



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

August 14, 2009

Office of the Superintendent - Pension Commission
1004 - 401 York Avenue
Winnipeg MB R3C 0P8
Via email pensions@gov.mb.ca

Re: Proposed Changes to Pension Benefits Regulation

Dear Sir/Madam,

This submission is made by the Pension Investment Association of Canada (“PIAC”) in response to the request for comments to the proposed changes to the Pension Benefits Regulations published in June 2009 by the Office of the Superintendent – Manitoba Pension Commission.

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$890 billion 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.

Our comments will be limited to those areas of the proposed regulations that are related to our organization's investment focus, namely Part 3 – Administration, Sections 34.1 and 73 and Section 61.

Section 34.1 proposes to make it mandatory to provide a copy of a plan's statement of investment policies and procedures (SIP&P) to certain listed parties, including “(c) any agent employed by the administrator to carry out any act required to be done in the administration of the plan and in the administration and investment of the pension fund”.

In our opinion this section is far too broad. It would require that a plan provide a copy of the SIP&P to each investment manager engaged to manage assets on behalf of the plan. In some cases this will be a significant number of firms. We do not see the value in providing these firms with a copy of the SIP&P. Further, in the situation where agents

of the pension plan employ sub-agents, there could be significant administrative burden to comply with the proposed requirement in Section 34.1.

Each investment manager operates under a strict contractual mandate that sets out detailed parameters for the investment of a plan's funds. These arrangements are structured so that, in aggregate, the plan's portfolio complies with the provisions of the SIP&P (which in turn incorporates sections 6 to 7.1 and Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada)). Generally the SIP&P does not provide the specificity that is applicable to any individual investment mandate undertaken by an agent on behalf of a fund.

In addition, some plans may employ many different agents in the administration of plan benefits, for example companies that print and distribute annual member statements. No purpose is served by providing the SIP&P to these agents. We agree that the provision of the SIP&P to the plan actuary and plan auditor should be required and section 34.1 should be rewritten accordingly.

It also appears that Section 73 has the same requirements as Section 34.1. You may wish to consider eliminating one or providing a cross-reference rather than duplicating the requirement in two locations.

Section 61(a) requires that the audited financial statements include disclosure regarding any investments greater than 1% of the value of the fund. While PIAC has no general objection to this requirement, we suggest that such a disclosure be determined based on market value only and not on book value. In our view, this is the most relevant measure for stakeholders and is consistent with required fair value accounting. In addition, in certain cases pension plans may not be able to provide both book and market values for an investment as to do so might permit an estimation of a rate of return, which may be subject to privacy obligations or non-disclosure covenants under the terms of investment.

We appreciate the opportunity to provide our comments on the proposed changes to the Pension Benefits Regulations. Please do not hesitate to contact us if we can be of further assistance.

Respectfully submitted on behalf of the Members of the Pension Investment Association of Canada.

Yours sincerely,



Gayle McDade
Chair