

Ontario Securities Commission Governance and Nominating Committee Mandate

Establishment of Committee

The Commission has adopted the Charter of Governance: Roles and Responsibilities (the "Charter") to delineate its role and responsibilities and to ensure transparency in its governance structure. Members of the Commission, either directly or through Committees of the Board, are responsible for performing the duties set out in the Charter, and have established the Governance and Nominating Committee (the "Committee") to assist the Members in fulfilling their governance and regulatory responsibilities.

The Committee has been created by the Board of Directors of the Commission (the "Board") and is governed by the Charter in the conduct of its duties. The Committee's purpose is to assist the Board in fulfilling its oversight in relation to:

- (i) Developing governance principles and guidelines for the Commission that are consistent with high standards of corporate governance, and periodically reviewing the Commission's system of corporate governance;
- (ii) Recommending to the Minister candidates for appointment as Commissioners to ensure that the Commission has sufficient strength and expertise to enable it to fulfill its statutory responsibility for the administration of the Act and its short and long-term goals; and
- (iii) Overseeing processes to assess the performance of the Board, its committees and individual directors.

Committee Governance

Membership

The Committee consists of three or more of the Part-Time Members of the Commission, all of whom are appointed by the Board. The Board makes its appointments of the members of the Committee at the first Board meeting immediately following March 31 of each year upon the recommendation of the Chair of the Commission and the Lead Director. No Member is expected to serve longer than five years, absent exceptional circumstances. The Board may appoint a Member to fill a vacancy occurring in the Committee within the year as may be required.

Appointment of Committee Chair and Secretary

The Chair of the Commission and the Lead Director recommend to the Board the nomination of one Member of the Committee as Chair. The position of Chair is normally rotated every three years, but the term of any Chair may be extended by the Board for a term not exceeding five years in the aggregate.

The Secretary to the Commission acts as the Secretary of and counsel to the Committee. The Secretary records and maintains minutes of all proceedings of the Committee and provides all minutes of Committee meetings to be presented to the Board, following their approval and adoption by the Committee.

Meetings

The Committee meets as frequently as it determines is necessary, but not less frequently than quarterly. The Chair of the Committee may call meetings of the Committee, and shall call a meeting when requested to do so by a member of the Committee, the Lead Director, the Chair of the Commission or the Executive Director. Notice of any such meeting must be given not less than 48 hours prior to the time of the meeting. The Chair of the Committee or his or her designate shall preside at all meetings of the Committee at which he or she is in attendance.

Each meeting shall include a closed session at which only the members of the Committee are present.

A quorum of the Committee shall consist of a majority of the Committee members. Procedure and all related matters are determined by the Committee as a whole. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present. However, the Chair of the Committee may determine that any business to be transacted by the Committee in the absence of a quorum may be transacted by resolution in writing provided that:

- (i) no Member of the Committee objects; and
- (ii) the resolution is subsequently signed by all Members of the Committee.

Board Reporting and Recommendations

The Committee meets at least annually with the Lead Director to review the Committee's agenda for the following year and any other matters that the Lead Director or Committee consider appropriate. In so doing it annually reviews and assesses the adequacy of the Committee Mandate, and submits any amendments that the Committee may propose to the Board.

The Chair of the Committee reports orally to the Board the proceedings of each meeting and all recommendations made by the Committee at the Board's next meeting. The Committee reports its activities in writing to the Board annually.

The Committee has the authority to make recommendations to the Board, but does not have decision-making authority, unless such authority is specifically provided by resolution of the Board. In carrying out its duties the Committee may retain any outside advisor without Board approval at the expense of the Commission at any time, and has the authority to determine any such advisor's fees and other retention terms.

Duties and Responsibilities

The Committee is responsible for the oversight of the Commission's governance system and making recommendations thereon to the Board.

In making recommendations to the Board, the Committee is responsible for the following:

Commission's Corporate Governance

- Reviewing and recommending to the Board the Commission's governing documents, including the Memorandum of Understanding with the Minister responsible for securities regulation.
- Regularly monitoring and recommending to the Board the corporate governance policies, procedures and practices of the Commission, including:
 - The effectiveness of the system of corporate governance, including the development of the Commission's corporate governance practices and guidelines;
 - The public disclosure of the corporate governance practices and guidelines;
 - The forward agenda of issues to be presented to the board at its meetings, including a list of important topics for presentation and discussion; and
 - The overall size, structure and composition of the Board.
- Reviewing annually the composition, mandate and membership of each Board committee, and recommending to the Board on any changes.
- Reviewing the mandate of the Lead Director, and recommending any changes to the Board.
- Establishing the policies, practices and procedures for the Board's delegation of banking authority, and overseeing the exercise of such delegated authority.
- Annually reviewing and approving for publication the disclosure of the Commission's corporate governance policies, procedures and practices.

Board, Committee and Director Assessments and Orientation

- Developing and recommending to the Board a process for assessing the performance and effectiveness of the Board and its committees, taking into account the Board Charter, respective committee mandates and the Member Profile.
- Overseeing the processes to regularly assess the performance of the Board, its committees and Board members and making recommendations to the Board.
- Reviewing the orientation process for new directors, and plans for the ongoing development of existing Board members.

Member Nomination

- Reviewing the Member Profile, Member/Director Attributes to ensure that the profile of attributes, qualifications and expertise that Members should possess, individually and collectively, is appropriate for the effective stewardship and oversight of the Commission.
- Recommending a selection and screening criteria to ensure suitable nominees are identified and recommended to the Commission for subsequent recommendation to the Minister and appointment by the Lieutenant Governor in Council.
- Approving the agency and advertised position listing with the Public Appointments Secretariat describing the duties of a Member and the qualifications sought of candidates.
- Reviewing the skills and competencies of candidates and recommending to the Commission suitable nominees for recommendation to the Minister, taking into account the individual skills of the nominee and the collective skills, competencies and requirements of the Commission as defined in the Member Profile, Member/Director Attributes.

Chair and Vice-Chair

- Establishing and reviewing the powers, functions and duties of the Chair and each Vice-Chair.
- Recommending to the Board candidates for the position of Vice-Chair of the Commission when required, for subsequent recommendation to the Minister and appointment by the Lieutenant Governor in Council.
- Recommending every year to the part-time Members the appointment or reappointment of the Lead Director.

Integrity and Ethical Standards

- Overseeing the application of policies and processes to promote ethical behaviour and compliance of Members with the highest standards of corporate governance, ethics and integrity.
- Overseeing the compliance by Members with the *Public Service of Ontario Act* and the Commission's *Code of Conduct*.