

## PMAC ADVOCACY SCORECARD

	ISSUE	DESIRED OUTCOME	STATUS	RESULT(S)
<b>TAX ISSUES</b>				
1.	<b>FATCA – Foreign Account Tax Compliance Act</b>  <i>**A United States federal law that requires United States persons, including individuals who live outside the United States, to report their financial accounts held outside of the United States, and requires foreign financial institutions to report to the Internal Revenue Service (IRS) about their U.S. clients</i>	<b>(a) Registration</b> <ul style="list-style-type: none"> <li>- Exemption for PMs from registration requirement similar to that available in the US</li> <li>- PMs would not need to register and obtain GIIN</li> </ul> <b>(b) Reporting</b> <ul style="list-style-type: none"> <li>- Custodians responsible for FATCA reporting on PM client accounts</li> </ul>	<b>(a) Registration</b> <ul style="list-style-type: none"> <li>- No changes to Canadian legislation or additional exemptions added</li> </ul> <b>(b) Reporting</b> <ul style="list-style-type: none"> <li>- CRA Guidance finalized in June 2014</li> <li>- Sections 6.16 and 6.17 on separately managed accounts delegate reporting to custodians</li> <li>- Continued dialogue with the CRA, IIAC and broker dealers</li> <li>- IIAC position: dealer custodians should not have the liability for the reporting on accounts of PM clients and want reporting responsibility to be on PMs although dealers would provide reporting services under contractual arrangement</li> </ul>	<b>(a) Registration</b> <ul style="list-style-type: none"> <li>- As a result of continuing uncertainty around registration requirement, most PMAC Members went ahead and registered, obtained GIIN by Dec 31, 2014</li> </ul> <b>(b) Reporting</b> <ul style="list-style-type: none"> <li>✓ For PMs with separately managed accounts / assets held by custodian – the custodians will have reporting responsibilities for PM clients</li> <li>- PMAC and IIAC negotiated no further action to be pursued with CRA in respect of separately managed account guidance.</li> <li>- Renewed dialogue with CRA on custodian reporting using PM's GIIN</li> </ul>
2.	<b>T1135 Reporting</b>  <i>**Canadians taxpayers are required to identify and disclose if they own or hold foreign property and are required to file a Form T1135 if they own, or hold, foreign property with a cost of more than \$100,000 CDN.</i>	<ul style="list-style-type: none"> <li>- 2014 - Expanded transition relief to cover assets held with not only registered securities dealers but Canadian trust companies (i.e. all custodians)</li> <li>- Relief also allows aggregate reporting for 2013 year</li> </ul>	<ul style="list-style-type: none"> <li>- CRA announced transition relief extended for 2014 and later tax years</li> <li>- T3/T5 exception removed from 2014 and onward</li> </ul>	<ul style="list-style-type: none"> <li>✓ Transition relief expanded as requested to include all custodians</li> <li>- Transition relief extended for 2014 and later tax years</li> <li>- Still need clarity on which entities can provide the information required to be reported</li> <li>- PMAC liaising with all custodians to determine how if/how information can be provided</li> <li>- PMAC aware of continuing concerns by PMs in assisting their clients in obtaining this reportable information.</li> <li>- Federal Budget 2015 includes further ameliorative amendments to T1135</li> </ul>

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3.	<p><b>Trust Loss Restriction Rules (ITA)</b></p> <p><i>** The trust loss restriction rules will apply each time a trust is subject to a "loss restriction event", which will occur each time a person (including a partnership) becomes a "majority-interest beneficiary" of the trust and each time a group of persons becomes a "majority-interest group of beneficiaries" of the trust.</i></p>	<ul style="list-style-type: none"> <li>- Application of trust loss rules should <u>exclude</u> fund transactions (pooled funds, mutual funds, fund of funds, etc) that do not have the purpose of accessing accumulated losses</li> </ul>	<ul style="list-style-type: none"> <li>- In October 2014, Department of Finance announced relief measures for certain investment funds</li> <li>- Relief addressed many concerns raised by PMAC to Department of Finance Staff, the Minister's office and extends to conventional mutual funds with some application to certain pooled funds, hedge funds, exchange traded funds and fund of fund structures</li> <li>- Relief does not capture certain pooled funds that manage in accordance with the pension benefits act investment restriction test</li> </ul>	<ul style="list-style-type: none"> <li>✓ Some relief obtained</li> <li>- PMAC currently pursuing further revisions to the relief provision to include a broader scope of funds (i.e. pooled funds)</li> <li>- PMAC s has had various discussions with Finance staff on revised draft wording for Minister's consideration</li> <li>- PMAC has also continued to notify Minister's office of continuing concerns with application of trust loss restriction rules.</li> </ul>
4.	<p><b>Designated Stock Exchange (DSE)</b></p>	<ul style="list-style-type: none"> <li>- Expand DSE list or eliminate list entirely</li> </ul>	<ul style="list-style-type: none"> <li>- PMAC delivered submission to Finance in Jan 2013 on 14 recommended exchanges to add to DSE</li> <li>- PMAC submitted in Jan 2014 short list of 3 exchanges to Finance for addition to DSE</li> <li>- PMAC continuing to submit exchanges for addition to DSE List (Taiwan, Thailand and India)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Minister announced addition of two exchanges to DSE List in October 2014:</li> <li>• BM&amp;F Bovespa Exchange</li> <li>• Korea Exchange (KOSPI and KOSDAQ)</li> <li>- PMAC has requested the following additional exchanges be added: Taiwan, India and Thailand</li> </ul>
5.	<p><b>150 Unitholder Rule</b></p>	<ul style="list-style-type: none"> <li>- Allow for more flexibility (decrease)</li> <li>- Look through for pensions</li> </ul>	<ul style="list-style-type: none"> <li>- Under consideration by Finance</li> <li>- Open to creating a look through for pensions but considering mechanics</li> </ul>	TBD

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<b>SECURITIES LAW ISSUES</b>				
6.	<b>Cooperative Capital Markets Regulator (CCMR)</b>	<ul style="list-style-type: none"> <li>- Supportive of CCMR and all provinces and territories participating in new securities regulator</li> <li>- Desire for true "national" regulator</li> </ul>	<ul style="list-style-type: none"> <li>- Currently, ON, BC, SK and NB are participating in the CCMR</li> <li>- PMAC submitted a letter of support to SK and NB</li> <li>- PMAC sending letters to remaining provinces / territories to join the CCMR</li> <li>- Draft Federal and Provincial legislation released for comment in fall 2014 and will be republished in Summer of 2015 along with draft regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- PMAC submitted comment letter on draft legislation supporting the CCMR while noting some concerns with Federal powers and lack of clarity on provincial and federal interface with non-participating provinces</li> </ul>
7.	<b>CRM 2</b>	<ul style="list-style-type: none"> <li>- Supportive of CRM 2 reporting principles</li> <li>- Advocate for flexibility and choice of reporting methods (i.e. time weighted rate of return reporting and original cost vs. book cost)</li> </ul>	<ul style="list-style-type: none"> <li>- CSA mandated money weighted rate of return reporting and position cost</li> </ul>	<ul style="list-style-type: none"> <li>- Various implementation issues addressed as a result of industry forum meetings (position cost, performance reporting timelines etc)</li> <li>- PMAC continuing to advocate for exemptive relief for institutional firms servicing non-permitted institutional clients</li> </ul>
8.	<b>New Capital Raising Prospectus Exemptions</b>	<ul style="list-style-type: none"> <li>- Removal of ON carve out for managed accounts under accredited investor exemption</li> <li>- Harmonized OM exemption across Canada</li> </ul>	<ul style="list-style-type: none"> <li>- Final amendments not yet published</li> <li>- ON proposed OM exemption that is substantially harmonized to OM exemption in Alberta with some exceptions</li> </ul>	<ul style="list-style-type: none"> <li>✓ ON carve out for managed accounts was removed effective May 5, 2015</li> </ul>
9.	<b>Fiduciary Duty</b>	<ul style="list-style-type: none"> <li>- Support statutory fid duty to apply equally to advisers and dealers who provide investment advice</li> </ul>	<ul style="list-style-type: none"> <li>- Under consideration by CSA</li> <li>- named as a priority for 2013/2014 by OSC</li> </ul>	TBD
10.	<b>Mutual Fund Fees</b>	<ul style="list-style-type: none"> <li>- Wait and see how CRM II plays out</li> <li>- Market should determine fee levels</li> </ul>	<ul style="list-style-type: none"> <li>- Under consideration by the CSA</li> <li>- Request for mutual fund fee data underway to all IFMs with mutual funds</li> </ul>	TBD
11.	<b>Early Warning Reporting</b>	<ul style="list-style-type: none"> <li>- Continue with 10% reporting threshold</li> </ul>	<ul style="list-style-type: none"> <li>- No formal amendments published but CSA update indicated that 10% threshold would not be changed</li> </ul>	<ul style="list-style-type: none"> <li>✓ 10% threshold will remain the same.</li> </ul>
12.	<b>Derivatives Registration</b>	<ul style="list-style-type: none"> <li>- No additional registration category for advisers based on asset class (i.e. Derivatives) is necessary</li> </ul>	<ul style="list-style-type: none"> <li>- Under consideration by CSA</li> </ul>	TBD

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13.	<b>Dispute Resolution Service (OBSI)</b>	<ul style="list-style-type: none"> <li>- Investor choice</li> <li>- If OBSI mandated, then fee per use basis</li> </ul>	<ul style="list-style-type: none"> <li>- Final notice published December 2013</li> <li>- OBSI mandated by CSA for use by registrants</li> <li>- PMAC Members must become OBSI Participants by August 2, 2014</li> </ul>	<ul style="list-style-type: none"> <li>- \$165 per registered advisor/associate adv</li> <li>- Permitted clients who are not individuals are exempt</li> <li>- N/A in Quebec for Quebec resident clients PMAC monitoring process and service usage</li> <li>- PMAC maintaining working relationship with OBSI</li> <li>- Fee review in 2016</li> </ul>
<b>PENSION ISSUES</b>				
14.	<b>Pooled Registered Savings Plans (PRPPS)</b>	<ul style="list-style-type: none"> <li>- Broad provincial take-up</li> <li>- Preference for participation to be mandatory</li> </ul>	<ul style="list-style-type: none"> <li>- Ontario recently introduced PRPP legislation</li> <li>- Voluntary participation and contributions by employers</li> <li>- Automatic enrolment of employees</li> <li>- Administrators would be required to provide PRPPs at a low cost to plan members]</li> </ul>	✓ AB, QC, BC, SK and ON
15.	<b>Proposed Ontario Retirement Pension Plan (ORPP)</b>	<ul style="list-style-type: none"> <li>- PMAC reviewing the proposal and developing position</li> </ul> <p>The ORPP would provide a predictable stream of income in retirement by pooling longevity and investment risk, and indexing benefits to inflation, similar to the CPP's retirement benefit.</p> <p>Require equal contributions to be shared between employers and employees, not exceeding 1.9 per cent each (3.8 per cent combined) on earnings up to a maximum annual earnings threshold of \$90,000. The ORPP maximum earnings threshold would increase each year, consistent with increases to the CPP maximum earnings threshold. Aim to provide a replacement rate of 15 per cent of an individual's earnings, up to a maximum annual earnings threshold of \$90,000.</p>	<ul style="list-style-type: none"> <li>- On December 17, 2014, the Ontario government released a consultation paper entitled "<a href="#">Ontario Retirement Pension Plan: Key Design Questions</a>" seeking feedback on outstanding design questions and implementation issues.</li> <li>- ORPP legislation passed in April 2015</li> </ul>	<ul style="list-style-type: none"> <li>- PMAC subcommittee to review Consultation Paper and submit comments by February 13, 2015.</li> <li>- PMAC appeared before Standing Committee to advocate reconsideration of the ORPP and renewed focus on provincial PRPP instead</li> <li>- PMAC advocating that GRRSPs and DC plans be included in the definition of comparable work plan and thus ORPP would not be mandated on employers offering such plans.</li> </ul>

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16.	<b>Amendments to Pension Investment Restriction Rules under Schedule III of the PBSA</b>	<ul style="list-style-type: none"> <li>- Alignment of 10% concentration limit test with mutual fund investment restriction rules (based on market value test and not book test)</li> </ul>	<ul style="list-style-type: none"> <li>- At present, the 10% Rule prohibits a plan administrator from investing, or lending, more than 10 % of the total <u>book value</u> of the plan's assets in, or to, any one person, two or more associated persons or two or more affiliated corporations; however, the Proposed Amendments seek to replace the book value test with a test based on the current value or market value of a pension plan's assets.</li> </ul>	<ul style="list-style-type: none"> <li>- Amendments to 10% test come into effect on July 1, 2016</li> <li>- Finance made additional clarifications to regulations</li> </ul>
<b>OTHER CLIENT ACCOUNT ADMINISTRATION ISSUES</b>				
17.	<b>Handling Client Accounts after Death and Before Probate Obtained</b>	<ul style="list-style-type: none"> <li>- PM would continue to manage portfolio in accordance with IMA</li> <li>- Custodian would not freeze client account until probate obtained</li> <li>- There are various risks during this intermediate period to PM, client's estate and custodians</li> </ul>	<ul style="list-style-type: none"> <li>- Following custodian roundtable in 2013 to discuss the areas of concern to all parties, PMAC has been working with Faskens to develop a solution for PMs to continue managing client accounts after death in accordance with IMA</li> </ul>	<ul style="list-style-type: none"> <li>- PMAC held Member roundtable in January 2015 to explore potential solutions to IMA clauses</li> <li>- PMAC in process of developing solution to IMA provisions to address obligations of PM after death</li> </ul>