

2012

Annual Activity Report

Facilitating access to objective investment information and helping consumers make informed investment decisions.



**CSA
Investor Education
Committee**

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**ABOUT CANADIAN
SECURITIES
ADMINISTRATORS
(CSA) INVESTOR
EDUCATION**

The CSA Investor Education Committee is comprised of representatives from the provincial and territorial securities regulators who provide information and education to help investors make appropriate investment decisions as well as recognize, avoid and report fraudulent investments. The CSA works to ensure that Canadians know the benefits of responsible investing and are aware of the impact of their financial decisions on their families and their future. We want Canadians to know that they can turn to their securities regulator for information to help them make informed investment decisions and assess their level of risk. Collaboration and partnership play an important role in the CSA Investor Education Committee. By combining our efforts with other organizations working in financial education, we come closer to accomplishing our committee's primary goal of improving financial literacy. The CSA works with numerous partners, nationally and internationally, to achieve our goal.

Committee Membership

The following jurisdictions had active membership on the CSA Investor Education Committee from April 2012 to March 2013:

| NAME | JURISDICTION |
|-----------------------------------------------|----------------------------------------------------------|
| Laura Belloni (Secretary) & Meena Khan | Canadian Securities Administrators |
| Helena Hrubesova | Yukon Securities Office |
| Andy Poon | British Columbia Securities Commission |
| Donald MacDougall & Shmaila Nosheen | Northwest Territories Registrar of Securities |
| Lorinda Brinton & Tamera Van Brunt (Chair) | Alberta Securities Commission |
| Louis Arki | Nunavut Registrar of Securities |
| Dean Murrison & Denny Huyghebaert | Financial and Consumer Affairs Authority of Saskatchewan |
| Ainsley Cunningham | Manitoba Securities Commission |
| Jill Homenuk, Peter Spadoni & Eleanor Farrell | Ontario Securities Commission |
| Camille Beaudoin & Michel Gariépy | Autorité des marchés financiers (Québec) |
| Marissa Rignanesi | New Brunswick Securities Commission |
| Linda Peters | The Prince Edward Island Securities Office |
| Tanya Wiltshire | Nova Scotia Securities Commission |
| Kimberly Ryan & Craig Whalen | Service NL, Government of Newfoundland and Labrador |

REVIEW OF 2012 EDUCATION INITIATIVES

Informing investors about online fraud - Investor Education Month (October 2012)

To recognize Investor Education Month in October 2012, Canadian securities regulators* re-launched the BlueHedge Investments campaign. The campaign is built around the concept of promoting the website of a fictitious investment company that the CSA created (www.BlueHedge.ca, www.bluehedge.ca/fr) through online advertising, emails, social media as well as word of mouth.

Once on the site, investors were able to find various investment opportunities, and if they chose to “invest now” or provide personal contact information, they were redirected to a CSA educational website (www.BlueHedgeIsntReal.ca, www.bluehedgeestfaux.ca) with information on red flags and tips for checking out an investment opportunity. This year’s fall campaign ran October 18 to November 30,



2012 and follows the success of last year’s three and a half month run that wrapped up at the end of Fraud Prevention Month in March 2012 with close to 20,000 potential investors visiting BlueHedge. We received an increased rate of responses this year with online promotions enticing close to 13,000 potential investors to visit BlueHedge Investments in only six weeks. Feedback on the campaign was overwhelmingly positive with requests for information on the campaign mechanics as well as the general public alerting the CSA to this “possible online scam”.

Results show that the internet continues to be a trusted resource for investing information for Canadians. Of particular concern is that 36 per cent of BlueHedge visitors ended up on the BlueHedge website because they clicked on a BlueHedge ad online. Also of concern is that ten per cent of those who received unsolicited emails from BlueHedge opened the emails and, of those, 12 per cent clicked on the links.

One of the campaign goals this year was to specifically target a portion of the advertising to young adults aged 18-34 years – the group that most often turn to online sources of information on investing. The results indicate that young adults didn’t seem to tolerate or fall easily for online investment scams, which could be a result of more education in general about online and social media solicitation compared to their older counterparts. Many of the social media posts promoting BlueHedge were removed or were berated by others.

*This public education initiative was coordinated by securities regulators in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan, and Yukon.

Researching investor behaviour - 2012 CSA Investor Index

The 2012 Investor Index is the CSA's third survey on investment knowledge, investor behaviour, and incidence of investment fraud. The survey examined similar themes to those conducted in 2006 and 2009, including the incidence of "self-reported" investor fraud and awareness of securities regulators. The 2012 survey also included new questions in the areas of market expectations and the role of social media in investing.

Key findings of the 2012 Index show that:

1. Canadians continue to be approached with fraudulent investments and are not reporting them. Twenty-seven per cent believe they have been approached with a fraudulent investment opportunity at some point in their life, yet among this number, just 29 per cent reported it to authorities.

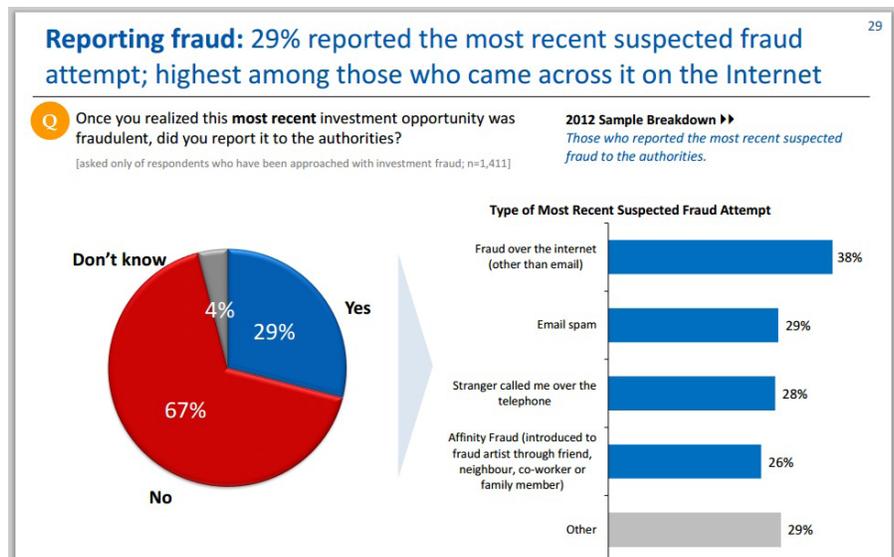


Chart shows types of most recent fraud attempts and reporting statistics, CSA 2012 Investor Index

2. Canadians' overall investment knowledge is low, with 40 per cent of Canadians failing a general investment knowledge test.
3. Social media is emerging as an investment tool, although traditional channels – such as financial advisors – still dominate.

Promoting financial literacy (November 2012)

Tamera Van Brunt, previous Chair of the CSA Investor Education Committee, was invited to speak at two Financial Literacy Month events hosted by the Financial Consumer Agency of Canada. The launch events, held October 26, 2012 (Calgary) and November 1, 2012 (Ottawa) were an opportunity for the CSA to highlight how investing knowledge is a crucial, yet often forgotten step of financial literacy as well as remind Canadians of the unbiased investor education resources available from the CSA.

In addition, several CSA representatives attended and presented at the North American Securities Administrators Association Investor Education Training November 2 - 3, 2012 in Kansas City, Missouri. Over 70 investor education coordinators from across the continent were in attendance and topics highlighted by Canadian jurisdictions included: the role of investor education in financial literacy, conducting effective outreach presentations to law enforcement and youth, how social media can be effectively used within a public awareness campaign (showcasing the CSA's BlueHedge campaign), and the results of the CSA's 2012 Investor Index.

Helping investors check registration – Fraud Prevention Month (March 2013)

For March, Fraud Prevention Month 2013, the CSA encouraged investors to be proactive in preventing investor fraud by checking registration.

The CSA ran a public awareness campaign which included participation in a print and online Fraud Prevention supplement of the Globe and Mail that came out March 20, along with an online campaign with LaPresse.ca. A new URL, www.aretheyregistered.ca, www.sontilsinscrits.ca, directed investors to a new Are They Registered? section on the CSA website that walks investors through three basic steps they can take to do their homework when offered an investment opportunity, including a direct link to the CSA's National Registration Search tool.

The CSA also held the first ever Check Registration Day on March 26, 2013 to bring awareness to the CSA's National Registration Search tool by which investors can check to see if the individual or firm offering them an investment is registered.

The CSA joined other Fraud Prevention Forum members by taking part and tweeting during the Competition Bureau's #2good2btrue twitter campaign on March 12. The CSA used the opportunity to further highlight the red flags of investment fraud.

Overall the campaign brought more traffic to the CSA website during the month of March compared to last year with over 48 per cent of all traffic coming from new visitors. Those who visited the new Are They Registered? information on the site found it valuable and many stayed on the site to explore other CSA investor tools. Strong social media response was key to the positive results of the campaign and Twitter provided a significant contribution as far as driving traffic to the CSA site.

**BUILDING
CAPACITY**

CSA members participation in NASAA Investor Education in 2012:

| Name | Jurisdiction | NASAA Affiliation |
|-------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Marissa Rignanesi | New Brunswick | Vice-Chair: Investor Education Section |
| | | Canadian Liaison |
| | | Chair: Social Media and Online Outreach Project Group |
| | | Speaker: NASAA Investor Education Training (Effective presentations to middle/high school youth) |
| Tanya Wiltshire | Nova Scotia | Member: Social Media and Online Outreach Project Group |
| Lorinda Brinton | Alberta | Speaker – NASAA Investor Education Training (Effective presentations to law enforcement & Use of social media for public awareness campaigns) |
| Camille Beaudoin | Québec | Speaker: NASAA Investor Education Training (CSA 2012 Investor Index results) |
| Rick Hancox | New Brunswick | Speaker: NASAA Investor Education Training (Financial literacy in Canada) |
| Jake Van der Laan | New Brunswick | Speaker: NASAA Investor Education Training (Internet Fraud Working Group presentation on crowdfunding) |

NOTABLE JURISDICTIONAL INITIATIVES

British Columbia Securities Commission

The British Columbia Securities Commission continued with its successful “Be Fraud Aware” program – a three-year television, radio and print campaign, to educate and warn British Columbians about the dangers of investment fraud.

The campaign’s second year featured two compelling province-wide television commercials, “Stolen Dreams” and “Two Faced;” three YouTube videos; and a mobile application to alert people to the signs of investment fraud.

The commercials showed a suave and successful fraudster who uses his persuasive powers to con people of their money. “Stolen Dreams” depicted how people are often introduced to the fraudster through relationships of trust within their own communities. “Two Faced” used a split screen to demonstrate both the sales pitch and the underlying motives of the fraudster. The three online videos provided insight into how fraudsters and their investment schemes actually work and how reporting of these crimes can make a difference.

The campaign has significantly increased the profile of the BCSC in the province and has resulted in a marked increase in the number of people reporting suspicious investments to the commission.

To mark Financial Literacy month in November, the BCSC launched a newly developed financial literacy outreach program, saveSMART InvestRight, to teach practical money management for everybody from 18- to 80-years-old. A 90-minute workshop for adults, it complements the BCSC’s investor education seminars and the youth financial life skills teaching resource The City that the BCSC launched almost ten years ago.

Throughout the year, BCSC staff continued to deliver its popular InvestRight seminar program across the province, delivering almost 50 public seminars. The InvestRight website continues to draw more and more visitors and online traffic to its investor education information and resources, highlighted by its popular blog and videos.

Alberta Securities Commission

To increase Albertans’ access to unbiased information on investing province-wide, the Alberta Securities Commission (ASC) adapted its in-classroom course, The Basics of Investing, for online delivery through Mount Royal University. The new course is interactive with videos and discussion forums and students benefit from instructor engagement and support. The first pilot session ran November 8 – 22, 2012 with the next offering scheduled for fall 2013. In addition, the ASC continues to run weekly Consumer Update radio shows on over 20 small stations throughout the province to better reach investors living in rural communities. The spots showcase everyday investing scenarios and direct listeners to the ASC information office via a toll-free line and website. The spots are also featured and paired up with related resources on the “ASC Radio Reminders” page on the ASC website (www.albertasecurities.com).

As in previous years, the ASC partnered with several community organizations and local law enforcement departments which enhanced the ASC's outreach to seniors and those who support them. Through participation in expos, community events, online newsletters and seniors directories, as well as in-person and remote facilitator training, the ASC has increased awareness of the red flags of investment fraud and the resources available from the ASC.

As a further extension of preventative initiatives to help investors stay informed, the ASC issued four investor alerts warning Albertans of high-yield investment schemes, FOREX and an oil and gas "spoofing" scam. These alerts as well as other tips for investors were shared via the ASC's blog (You ASC'd), Facebook page and Twitter feed.

Financial and Consumer Affairs Authority of Saskatchewan (FCAA)

The FCAA hired a full time Coordinator of Information and Education, dedicated to supporting CSA investor education efforts, creating investor education and financial literacy programs and FCAA brand awareness exercises.

As a first major project, the FCAA participated in and actively promoted CSA's "Make it Count" program throughout Saskatchewan. FCAA also took part in Fraud Awareness Month in March 2013 and launched a newly designed website.

Manitoba Securities Commission

Early in 2012 the Commission launched the highly innovative "Your Future Self" campaign. The campaign's premise is that hindsight is a wonderful thing. Imagine what your future self would tell you to do differently today. Maybe suggest a new haircut, perhaps tell you to go easy on yourself because you look better than you think, or maybe Your Future Self would tell you to stop spending so much money, stop listening to those ads trying to convince you that you need more. Wouldn't it be great if you could hear what your future self has to say! Better yet, if Your Future Self could help stop you from making bad financial decisions.

The campaign focused on saving and investing, not spending, and protecting yourself from investment scams. Billboards, transit shelter and print ads, radio spots and a web site invited Manitobans to learn about what they could do to stop spending and start saving. The campaign which ran from January 23 - February 25, 2012 resulted in 12,165 visits with 88 per cent new visitors to the Commission website.

The Commission together with the Knowledge Bureau co-founded the Manitoba Financial Literacy Forum. As of October 2012, there were approximately 25 organizations and 35 individuals from Manitoba represented at the Forum. The Purpose of the forum is to work collaboratively with those who have a stake in financial literacy matters. The Forum produced the Money Matters: Financial Lessons for Life 2013 calendar. The forum continues to expand and work on initiatives designed to improve financial literacy of all Manitobans.

While the majority of Education programming developed by the Commission focuses on Securities matters the Education department developed public information pieces for Real Estate surrounding the new Offer to Purchase Property Disclosure Statement (PDS) and information on the Mortgage Brokers Act.

Ontario Securities Commission

The OSC created an Office of the Investor (OI) as a key part of its efforts to strengthen engagement with investors and then integrate their issues and concerns into policy and operational activities. The OI co-ordinates all investor-related initiatives, including outreach, research, working with the Investor Education Fund (IEF) and support for the OSC Investor Advisory Panel (IAP). In addition, the OI regularly consults with advocacy and stakeholder groups, such as FAIR Canada and the Canadian Coalition for Good Governance, on investor-related issues.

The launch of "OSC in the Community" was a significant expansion of the OSC's outreach to investors, community leaders and police services across Ontario. During visits to Thunder Bay, Kingston and London, staff talked with investors about fraud awareness, financial literacy and how they can identify the red flags of suspicious investment schemes. The "OSC in the Community" program will be expanded in 2013-14 as part of the OSC's commitment to help investors protect their savings and investments. This commitment includes communicating to investors through Investor Alerts about individuals and companies that may be involved in activity that is harmful to the public. The OSC issued six Investor Alerts in 2012-13.

In support of financial literacy programs in Ontario's curriculum for Grades 4 to 12, the IEF unveiled an interactive website for teachers, www.InspireFinancialLearning.ca, and launched "Mind Over Money", a suite of classroom-ready financial literacy lessons. IEF also continued its partnership with the Investment Industry Regulatory Organization of Canada (IIROC) to bring the award-winning Funny Money for High Schools Assembly Program to 81,523 high school students in 209 presentations across the country. The IEF is funded by settlements and fines from OSC enforcement proceedings.

The IEF continued to leverage interactive and social channels to reach investors online through www.GetSmarterAboutMoney.ca, Canada's most popular financial education site, and also conducted research into investor needs and behaviour in support of program development. Research highlights include studies on youth and adult financial literacy and the retirement preparation of Canadians over age 50 in relation to their home equity and property-related debt. The IEF also worked with the IAP, with OSC administrative support and funding, on the study "Strengthening Investor Protection in Ontario - Speaking with Ontarians". The survey explored the views of more than 2,000 Ontario investors regarding their relationships with financial advisers and how they perceive and use investment product information and advice.

Autorité des marchés financiers (Québec)

AMF Québec launched the "AMF Index". The AMF Index is a survey that was sent to 1,500 individuals who are in charge of managing their household finances. The AMF Index measured the knowledge and behaviour of consumers of financial products and services in Québec. For the purpose of the study, financial awareness referred to the set of normal behaviours and their adoption by respondents. The AMF Index is a useful resource for developing and adapting our educational tools.

AMF Québec became a Founder Member of the American Chapter of the International Forum for Investor Education (IFIE). The goal of this organization is to improve education on a worldwide basis so that investors in all jurisdictions are able to make informed investment decisions.

AMF Québec launched its first youth campaign, "TesAffaires", targeting young people from 15-21 years old. Québec's comedian Philippe Laprise was the spokesperson for four 30 second TV commercials. For the first phase of the campaign in Fall 2012, 8,197 contestants registered for the contest and 985 liked the Facebook page. The number of viewed pages on the TesAffaires Facebook page has increased 70 per cent.

AMF Québec also launched the second phase of the www.5bonnesquestions.ca. Along with the website, there was a 30 second TV commercial for this campaign (French only).

AMF Québec's Education and Good Governance Fund (EGGF) has supported 13 financial education and research projects with over \$ 1, 455, 371 in financing. Since its creation in 2004, the EGGF has supported 127 projects with over \$ 20.8 million in financing. The EGGF is funded by the administrative penalties collected on entities through the laws and regulations under Québec's jurisdiction.

AMF Québec continues its leadership role in the Financial Education Specialists' Network in Québec. A dedicated website was created along with a newsletter issued every two months to more than 200 specialists. Every spring the AMF Québec organizes its "Annual Education Day" where more than 100 specialists attend. Among these specialists are university researchers, public organizations, financial institutions and community based organizations.

New Brunswick Securities Commission

The NBSC developed and launched "Investing 101" in 2012. The program addresses information gaps identified in the investor index and from feedback received from New Brunswickers -it can be completed online through self-paced learning and quizzes or offline in a three part series of lunch n' learn presentations. "Investing 101" has been extremely successful and feedback from attendees has been very positive.

The program was delivered 12 times to over 300 participants in seven different business locations from November through March. Requests for the program have been received from organizations outside of the province and the NBSC is currently working with NSSC to make "Investing 101" available in Nova Scotia.

Other offline efforts of note included the continued success of the "I'm Worth It" program (adapted from the Manitoba Securities Commission), and the Elder Investment Fraud and Financial Exploitation program being delivered to medical staff throughout the province. The NBSC reached 860 New Brunswickers with in person presentations, and over 600 more through booth exhibits at trade-shows across the province.

The NBSC, in partnership with the Department of Social Development, established a New Brunswick Financial Education Network to raise awareness of financial literacy in New Brunswick and allow existing organizations to leverage their resources and work together to improve financial literacy in the province. The objectives of the group are to harness the energy and effort of existing resources devoted to financial literacy to enhance programs and services in New Brunswick, make financial literacy an essential piece of New Brunswick's learning infrastructure and improve the financial literacy levels of New Brunswickers.

The Prince Edward Island Securities Office

Prince Edward Island's Securities Section is included in the Consumer, Labour and Financial Services Division. In 2012 our office made presentations to seniors groups in partnership with the Community Legal Information Association and the RCMP. At these presentations, seniors are given information on fraud prevention and other consumer educational material. Both our Consumer website and our Securities website include securities information and have a link to the CSA website for more information.

Nova Scotia Securities Commission

Outreach was the NSSC's focus for 2012. Starting in July, the NSSC met with instructors from the Nova Scotia Community College's Investment Management program. Two presentations were scheduled in February and March on securities regulation and crowd funding. Both presentations were so well received that the NSSC is invited back next year.

The NSSC's outreach initiatives continued throughout the winter with the development of two new partnerships. In January and February, the NSSC helped Junior Achievement of Nova Scotia deliver their "Dollars with Sense" program at two schools with one more scheduled for 2013. The NSSC also partnered with a local Girl Guides troop to deliver investor education to youth ages 9-12. The presentation helped 28 girls received their financial literacy badge.

March turned out to be the NSSC's busiest month for investor education attending five new events. The NSSC's highlighted event was the Co-Halifax Entrepreneurship and Kid Expo. At the booth for industry participants NSSC staff spoke to Nova Scotians about capital raising options. At the kids' booth the Investor Education Coordinator delivered the CSA's "Make it Count" program to 1000 kids from local schools.

The NSSC current investor education project includes presenting to the staff of the Halifax Centre for Entrepreneurship and Educational Development. Our focus is to provide Nova Scotia business leaders with information on the Nova Scotia Community Development Investment Fund application process which is regulated by the NSSC.

Service NL, Government of Newfoundland and Labrador

In 2012, Newfoundland and Labrador's Service NL, which is responsible for the Office of the Superintendent of Securities, saw continued growth and success through a vibrant twitter account boasting 190 followers with daily conversations. As well, Service NL strengthened relationships with the Communications Division of the Government of Newfoundland and Labrador for the approval of an Investor Education website to commence development in 2013. This website will also house Government of Newfoundland and Labrador branded investor education materials for access across the province, with tips and articles to further financial education. The Office of the Superintendent of Securities is looking forward to further developing Investor Education in the province.