



Pension Investment
Association of Canada
Association canadienne des
gestionnaires de caisses de retraite

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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Attention:

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Re: Request for comments on proposed amendments to National Instrument 31-103

This submission is made by the Pension Investment Association of Canada (“PIAC”) in reply to the Canadian Securities Administrators’ recent call for comments on proposed amendments to National Instrument 31-103 dealing with registration requirements for International Investment Fund Managers (IIFMs).

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC’s member funds are responsible for the oversight and management of over \$940 billion 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 fully supports the CSA’s objective of using NI 31-103 to ensure that only qualified firms and individuals provide advisory and trading services in Canada. This support is largely based on the fact that a significant percentage of PIAC members have assets invested in fund structures managed by International Investment Fund Managers (“IIFMs”) as defined in NI 31-103. As a consequence, the existence of minimum proficiency, insurance and capitalization requirements for IIFMs is in alignment with PIAC members’ interests.

While PIAC recognizes the need for such minimum standards, as institutional investors PIAC members have access to resources that allow them to perform their own due diligence on prospective fund investments. Such due diligence is consistent with the prudent investment requirements outlined in Canadian pension legislation, and allows plan fiduciaries to successfully discharge their obligations. In light of their ability to meet these obligations, PIAC members generally have less need for the protection afforded by regulatory oversight of investment fund managers.

Canadian pension plans that do not possess sufficient scale for segregated investment mandates use fund investments as the main building blocks in the portfolio construction process. On this basis, PIAC’s primary concern with the proposed amendments to NI 31-103 is their potential adverse impact on the breadth of product offerings available to Canadian “permitted investors”, and to pension plans in particular. To the extent that the proposed amendments discourage newly established IIFMs from offering their products in Canada, or similarly discourage existing IIFMs from bringing new or innovative product offerings to our market, it limits investment choices.

A less diverse set of investment options results in a correspondingly lower opportunity to either increase their portfolio’s expected return (for a given level of risk) or reduce their portfolio’s risk level (for a given expected return), all else being equal. PIAC urges the CSA to consider this concern when establishing proposed thresholds for IIFM registration so that the range of investment options is not unduly limited.

Thank you for this opportunity to comment on the proposed amendments to NI-31-1-3.
Please do not hesitate to contact me if you would like to discuss any aspect of PIAC's
comments in further detail.

Yours sincerely,



Barbara Miazga
Chair