PMAC
PORTFOLIO MANAGEMENT
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Advancing Standards™

May 8, 2025
2:00 PM ET

- Welcome from the new Chair, Alana Dubinski, TELUS Health

- Pension Sub-Committee Mandate – identifying and reiterating our purpose
    - Focus on understanding regulatory changes, rulemaking, and interpretations.
    - Emphasizing education, information, and best practices sharing.

- Regulations and guidelines impacting pension plans:
    - Lack of clarity in CAPSA Guideline No. 3, *Guideline for Capital Accumulation Plans*

On September 9, 2024, CAPSA released two significant guidelines. The first was Guideline No.10 on risk management. This guideline was notable for its strong emphasis on risk management, disclosure, and conflict of interest management, particularly for institutional investors. The guideline itself does not mandate compliance however, there is an expectation similar to the companion policy of 31-103 that firms will comply or provide an explanation if they do not comply. Also of significance is Guideline No. 3, a revision to the CAP guideline that was initially published in 2004. Before the revision, investment options had to follow the 81-102 investment restrictions, making investment options limited to mutual fund investments. The limitation has since been removed however, it is not clear if that should be interpreted as an expansion of private pooled funds specifically.

There is ongoing uncertainty regarding the CAP exemption for plan administrators that distribute investment funds to CAP plans. In most provinces except Ontario and Quebec, a blanket exemption applies, while in Ontario, discretionary relief must be applied for. Since the exemption language aligns closely with the CAP guidelines, changes to those guidelines raise questions about the impact on both the discretionary and blanket relief. To date, the CSA has not provided clarity on this matter.

- Proposal to remove the “30 percent rule” for investments by domestic pension funds in Canadian entities – 2024 Fall economic statement – good, bad, indifferent?

Canadian pension plans are not subject to a requirement limiting investments in Canadian businesses to 30%. This approach appears intended to encourage and support greater investment in Canadian businesses however, this is an optional approach. There has been some government influence regarding how pension plans allocate investments.

- CSA announces it is pausing efforts to enhance disclosure related to climate and under-represented groups (DEI) by non-venture issuers – does this pause actually help or hinder Canadian competitiveness and create challenges for asset owners needing more transparency to properly assess investment risk?

The decision appeared to be a narrow response influenced by developments in the United States, particularly regarding diversity, equity and inclusion. This raised questions about the rationale and purpose of adopting a similar approach in Canada. The Canadian Securities Administrators appears to be focused on aligning regulation to an appropriate level, avoiding unnecessary regulatory burden on the industry, and supporting Canada's overall competitiveness.

- Challenges and opportunities working with pension plan investors
  - Investing in Canadian infrastructure
  - Investment short-termism – opportunities for educating boards and trustees

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Open Discussion

Members should raise questions/comments

Adjournment and Next Meeting:

- September 10 @ 2 PM