



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

July 5, 2016

Jean-François Girard  
Chief – Securities Policy  
Department of Finance Canada  
Via email: [jean-francois.girard@canada.ca](mailto:jean-francois.girard@canada.ca)  
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Dear Mr. Girard,

**Re: Capital Markets Stability Act**

The purpose of this letter is to provide comments from the Pension Investment Association of Canada (PIAC) on the revised Consultation Draft Capital Markets Stability Act.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1.5 trillion 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. PIAC's positions on public policy reflect the fiduciary framework in which member funds operate and its commitment to work in the best interests of plan members.

PIAC wishes to start by thanking the representatives of the CMSA for listening to the concerns we raised with you when we last met on the earlier draft, for consulting with PIAC in 2015, and ultimately removing the provisions granting the Authority the power to designate pension funds as capital markets intermediaries and develop regulations applicable to capital markets intermediaries.

We are pleased to share the following thoughts and observations on the updated consultation draft.

General:

PIAC appreciates the efforts by the Government of Canada and the participating provinces and territories to create a framework to harmonize securities regulation and believes that the framework for a cooperative capital markets system will help to foster well-functioning financial markets. Accordingly, PIAC is supportive of efforts to address systemic risks, where such actions are measured and are necessary.

The approach taken in the revised consultation draft, in our view, strikes an appropriate balance between addressing systemic risk and supporting efficient capital markets by focusing on systemically risky products and practices. Specifically, we take comfort from the fact that: (i) in the ordinary course, PIAC members would be provided with an opportunity to comment on any proposed regulation to designate securities and derivatives as systemically important, or a practice as systemically risky; and (ii) the Authority will only resort to urgent orders if it is necessary to address a serious and immediate systemic risk related to capital markets (e.g. a financial crisis), and that an affected person would be provided the opportunity to be heard before or as soon as feasible after an order is made.

Reasons of Urgent Order:

In the event of an urgent order, PIAC believes that it is essential that a party directly affected by the urgent order be provided with the reasons for making the order and the nature of the risks. However, section 24(9) provides that the Authority is not required to publish a statement detailing such reasons or risks if doing so would be contrary to the Act, or for confidentiality reasons affecting the person whose information appears in the statement.

We believe that the parties directly affected by an urgent order should be provided with the reasons for making the order and the nature of the risks as soon as feasible after the order is made, and that it be clarified that section 24(9) only applies to a publicly published statement. PIAC proposes that the language could be modified as follows:

**“Opportunity to be heard**

(9) As soon as feasible after making an order under subsection (1) or (4), the Authority must:

- (i) give any person that the Authority considers would be directly affected by the order a statement that sets out the reasons for making the order and the nature of the risk; and
- (ii) publish a public statement that sets out the reasons for making the order and the nature of the risk unless, in the case of this subsection (ii),”

We would be happy to meet with you to further discuss our comments in this letter at your discretion. Thank you again for including PIAC in the consultation process.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lisa Jankov", with a stylized flourish at the end.

Lisa Jankov  
Chair