



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

September 7, 2017

Mr. Mohammed Jaffri
A/Policy Manager
CAPSA Secretariat
5160 Yonge Street, 16th Floor
Toronto ON M2N 6L9

via E-mail: capsa-acor@fscs.gov.on.ca

Dear Mr. Jaffri,

Re: Consultation Paper on Proposed Changes to Funding and Asset Allocation Rules Under a Future Agreement Respecting Multi-jurisdictional Pension Plans

The purpose of this letter is to respond to the July 13, 2017 consultation paper on approaches to applying solvency rules for plans with members in multiple jurisdictions where such solvency rules differ.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1.8 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. PIAC's positions on public policy reflect the fiduciary framework in which member funds operate and its commitment to work in the best interests of plan members.

PIAC has long advocated for greater harmonization of pension legislation across Canada and commends CAPSA for its continuing work towards a single agreement to govern funding requirements and asset allocation for multi-jurisdictional plans that would be signed by all Canadian governments with pension legislation. Greater harmonization and integration of pension legislation for plans operating in multiple jurisdictions reduces the administrative burden and increases the likelihood that private pension plans will be created and maintained.

PIAC has also been very supportive of the changes to funding rules recently introduced in Quebec and proposed in Ontario. Consequently, we are strongly of the view that Option 1 (Major Authority Focus) is the better approach for Funding and Asset

Allocation Rules. Option 1 is significantly less complex for plan sponsors, allows plan sponsors in jurisdictions which have reformed their solvency regimes to fully implement the changes and puts all employees of the plan on the same footing in terms of benefit security. From a regulatory perspective, Option 1 preserves the philosophy of the major regulator approach and prevents balkanization in the critical area of funding.

We would be pleased to discuss our views further at your convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kevin Fahey". The signature is written in a cursive style with a large, stylized initial "K".

Kevin Fahey
Chair