

**TERMS OF REFERENCE
FOR
GOVERNANCE COMMITTEE**

A. INTERPRETATION

In these Terms of Reference,

“Act” means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;

“ASC” means the Alberta Securities Commission;

“Chair” means the Chair of the ASC;

“Commission” means all of the Members, acting in a capacity comparable to that of a board of directors of a corporation;

“General Counsel” means the General Counsel of the ASC;

“Independent Member” is a Member who is neither an officer nor employee of the ASC;
and

“Member” means a Member of the ASC appointed pursuant to the Act.

B. PURPOSE

The purpose of the Governance Committee is to assist the Members in the development of the Commission’s policies, practices and processes for good governance and for the selection, evaluation and succession of Independent Members of the Commission and its committees.

C. COMPOSITION AND TERM OF OFFICE

1. The Governance Committee is established pursuant to Section 7.5 of By-Law No. 1 of the ASC. The Governance Committee shall be comprised of not less than three Members, all of whom shall be Independent Members and one of whom shall be designated chair of the Governance Committee.
2. The members of the Governance Committee shall be appointed or reappointed at the first meeting of the Members following each fiscal year end of the ASC. Where a vacancy occurs at any time in the membership of the Governance Committee, it may be filled by an Independent Member of the Commission, and shall be filled by an Independent Member if the membership is less than three as a result of the vacancy.

D. PROCEDURE

1. The time and place of meetings of the Governance Committee and the procedure at such meetings shall be determined from time to time by its members, provided that:
 - (a) a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, constitutes a quorum for the transaction of business at a meeting;
 - (b) the chair of the Governance Committee may determine that any business to be transacted by the Governance Committee in the absence of a quorum may be transacted by resolution in writing provided that no Member of the Governance Committee objects and the resolution is subsequently signed by all Members of the Committee;
 - (c) the Governance Committee shall meet at least two times each fiscal year and shall report to the Commission on its activities following each meeting;
 - (d) a meeting of the Governance Committee may be called by the chair of the Governance Committee or by the Chair of the ASC. The Governance Committee shall at all times have the right to determine who shall or shall not be present at any part of a meeting of the Governance Committee; and
 - (e) notice of any meeting of the Governance Committee shall be given to all members of the Governance Committee not less than 24 hours before the meeting is to take place and in the manner specified in By-Law No. 1 for meetings of Members of the Commission.
2. The chair of the Governance Committee shall be appointed by the Members upon the appointment of the members of the Governance Committee. In the event that the chair is absent from a meeting, the members of the Governance Committee shall appoint a chair for that meeting.
3. Questions arising at a meeting of the Governance Committee shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.
4. Minutes of all meetings shall be taken by the secretary of the meeting appointed by the members of the Governance Committee in attendance. The secretary of the meeting may be a person other than a member of the Governance Committee.

E. DUTIES AND POWERS

The Members delegate to the Governance Committee the powers and duties to:

1. review annually with the General Counsel, the governance practices of the Commission and recommend relevant policies, practices and procedures having due regard to the governance policies, practices and procedures required of reporting issuers and their applicability to the operations of the Commission;
2. review annually these terms of reference and make such recommendations to the Members as are determined appropriate;
3. review annually the fees and other compensation payable to the Independent Members and make such recommendations to the Members and the Minister as are determined appropriate;
4. review and, where appropriate, approve for publication any description of the Commission's governance policies, practices and procedures to be set forth in the annual report of the ASC or to be posted on the Commission's website;
5. review and report to the Members at least annually on all matters relating to composition of the Independent Members of the Commission and committees established by the Members and, in so doing:
 - (a) consider from time to time and recommend to the Members for approval the appropriate number, composition and profile of Independent Members and committee members;
 - (b) establish criteria for selection of Independent Members and procedures to identify possible nominees;
 - (c) review and assess qualifications of Independent Member nominees, taking into account recommendations of the Chair; and
 - (d) consult with the Chair and the Independent Members on a recommendation for the appointment of the Lead Independent Member.
6. monitor compliance by Independent Members with policies governing the conduct of Members;
7. ensure the provision of a comprehensive orientation program for new Independent Members and continuing education for all Members;
8. develop and maintain a program for the annual review of the effectiveness of the Commission, the committees of the Commission and, if determined appropriate, the contributions of individual Independent Members to the Commission, and for the reporting to the Members in respect of such review;

9. recommend appropriate initiatives or programs for the improvement of the contributions of individual Independent Members to the Commission;
10. review and, if appropriate, make recommendations to the Commission regarding procedures aimed at: 1) facilitating effective Member meetings; 2) facilitating the exercise of independent judgement by the Commission; and 3) avoiding conflicts of interest;
11. establish the process for identifying, recruiting, and recommending for appointment or renewal of the position of the Chair;
12. advise and assist the Chair as the Chair establishes and leads the process for identifying, recruiting and recommending for appointment or renewal of the position of the Vice-Chairs;
13. consider and, if appropriate, approve requests by the Members of the Commission to engage outside advisors, at the expense of the ASC, to advise the Members concerning matters relevant to the Commission or to be decided by the Commission; and
14. report regularly to the Commission on the proceedings of the Governance Committee.