercier**  
General Counsel  
Legal



**Keith Schinkel**  
Registrar,  
Real Estate Division



**Kimberly Asano**  
Deputy Director,  
Registrations



**Patrick Weeks**  
Deputy Director,  
Corporate Finance



**Paula White**  
Deputy Director,  
Compliance



**Scott Moore**  
Superintendent,  
FIRB



**Yeu Fang Sharma<sup>1</sup>**  
Controller

<sup>1</sup> Yeu Fang Sharma assumed the role of Acting Controller on July 10, 2023. She accepted the permanent position December 18, 2023.

## GENDER DIVERSITY IN MANAGEMENT & 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.

2023/24	Female		Male	
<b>COMMISSION MEMBERS</b>	3	43%	4	57%
<b>SENIOR MANAGEMENT</b>	0	0%	2	100%
<b>MANAGEMENT</b>	5	50%	5	50%

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

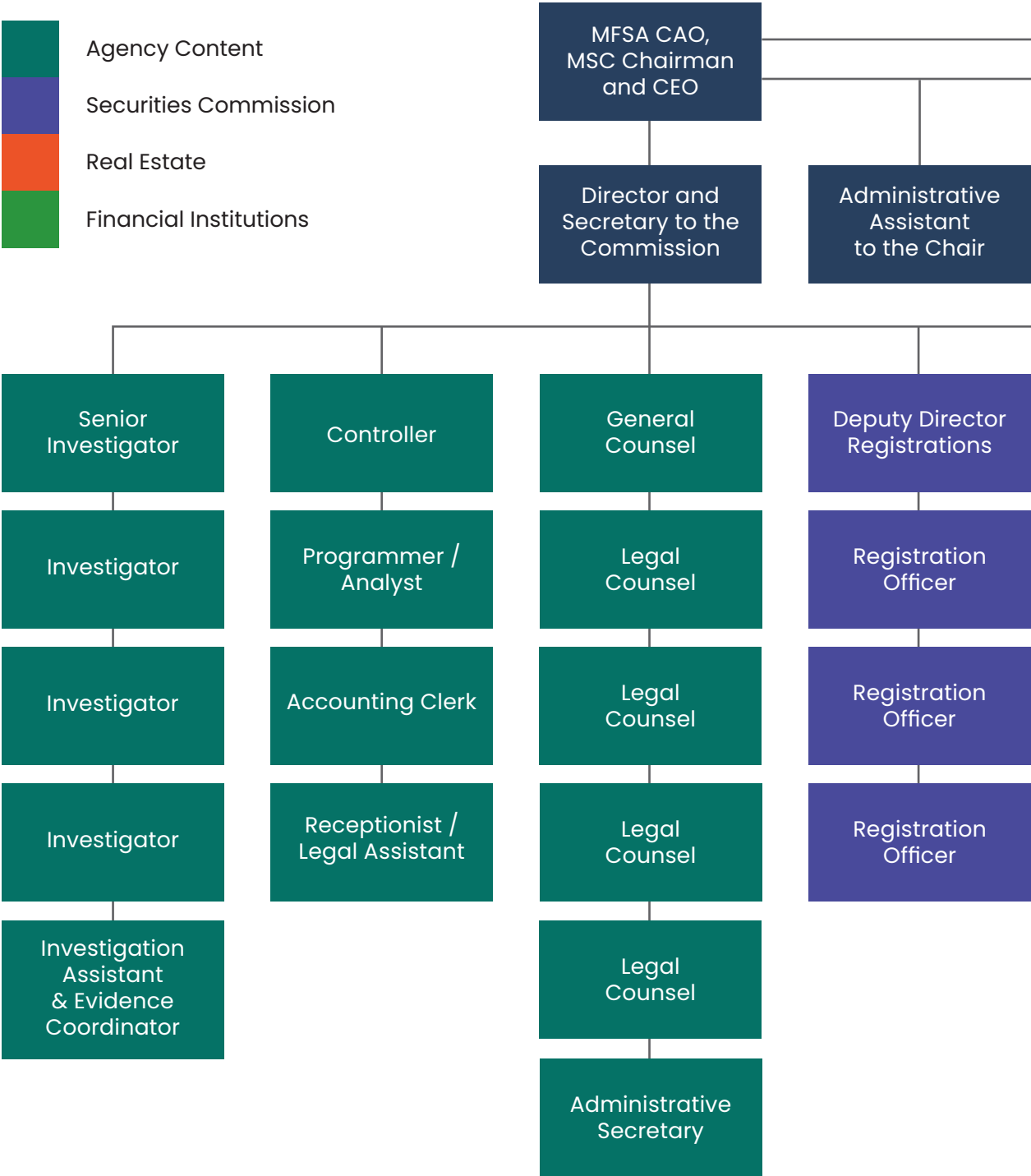
	FTE Staff Positions	Estimated Staff Expenditures (in thousands)	Actual Staff Expenditures (in thousands)	Variance* Over (Under) (in thousands)
2023/2024	<b>48.6</b>	<b>\$5,080</b>	<b>\$4,364</b>	<b>(\$716)</b>
2022/2023	48.6	\$4,516	\$4,166	(\$350)
2021/2022	48.6	\$4,245	\$3,973	(\$272)
2020/2021	48.6	\$4,290	\$3,753	(\$537)
2019/2020	48.6	\$4,334	\$3,783	(\$551)

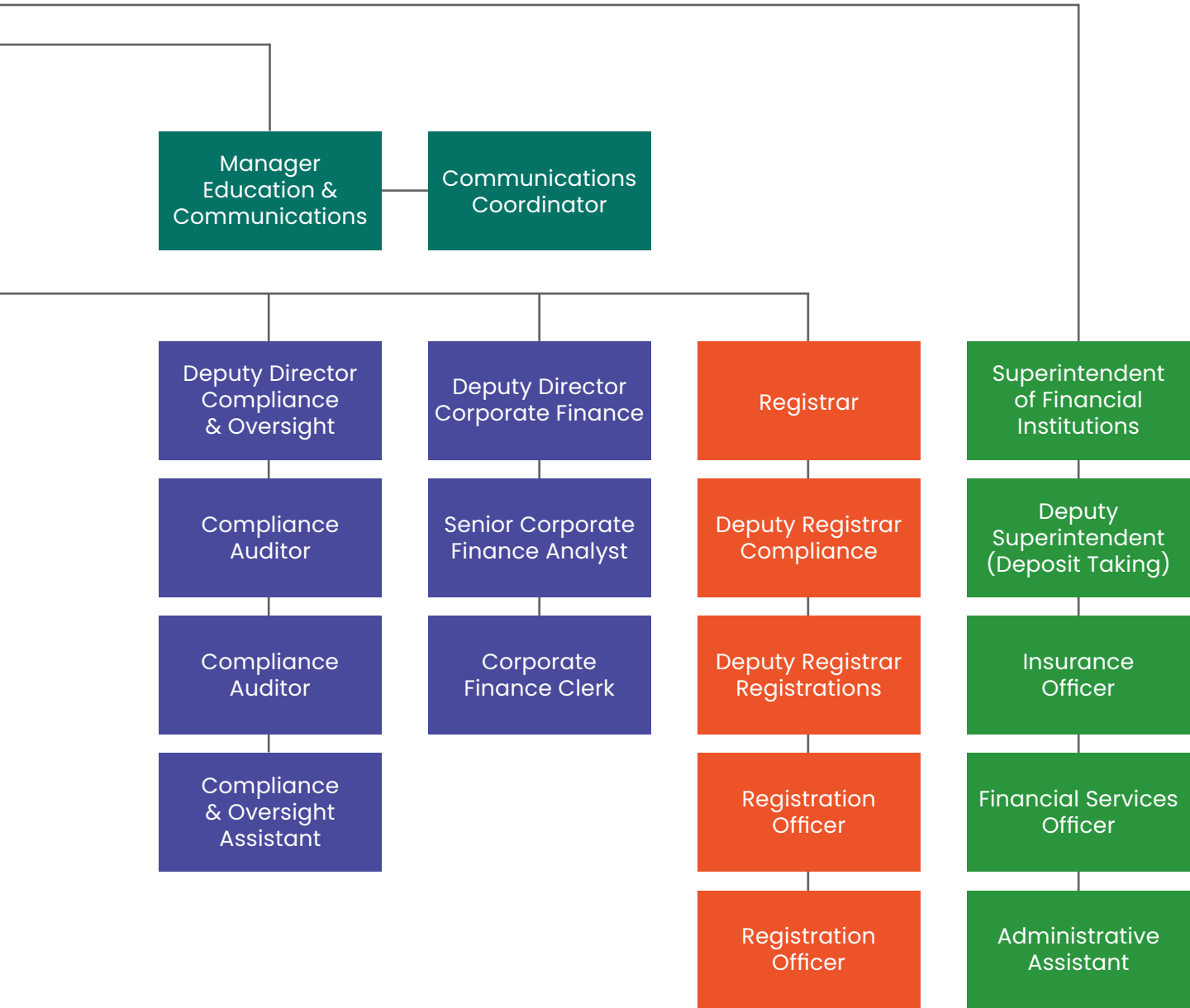
\* Variance (under) due to vacant positions and staff utilizing Voluntary Reduced Work-Week (VRW) days.

# ORGANIZATIONAL CHART

## LEGEND

- Agency Content
- Securities Commission
- Real Estate
- Financial Institutions





## EDUCATION & COMMUNICATIONS

In fiscal year 2023–2024, the Education and Communications staff focused on several high-profile projects, notably completing the development of a new corporate website, themfsa.ca.

This project, over two years in the making, presented numerous challenges and learning opportunities, including ending a partnership with the original agency of record. With many of these challenges overcome, themfsa.ca is now in soft launch mode. While work remains to complete the French translation and fix some bugs, the website is on track for a full debut in 2024/25.

In February 2023, Jason Booth (Communications Coordinator) left for a new government role. We wish him all the best in his new endeavor. In August 2023, Marko Bilandzija joined the MFSA as the new Communications Coordinator, bringing fresh ideas to the department.

In November 2023, we partnered with CJNU 93.7 FM Nostalgia Radio for Financial Literacy Month and continued this in March 2024 for Fraud Prevention Month. We recorded two live 1.5 hour talk shows. The first featured MFSA experts while the second had a mix of in-house experts as well as community professionals from the Winnipeg Police Service, Access Credit Union and Prevent Elder Abuse Manitoba. We have also started updating our Make it Count - Parent Guide to align with today's digital landscape.

Several projects, like the MoneySmart Newsletter, are paused due to staffing levels but will return in some capacity in the near future. Despite this, subscriber growth has continued and is expected to rise further once these projects resume.



### EDUCATION & COMMS. STATS AT A GLANCE

#### SOCIAL MEDIA

X Followers: **456**  
Facebook Followers: **748**  
Instagram Followers: **179**  
Posts Per Month: **50+**

#### PODCASTS

##### TIME TO CALL OUT FRAUD

Total Episodes: **7**  
Total Downloads: **1,727**

##### THE GREAT DISCONNECT

Total Episodes: **6**  
Total Downloads: **985**

#### SUBSCRIPTIONS

MoneySmart Newsletter  
Subscribers: **1,249**



## CORPORATE FINANCE

The Corporate Finance Department is tasked with maintaining confidence in our capital markets and ensuring the protection of investors by providing fair and balanced regulation. Considering how fiscal 2023 was a year filled with uncertainty - high inflation and interest rates, geopolitical crises, and the growth of artificial intelligence - it is critical that we be responsive to new economic situations or challenges.

Over the course of the year, we made marked progress on the reduction of burden on our stakeholders. We have implemented an Access Model for non-investment fund prospectuses, we have opened an avenue for a well-known seasoned issuers regime in Canada, and are working towards the modernization of investment fund continuous disclosure documents.



We 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 are members of several other CSA Committees.

In the coming year, the Corporate Finance Department will continue to advance ongoing policy initiatives - namely climate related disclosure, board diversity, environmental, social, and governance (ESG) related investment fund disclosure, cybersecurity, and the regulation of crypto assets.

## LEGAL

The Legal department assists all areas of the MFSA to meet their individual mandates. This work includes providing support in developing policy, rules, and legislation.

On the Securities side, we have participated in projects with other CSA members to consider issues in the short selling regime in Canada and the move to T+1 for settlement of trades. We have also been involved in a project that will improve the effectiveness and efficiency of derivatives trade reporting. In registration matters, we coordinated exemptive relief required to allow the registration of cryptoasset trading platforms.

In the areas of capital formation and technology driven changes to financial markets, the Legal department remains actively engaged with CSA colleagues as part of the CSA Financial Innovation Hub and the CSA Cryptoasset 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 who are involved in that area.

The Legal department has also been deeply involved in supporting the necessary regulatory changes needed for the completion of the amalgamation of the MFDA and IIROC into the new entity now known as CIRO.

For the Financial Institutions Branch, we have assisted in developing amendments to *The Credit Unions and Caisses Populaires Act* to update several sections to address issues that have arisen as the operation of credit unions and the caisse populaire have evolved, particularly in connection with members meetings. Manitoba's credit unions and caisse populaire are a crucial part of Manitoba's financial services sector. These amendments will ensure that the governing legislation is up to date.

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

### LEGAL STATS AT A GLANCE

Exemptions Orders: **21**  
Investigation Orders: **5**  
Financial Reporting Orders: **7**  
Cease Trade Orders: **1**  
Compliance Orders: **2**

Statements of Allegations Issued: **4**  
Enforcement Orders Filed: **3**  
Settlement Agreements Completed: **3**  
Decision Documents Published: **7**  
Pending Provincial Court Hearings: **0**

For more expansive statistics, see page 44.

## COMPLIANCE & OVERSIGHT

On August 3, 2023, the CSA and CIRO published joint Staff Notice 31-363 Client Focused Reforms: Review of Registrants' Conflicts of Interest Practices and Additional Guidance. The staff notice summarizes the findings of the review of conflict of interest practices and provides additional guidance to registrants, including best practices to comply with the conflicts of interest requirements under the Client Focused Reforms. Compliance Staff will continue to monitor registrants' compliance with securities legislation, including all Client Focused Reforms requirements, and will take appropriate regulatory action to address any non-compliance.

In fall 2023, Compliance Staff, along with other members of the CSA and CIRO, commenced a sweep review to assess registrants' compliance with the other obligations under Client Focused Reforms, including the know your client, know your product, and suitability determination requirements that came into effect on December 31, 2021.

After the amalgamation of the predecessor SROs and IPFs, effective January 1, 2023, during the year, Compliance Staff, along with our CSA colleagues, continued to work on various solutions outlined in CSA Position Paper 25-404 New Self-Regulatory Organization Framework to be implemented after the close of the amalgamation transaction. Post-close initiatives will continue to be an area of focus in 2024.

On September 28, 2023, the MSC, along with other participating CSA members, published Multilateral Instrument 93-101 Derivatives: Business Conduct and its companion policy, which establishes business conduct standards applicable to the over-the-counter derivatives markets. The Business Conduct Rule applies to any firm that is in the business of trading or advising in OTC derivatives in the Canadian market, regardless of whether it is registered or exempted from the requirement to be registered in a jurisdiction. MI 93-103 comes into force on September 28, 2024. CSA Staff will be considering whether provisions comparable to the Client Focused Reforms are appropriate for the OTC derivatives market.



# INVESTIGATIONS & ENFORCEMENT

During the fiscal year 2023-2024, the MFSA continued to participate 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.

The MFSA issued 85 Investor Alerts warning the public about investment-related scams, 20 more than the 65 issued in the previous year. Most of the alerts were related to offshore cryptocurrency and Forex trading scams that continue to target Manitobans.



## INVESTIGATIONS STATS AT A GLANCE

### SECURITIES

Complaints/Inquiries to Investigation and Enforcement: **303**

Formal Investigation Files Opened: **32**

### REAL ESTATE

Complaints/Inquiries to Investigation and Enforcement: **165**

Formal Investigation Files Opened: **7**

For more expansive statistics, see page 44 and 45.

Investor Alerts are an important tool for the public to review when researching investment offers, along with checking a firm's registration.

Securities related complaints increased from 305 to 335 during the fiscal year, while real estate complaints eased from 263 to 172.

In October 2023, an MFSA Investigator attended the Major Case Management Team Commander Course at the Canadian Police College in Ottawa. The course taught the principles of Major Case Management to assist with investigating and managing large, multi-jurisdictional investigations.

In November, an MFSA Investigator presented to two Red River College business/financial services classes and provided an overview of the MFSA, the financial services regulatory framework, investigation and enforcement processes, and investment fraud.

## REGISTRATIONS

In fiscal 2023–2024, Registrations has continued to work diligently with its CSA partners. Over this period, Registrations Staff processed over 57,000 submissions through the National Registration Database (NRD).

Throughout the past year, Registrations and the CSA continued discussing and operationalizing processes for the review of registration applications for Crypto-asset Trading Platforms in consultation with the CTP Taskforce to coordinate registration of the platforms with exemptive relief being issued to allow for their operation. This included discussions about staking and appropriate custodians relative to a CTP. In addition, we continue to participate in the policy development involving the oversight of CTPs, including the development of the pre-registration undertaking and ongoing refinement of terms and conditions imposed on restricted dealers.

Registrations continued processing the review of notice filings for Crowdfunding Platforms relying on registration exemptions in NI 45-110 Start-Up Crowdfunding Registration and Prospectus Exemptions.

Registrations staff worked with our CSA colleagues in connection with the post-amalgamation issues concerning the Canadian Investment Regulatory Organization (CIRO). This has included reviews of CIRO's post consolidation rulebook, as well as the implementation of new processes required for registration of firms as both an investment dealer and mutual fund dealer in a single legal entity (dual-registered firm). The CSA issued guidance concerning the dual-registration process and we continue to work with CIRO on outstanding issues. As of the end of the fiscal year, six dual-registered firms had been approved.

On April 20, 2023, the CSA and the Canadian Council of Insurance Regulators adopted enhanced cost disclosure reporting requirements for investment funds and new cost and performance reporting guidance for individual variable insurance contracts.

Registrations and the CSA continue to work on strengthening OBSI's powers for the handling of client complaints, including publishing proposed rule amendments for comment in November 2023.

Together with our CSA colleagues, Registrations continues work on various other issues, including analyzing client-facing titles and reviewing the proficiency requirements under NI 31-103.



## REAL ESTATE

This year Real Estate Division staff continued to be involved in the project whose aim is to update the offers to purchase and property disclosure statement forms prescribed in The Real Estate Services Act that registrants must use in the sale of completed single-family residential houses and completed single-family residential condominium units.

### REAL ESTATE STATS AT A GLANCE

#### REGISTRATIONS

Registrations under the RESA: **2,812**

Registrations under The Mortgage Brokers Act: **525**

#### EDUCATION

Salesperson Pre-Licensing Education Enrollments: **476**

Broker Pre-Licensing Education Enrollments: **30**

Re-Licensing Education Completions: **2,531**

#### FINANCIAL FILINGS & COMPLIANCE AUDITS

Registered Brokerage Reports Reviewed: **430**

Final Close-Out Reports Reviewed: **19**

Brokerages Suspended for Failure to File: **3**

For more expansive statistics, see page 45.

The current forms have remained mostly unchanged since the 1990s.

The Manitoba Securities Commission struck a committee comprised of representatives of the Manitoba Bar Association, the Manitoba Real Estate Association, and the Commission to review the offers and propose changes to the forms. Commission staff circulated the first draft of proposed revised forms developed by the committee to the legal profession and real estate brokerage industry for preliminary review in early 2022. After the initial review, there followed subsequent rounds of consultation both with industry participants and the public.

Real Estate Division staff are currently collaborating with legal counsel to edit the proposed forms for clarity. After the editing process is complete later this year the Commission will determine the date that the new forms will come into force.



# FINANCIAL INSTITUTIONS REGULATION BRANCH

In the fiscal year 2023–2024, the Financial Institutions Regulation Branch worked with the Insurance Council of Manitoba in amending and approving Licensing Rules for intermediaries. Effective June 26th, 2023, the Life Insurance Agents and Accident and Sickness Agents Licensing Rules were amended and approved by the Superintendent. The amendment allows applicants (whether they were a former licensee that has been unlicensed for 12 months or longer, or a new applicant) to provide industry education and experience details to the Life Insurance Council for their review and consideration of granting a license without any requirement of an examination. The Rules amendment harmonizes with the General Insurance Agents and Insurance Adjusters Licensing Rules.

Effective January 1st, 2024, the Insurance Adjusters Licensing Rules (Rules) were amended and approved by the Superintendent. The Rules amendments reduced the licensing levels from five to three, updated the educational and experience requirements to meet and progress throughout the licensing levels, eliminated the need of the mandatory progression requirements, increased the requirements with respect to supervision and relicensing and other miscellaneous amendments which provide further clarity of the licensing requirements. The amendments harmonize Manitoba with a number of other jurisdictions.

## FIRB STATS AT A GLANCE

### INSURANCE

Number of Federal and Provincial Licensed Insurers: **208**

Agent, Broker and Adjuster Licenses Issued: **28,551**

### CREDIT UNIONS

Credit Unions: **16**

*Caissees populaires:* **1**

Combined Assets: **\$43.6 billion**

### TRUST & LOANS

Federal Trust and Loan Corporations: **50**

Extra-Provincial Trust and Loan Corporations: **4**

For more expansive statistics, see page 46.





# MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2024



The following is a discussion and analysis for the operating results of the Manitoba Financial Services Agency (MFSA) for the year ended March 31, 2024. It should be read in conjunction with the Agency's audited financial statements.

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.



# MANAGEMENT'S DISCUSSION & ANALYSIS

## RESULTS OF OPERATIONS

### ANNUAL SURPLUS

Annual surplus for the year ended March 31, 2024 was \$23.385 million, an increase over the prior year by \$2.787 million. Revenues of \$29.524 million exceeded budgeted revenue by \$6.441 million. Expenses of \$6.139 million came in under budget by \$1.061 million. The net result was annual surplus exceeded budgeted annual surplus by \$7.502 million.

### REVENUE

The Agency exceeded its revenue targets by \$6.441 million or 27.9% because of increased market activities and investment income. See table below for fiscal year end 2022/23 and 2023/24 revenue details.

Revenue (000's)	2024	% of total	2023	% of total	2024 % Increase/ (Decrease) from 2023
<b>Corporate Finance Fees</b>	\$ 11,526	39%	\$ 11,915	45%	(3.3%)
<b>Registration Fees</b>	7,647	26%	7,682	29%	(0.5%)
<b>Investment Income</b>	5,478	19%	2,582	10%	112.2%
<b>FIRB Fees</b>	2,720	9%	2,267	9%	20%
<b>Real Estate Fees</b>	1,709	6%	1,662	6%	2.8%
<b>Pension Fees*</b>	325	1%	-	-	-
<b>Legal Fees</b>	115	0%	111	-	3.6%
<b>Miscellaneous Income</b>	4	0%	164	1%	(97.6%)
	<b>\$ 29,524</b>	<b>100%</b>	<b>\$ 26,383</b>	<b>100%</b>	<b>11.9%</b>

\* Pension Fees listed are only from the time the department was with the MFSA for the fiscal year. Pensions is now under the Department of Labour and Immigration.

Corporate finance fees and registration fees accounted for 65% of the Agency's 2024 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.

## EXPENSES

Overall, total expenses for fiscal year 2024 were \$6.139 million, an increase of \$0.354 million over fiscal year 2023. See table below for details.

Expenses (000's)*	2024	% of total	2023	% of total	2024 % Increase/ (Decrease) from 2023
Salaries and Benefits	\$ 4,364	71%	\$ 4,166	72%	4.8%
Operating Expenses	1,752	29%	1,604	28%	9.2%
Amortization	23	-%	15	-%	53.3%
	<b>\$ 6,139</b>	<b>100%</b>	<b>\$ 5,785</b>	<b>100%</b>	<b>6.1%</b>

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

Total expenses were \$1.061 million or 14.7% below budget. Explained variances in salaries and benefits and operating expenses are below.

### SALARIES AND BENEFITS

Overall, salaries and benefits increased by 4.8% or \$0.198 million over the previous year. For the fiscal year ending March 31, 2024, salaries and benefits were 14.1% below budget due to vacancies and the impact of the Voluntary Reduced Workweek program.

### OPERATING EXPENSES

Operating expenses for the fiscal year were 9.2% higher than last year and were under budget by \$0.345 million or 16.5% primarily due to:

- Professional services – under budget by \$0.164 million due to delays.
- Education/Information Initiatives – under budget by \$0.086 million due to delays of initiatives.
- Travel – under budget by \$0.028 million due to lower-than-expected trips.

### CAPITAL EXPENDITURES

Capital expenditures for the 2023-2024 fiscal year were \$0.067 million. Capital expenditures were financed through operations.

## **LIABILITIES**

Accrued liabilities were \$0.099 million for the year ending March 31, 2024. This balance represents accrued vendor obligations. Accrued vacation and severance liabilities were \$0.450 million and \$0.569 million respectively as at March 31, 2024 (March 31, 2023 – \$0.438 million and \$0.532 million). Accrued salaries and benefits were \$0.199 million for the year ending March 31, 2024 (March 31, 2023 – \$0.074 million). 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 organization's 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 \$26.834 million as of March 31, 2024.

As at March 31, 2024, the investment of \$94.919 million is valued at cost and represents an investment held with the Province of Manitoba in a trust account earning a market rate of interest. Invested with the Province of Manitoba Treasury Division allows the Agency the flexibility to access these funds when needed.

## **2024/2025 OVERVIEW**

For the fiscal year ending March 31, 2025, the Agency has budgeted revenue of \$24.885 million and budgeted expenses of \$6.856 million.

The Agency will continue to monitor market activity closely, which has an impact on the financial condition of the Agency. Budgeted revenues will be subject to variability.

## **INFORMATION TECHNOLOGY**

As of March 31, 2024, the Agency had the following internal systems in place:

- Manitoba Securities Commission Information System (MSCIS).
- In-house developed custom software JMS Client for real-time communications with SEDAR Plus JMS Server.
- Custom software Poller for downloading real-time SEDAR Plus data to our database.
- In-house developed software Reconciliator for SEDAR Plus payments reconciliations.
- Real Estate On-line Registration System (ROLS) – An on-line system that gives registrants the ability to register on-line and use a credit card option for payments.

- Consumer Affairs Tracking System (CATS) – Database for entering insurance agents, companies and adjusters.
- The Agency uses MS 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.

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

- System for Electronic Data Analysis and Retrieval Plus (SEDAR+)
- SEDAR Plus JMS Server
- SEDAR Plus Tableau
- National Cease Trade Order database (CTO)
- System for Electronic Disclosure by Insiders (SEDI)
- National Registration Database (NRD)
- Disciplined Persons

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 ensure 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 Plus, 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 Plus) 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. In July 2023, the MFSA updated the interfaces it has with SEDAR Plus that are used to download and upload documents and information to our system.

# MFSA FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024



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## **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**:

A blue ink signature of David Cheop.

**David Cheop**  
Chair and CEO  
Manitoba Financial Services Agency

A black ink signature of Yeu Fang Sharma.

**Yeu Fang Sharma, CPA, CGA**  
Controller  
Manitoba Financial Services Agency

**May 30, 2024**



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## 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, 2024, 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, 2024, 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.

# STATEMENT OF FINANCIAL POSITION

(IN THOUSANDS)

<b>March 31</b>	<b>2024</b>	<b>2023</b>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 6)	\$ 26,834	\$ 98,753
Accounts receivable (Note 7)	2,886	1,417
Portfolio investments (Note 8)	94,919	1,019
	<u>124,639</u>	<u>101,189</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	99	97
Accrued vacation entitlements	450	438
Accrued salaries and benefits	199	74
Employee future benefits (Note 9)	569	532
	<u>1,317</u>	<u>1,141</u>
<b>Net financial assets</b>	<u>123,322</u>	<u>100,048</u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 10)	162	118
Prepaid expenses	146	79
	<u>308</u>	<u>197</u>
<b>Accumulated surplus</b>	<u>\$ 123,630</u>	<u>\$ 100,245</u>

Designated assets (Note 11)  
Commitments (Note 12)

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	2024	2024	2023
	Budget	Actual	Actual
<b>Revenue</b>			
Fees	\$ 22,649	\$ 24,042	\$ 23,637
Interest	134	5,478	2,582
Miscellaneous	300	4	164
	<b>23,083</b>	<b>29,524</b>	26,383
<b>Expenses</b>			
Amortization - capital assets	24	23	15
CSA initiatives*	128	129	138
Contract services	482	456	292
Education/Information initiatives	94	8	47
Miscellaneous	40	49	37
Office materials and supplies	69	70	38
Premises	620	595	617
Professional services	349	185	214
Research resources	87	86	74
Salaries and benefits	5,079	4,364	4,166
Staff development and professional dues	55	45	38
Telecommunications	86	70	72
Travel	87	59	37
	<b>7,200</b>	<b>6,139</b>	5,785
<b>Annual Surplus</b>	<b>15,883</b>	<b>23,385</b>	20,598
<b>Accumulated Surplus, beginning of year</b>	<b>100,245</b>	<b>100,245</b>	79,647
<b>Accumulated Surplus, end of year</b>	<b>\$ 116,128</b>	<b>\$ 123,630</b>	\$ 100,245

\* 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	2024	2024	2023
	Budget	Actual	Actual
<b>Annual Surplus</b>	<b>\$ 15,883</b>	<b>\$ 23,385</b>	<b>\$ 20,598</b>
<b>Tangible Capital Assets</b>			
Acquisition of tangible capital assets	(65)	(67)	(104)
Amortization of tangible capital assets	24	23	15
<b>Net change in tangible capital assets</b>	<b>(41)</b>	<b>(44)</b>	<b>(89)</b>
<b>Other Non-financial assets</b>			
Decrease (increase) in prepaid expense	23	(67)	1
<b>Increase in net financial assets</b>	<b>15,865</b>	<b>23,274</b>	<b>20,510</b>
<b>Net financial assets, beginning of year</b>	<b>100,048</b>	<b>100,048</b>	<b>79,538</b>
<b>Net financial assets, end of year</b>	<b>115,913</b>	<b>123,322</b>	<b>100,048</b>

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

## STATEMENT OF CASH FLOWS (IN THOUSANDS)

For the year ended March 31	2024	2023
<b>Cash provided by (applied to):</b>		
<b>Cash Flows from Operating Activities</b>		
Annual surplus	\$ 23,385	\$ 20,598
Amortization of tangible capital assets	23	15
	<b>29,524</b>	26,383
Changes in non-cash working capital balances		
Accounts receivable	(1,469)	(1,375)
Prepaid expenses	(67)	1
Accounts payable and accrued liabilities	2	18
Accrued vacation entitlements	12	-
Accrued salaries and benefits	125	17
Employee future benefits	37	(62)
	<b>22,048</b>	19,212
<b>Cash Flows from Capital Activities</b>		
Acquisition of capital assets	(67)	(104)
Purchase of short term investments	(93,900)	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(71,919)</b>	19,108
<b>Cash and cash equivalents, beginning of year</b>	<b>98,753</b>	79,645
<b>Cash and cash equivalents, end of year</b>	<b>\$ 26,834</b>	\$ 98,753
<b>Supplementary Information</b>		
Interest received	\$ 4,020	\$ 1,219

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

# NOTES TO FINANCIAL STATEMENTS

## (IN THOUSANDS)

**For the year ended March 31, 2024**

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### **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 Recognition

Revenues from transactions with performance obligation is recognized at a point in time or as the Agency satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Fees and cost recoveries are recognized when received.

Investment income is recognized on an accrual basis, as earned.

### 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.

### Financial Assets

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

### Liabilities

Liabilities are present obligations as a result of transaction 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.

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

#### 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 portfolio 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 portfolio investments.

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

	<b>2024</b>	2023
Cash and cash equivalents	<b>\$ 26,834</b>	\$ 98,753
Accounts receivable	<b>2,886</b>	1,417
Portfolio investments	<b>94,919</b>	1,019
	<b>\$ 124,639</b>	\$ 101,189

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

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, 2024 (nil in 2023).



### 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. ADOPTION OF NEW ACCOUNTING STANDARD**

On April 1, 2023, the Agency adopted Public Sector Accounting Standards PS 3400, Revenue. This standard was adopted prospectively. In accordance with the provisions of the standard, there has been no impact on the financial statements of the current period.

## **6. CASH AND CASH EQUIVALENTS**

The Agency invests all surplus cash in short-term deposits with the Province of Manitoba, which are made up of 4-day to 189-day callable term deposits bearing interest between 4.90% and 5.25%.

## **7. ACCOUNTS RECEIVABLE**

	<b>2024</b>		2023
Accrued interest	<b>\$ 2,850</b>	\$	1,392
Trade	<b>36</b>		25
	<b>\$ 2,886</b>	\$	1,417

## **8. PORTFOLIO INVESTMENTS**

Portfolio investments consist of investments held with the Province of Manitoba with maturity dates ranging from April 2, 2024 to March 28, 2025 and bearing interest between 4.75% and 5.44%.

## 9. 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 2024 was \$238 (\$239 in 2023). 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, 2024 is \$569 (\$532 in 2023). The actuarial gain of \$4 based on actuarial reports is being amortized over the 15 year expected average remaining service life (EARSL) of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2020 valuation, and in the determination of the March 31, 2024 present value of the accrued severance benefit obligation were:

Annual rate of return	4.25 %
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:

	<b>2024</b>		2023
Accrued benefit liability			
Balance, beginning of year	<b>\$ 598</b>	\$	669
Benefits accrued	<b>23</b>		21
Interest on accrued benefits	<b>26</b>		27
Severance paid	<b>(82)</b>		(119)
	<b>565</b>		598
Less unamortized actuarial gains (losses)	<b>4</b>		(66)
Severance benefit liability	<b>\$ 569</b>	\$	532

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

	<b>2024</b>		2023
Interest on obligation	<b>\$ 23</b>	\$	21
Current period benefit cost	<b>26</b>		27
Amortization of actuarial losses over EARSL	<b>(85)</b>		(110)
Total expense related to severance benefit	<b>\$ (36)</b>	\$	(62)

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.

## 10. TANGIBLE CAPITAL ASSETS

	2024			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office equipment	\$ 71	\$ 3	\$ -	\$ 74
Furniture and fixtures	233	18	-	251
Leasehold improvements	184	46	-	230
Computer hardware	147	-	-	147
Computer software	877	-	-	877
	<b>1,512</b>	<b>67</b>	<b>-</b>	<b>1,579</b>
Accumulated Amortization				
Office equipment	\$ 68	\$ 2	\$ -	\$ 70
Furniture and fixtures	230	2	-	232
Leasehold improvements	78	17	-	95
Computer hardware	146	1	-	147
Computer software	872	1	-	873
	<b>1,394</b>	<b>23</b>	<b>-</b>	<b>1,417</b>
Net book value	<b>\$ 118</b>	<b>\$ 44</b>	<b>\$ -</b>	<b>\$ 162</b>
				2023
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office equipment	\$ 69	\$ 2	\$ -	\$ 71
Furniture and fixtures	229	4	-	233
Leasehold improvements	86	98	-	184
Computer hardware	147	-	-	147
Computer software	877	-	-	877
	<b>1,408</b>	<b>104</b>	<b>-</b>	<b>1,512</b>
Accumulated Amortization				
Office equipment	\$ 67	\$ 1	\$ -	\$ 68
Furniture and fixtures	228	2	-	230
Leasehold improvements	68	10	-	78
Computer hardware	146	-	-	146
Computer software	870	2	-	872
	<b>1,379</b>	<b>15</b>	<b>-</b>	<b>1,394</b>
Net book value	<b>\$ 29</b>	<b>\$ 89</b>	<b>\$ -</b>	<b>\$ 118</b>

## **11. 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 2023) of its portfolio investments as designated assets for the following purposes:

The Agency maintains separate deposits of \$750 (\$750 in 2023) 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 4.75% with a maturity date of March 28, 2025.

The Agency has received \$269 (\$269 in 2023) 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 4.75% with a maturity date of March 28, 2025.

## **12. 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 \$614 per year for each of the next three years.

Summary



# AGENCY STATISTICS

FOR THE YEAR ENDED MARCH 31, 2024



## SECURITIES STATISTICS

	2023/2024	2022/2023	2021/2022
Registrations Under <i>The Securities Act</i>	<b>26,107</b>	25,614	24,185
Registrations Under <i>The Commodity Futures Act</i>	<b>382</b>	384	368
Prospectuses Filed	<b>592</b>	582	827
Issuers Included in Prospectuses	<b>4,582</b>	4,564	4,846
Classes of Securities Included	<b>15,430</b>	20,376	20,315
Amendments and Supplements	<b>6,765</b>	5,457	7,000
Issuers Included	<b>6,949</b>	6,213	8,201
Classes of Securities Included	<b>7,157</b>	6,299	8,507
Rights Offerings	<b>7</b>	10	15
45-106FI Capital Raising Forms*	<b>2,080</b>	1,948	1,966
Offering Memorandums	<b>86</b>	67	85
Annual Financial Statements	<b>5,764</b>	5,532	5,589
Annual Information Forms	<b>1,167</b>	1,181	1,238
Issuers Made Active (opened)	<b>332</b>	363	550
Issuers Made Inactive (closed)	<b>334</b>	219	270
Reporting Issuers Under <i>The Securities Act</i>	<b>6,437</b>	6,456	6,311
Takeover Bids and Issuer Bids	<b>15</b>	23	21
Exemptions Orders	<b>21</b>	13	19
Investigation Orders	<b>5</b>	2	3
Financial Reporting Orders	<b>7</b>	11	3
Cease Trade Orders**	<b>1</b>	0	4
Miscellaneous Orders	<b>0</b>	1	5
Notices of Hearing Issued	<b>4</b>	2	0
Statements of Allegations Issued	<b>4</b>	2	0
Enforcement Orders Filed	<b>3</b>	2	4
Settlement Agreements Completed	<b>3</b>	1	1
Decision Documents Published	<b>7</b>	3	3
Completed Provincial Court Hearings	<b>1</b>	0	0
Pending Provincial Court Hearings	<b>0</b>	1	1
Completed King's Bench Hearings	<b>0</b>	0	0
Pending King's Bench Hearings	<b>1</b>	0	0
<b>Complaints and Inquiries</b>			
General Investigation and Enforcement	<b>245</b>	293	265
Formal Investigation Files Opened	<b>31</b>	12	20

\* 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

	2023/2024	2022/2023	2021/2022
<b>Registrations</b>			
Registrations Under The Real Estate Services Act	2,812	2,806	2,763
Registrations Under The Mortgage Brokers Act	525	512	497
<b>Education</b>			
Salesperson Pre-Licensing Education Enrolments*	476	520	861
Broker Pre-Licensing Education Enrolments	30	17	39
Re-Licensing Education Completions	2,531	2,324	2,174
<b>Financial Filings and Compliance Audits</b>			
Registered Brokerage Reports Reviewed	430	416	406
Final Close-Out Reports Reviewed	19	17	11
Brokerages Suspended for Failure to File	3	14	14
<b>Investigations and Enforcement</b>			
General Investigations and Inquiries*	165	257	336
Formal Investigations*	7	6	22
Complaints Resulting in Warning/Reprimand/Action**	2	15	2
<b>Interest Earned on Brokerage Trust Accounts (In Thousands)</b>			
Balance Forwarded at April 1, 2023	976	237	377
Interest Earned During Fiscal Year	1,924	739	61
Total	2,900	976	125
<b>Unclaimed Trust Account Funds (In Thousands)</b>			
Balance Forwarded at April 1, 2023	43	32	25
Received During the Fiscal Year	14	11	7
Total	57	43	32

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

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



## FIRB STATISTICS

	2023/2024	2022/2023	2021/2022
<b>Insurance Sector</b>			
Number of Licensed Insurers – Federal	161	164	163
Number of Licensed Insurers – Provincial	47	48	47
Special Insurance Broker Licenses	10	10	10
Complaint Files Opened	48	39	48
Complaint Files Closed	46	39	55
Complaint Files in Progress	17	15	15
<b>Insurance Council of Manitoba</b>			
Examinations for Agents, Brokers and Adjusters	4,297	3,946	3,244
Pass Rate	65%	79%	73%
Successful Applications	2,801	3,099	2,364
Agent, Broker and Adjuster Licenses Issued	28,551	26,127	25,356
Complaint Files Against Agents/Brokers/Adjusters			
Opened	32	22	19
Closed	17	19	14
Presented to Council for Decision	6	5	4
Appealed Decisions	-	-	-
In Progress	41	26	25
<b>Credit Union Sector</b>			
Credit Unions in Manitoba	16	18	21
<i>Caisses Populaires</i> in Manitoba	1	1	1
Combined Assets (Billions)	\$43.6	\$42.3	\$40.0
Member Deposits (Billions)	\$38.9	\$37.9	\$36.3
Member Equity (Billions)	\$3.0	\$2.8	\$2.6
<b>Trust and Loan Corporations</b>			
Federal	50	50	49
Extra-Provincial	4	4	3
<b>Co-operatives Sector*</b>			
Securities Offering Documents Approved	-	1	-
Housing Cooperative Appeals	5	5	4

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

# PERFORMANCE REPORTING

The MFSA's Planning Process is set out in:

- 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.

The current Strategic Plan covers the period from 2022 to 2025 and identifies four key challenges: responding to global developments, enhancing investor protection, addressing local issues and monitoring emerging trends. The Strategic Plan sets out four strategic goals to pursue to address these challenges:

- Enhancing investor/consumer protection
- Enhancing the regulatory framework
- Continuing regulatory harmonization with other jurisdictions where appropriate
- Improving efficiency in operations

Specific actions are set out under each of the goals to advance the Strategic Plan. Progress towards the completion of the items is monitored and adjustments made as required.

As in previous years, MFSA has generally met the performance goals set. 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 period.



## 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 2023/24. (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



## **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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