



British Columbia Securities Commission

July 3, 2012

Paul Straszak
President and CEO, PSEC

Delivered by e-mail

Dear Mr. Straszak:

I confirm that the BCSC Board is aware of the executive compensation paid in fiscal 2011/12 and confirm that the compensation provided was within our approved compensation plan.

Yours truly,

Paul Bourque
Executive Director
British Columbia Securities Commission

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Executive Compensation Report
For the Year Ended March 31, 2012

Organization

The BCSC is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

Compensation structure

We are accountable to the provincial legislature and the public through the Minister of Finance. Our compensation plan requires *Public Sector Employers' Council* approval.

The BCSC manages its compensation through effective internal governance policies and practices, including as follows:

- Our Audit and Human Resources committees comprise only independent commissioners appointed by the Lieutenant Governor-in-Council
- The Audit Committee oversees the BCSC's annual budget and the Human Resources Committee oversees the design and administration of BCSC performance management and compensation practices
- Semi-annually, the Human Resources Committee reviews the Chair's performance against her objectives. In consultation with the Chair, the Human Resources Committee reviews the performance of other executives and senior managers
- The Human Resources Committee recommends, for board approval, the Chair's incentive compensation for the preceding year and the Chair's salary for the ensuing year
- The Chair and Executive Director consult the Human Resources Committee on the incentive compensation and salaries of the other executives and senior managers

We compete with law and accounting firms, the securities industry, and other securities regulators to hire and retain professional staff with securities market expertise.

Compensation philosophy

Our goal is median compensation. We strive to offer remuneration comparable to that offered by competing organizations. To remain competitive, we conduct annual salary surveys and propose adjustments when surveyed positions are significantly below the median. Like most of our competitors, our compensation plan includes performance-based incentives.

Incentive principles

Employees participate in an incentive plan, following these principles:

- Incentive awards depend on our ability to fund them
- Incentives are based on individual, divisional and commission performance

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Incentive targets

Incentive targets vary depending on positions' potential impact on commission performance. Named officers (Chair, Vice Chair, Executive Director, Director of Enforcement, and the Director of Corporate Finance) have incentive targets ranging from 20 – 40%. In addition, a personal achievement factor, ranging from nil to 1.75, is applied. In some cases, total compensation is subject to government compensation maximums.

Read our annual report available on www.bsc.bc.ca for more information about fiscal 2012 performance.

Fiscal 2012 compensation summary

Name	Position	Base	Incentive	Benefits ⁽¹⁾	Pension	Other ⁽²⁾	2012	2011	2010
Brenda M. Leong	Chair	381,780	55,499	13,789	38,497	9,686	499,251	499,251	499,251
Brent W. Aitken	Vice Chair	325,451	104,157	9,324	-	1,841	440,773	443,631	464,688
Paul Bourque	Executive Director	257,500	67,686	13,771	25,723	Housing: 23,000 Perquisites: 12,320	400,000	343,496	-
Martin D.C. Eady	Director, Corporate Finance	197,351	-	9,564	19,538	Severance: 398,342 Vacation: 17,522 Perquisites: 4,287	646,604	262,023	263,980
Langley E. Evans	Director, Enforcement	206,590	37,880	10,755	20,487	1,035	276,747	273,959	277,998

¹ Benefits includes long-term disability plan premiums, Canada Pension Plan premiums, extended health and dental plan premiums, Medical Services Plan premiums, Employment Insurance premiums, Worksafe premiums, group life insurance premiums.

² Perquisites includes parking and transit, professional membership fees, fitness reimbursements, and imputed interest on interest-free computer purchase loans.