



February 12, 1999

Mr. Ron Bergeron,
Director
Pension Benefits Standards Division
Office of the Superintendent of Financial Institutions
Kent Square
255 Albert Street, 13th Floor
Ottawa, ON K1A 0H2

Dear Mr. Bergeron: re: Guideline for the Development of Investment Policies and Procedures for Federally Regulated Pension Plans

As I believe you are aware, the Pension Investment Association of Canada is the representative organization for pension funds in Canada in matters related to pension investment. For your information, there are 127 pension funds which are Members of PIAC and they collectively manage approximately \$400 billion in assets on behalf of over 8 million plan beneficiaries.

I am aware that you have met with Mr. Russell Hiscock and Ms. Gretchen Van Riesen and have spoken with our General Manager, Keith Douglas all in connection with the subject draft Guideline. As a result of those conversations, PIAC understands that it is not the intention of your office to regulate compliance with the draft Guideline. Rather we understand that your office holds pension funds to a solvency test and issues guidelines from time to time for pension funds in order to create greater awareness among them of best practices in specific areas of their operations.

We have reviewed the draft Guideline, although our examination has not been thorough because we believe it was not intended to apply to mature pension funds with established infrastructures. Rather, as you have indicated, the main purpose of the draft Guideline was to fulfil your awareness objectives.

We are concerned that the Guideline implies that a pension fund's Statement of Investment Policy and Goals should encompass investment manager mandate information as well as operations guidelines. It is PIAC's view that it is wise to separate these elements into different documents and not to include them in the SIP&G. We would appreciate your concurrence on this matter.

We anticipate that compliance with the Guideline will not be required of our Members which are federally-regulated and each of which maintains assets in excess of \$200 million. If our understanding is incorrect, we would appreciate your advising PIAC of the expected use of the Guideline.

PIAC intends to monitor the application of the Guideline and, if any attempt is made to require compliance by Members, we would object strongly and would ask to consult with you concerning the regulation of investment policy and operational procedures. As it stands now, our Members have many years of experience in pension investment and follow sophisticated procedures in their investment of the assets of beneficiaries.

We appreciate the need for the Guideline, especially given the circumstances which you face in smaller, less mature pension funds. The draft is an excellent approach and if there is anything which PIAC can do to assist in its improvement, we would be pleased to do so.

Sincerely,

Dale E. Richmond
Chair, Government Relations Committee