



February 18, 2014

Strategic Pension Reform Secretariat
Ministry of Finance
5th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Via email: pension.feedback@ontario.ca

To Whom It May Concern:

Re: Pension Benefits Act - Amending Reg. 909 of R.R.O. 1990

We are writing this letter to respond to the Ontario Ministry of Finance's proposed Amendment to Regulation 909 under the *Pension Benefits Act* to provide for an exemption for U.S. government securities from the 10 per cent quantitative limit (the "10% Rule") that applies to Ontario-registered pension plans.

The Association of Canadian Pension Management (ACPM) is the informed voice of Canadian retirement income plan sponsors, administrators and their allied service providers. We are a non-profit organization and our objective is to advocate for an effective and sustainable Canadian retirement income system. Our membership represents over 400 retirement income plans consisting of more than 3 million plan members, with assets under management in excess of \$330 billion.

The ACPM generally supports and is appreciative of the Ontario government's initiative to implement an amendment to the 10% Rule to provide Ontario pension plan administrators with greater flexibility to pursue the best investment strategies for their plans. However, the proposed amendment to exempt from the 10% Rule "securities issued and fully guaranteed by the Government of the United States of America" appears to be a contradiction. The existing similar exemption for Canadian government securities provides for "securities issued or guaranteed". We recommend that the proposed Amendment be similarly worded to provide an exemption for all securities issued by the US Government by referring to "securities issued or fully guaranteed by the Government of the United States of America". In addition, we suggest that the exemption also be broadened to include securities issued or guaranteed by US government agencies.

It has been ACPM's long-standing belief that all quantitative limits on pension fund investments should be eliminated entirely and instead pension fund investment should be governed by the prudent person rule. Canada is the only developed country that uses quantitative limits, instead of the more universally applied prudent person standard for investing. Studies have consistently shown that such restrictions, by limiting the pool of available assets, have a negative impact on pension fund performance.

While the Ontario government has yet to propose the elimination of quantitative limits such as the 10% Rule, this draft Amendment to broaden exemptions to the rule is welcomed and we hope will be followed in other Canadian jurisdictions. In our view, a comprehensive and national review of investment standards for Canadian pension plans is long overdue.



ACPM | ACARR

The Association of Canadian Pension Management
L'Association canadienne des administrateurs de régimes de retraite

We thank you for the opportunity to comment on the proposed Amendment to Regulation 909. We look forward to assisting the Ministry of Finance with further pension reforms in future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan D. Hocking", enclosed within a large, loopy blue scribble that serves as a signature mark.

Bryan D. Hocking
Chief Executive Officer