Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

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Executive Director
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April 20, 2009

Dear Stakeholder:

Re: Joint Forum Capital Accumulation Plan Guidelines

The Joint Forum has completed a review of its Capital Accumulation Plan Guidelines that were published in May 2004.

Capital Accumulation Plans (CAPs) are tax assisted investment or savings plans that permit the members of the CAP to make investment decisions among two or more options offered within the plan. A CAP may be established by an employer, trade union, association or any combination of these entities. Examples of CAPs include defined contribution registered pension plans, Group registered retirement savings plans, deferred profit sharing plans and group registered educational savings plans.

The guidelines were established by the Joint Forum to achieve three objectives:

- Outline and clarify the rights and responsibilities of CAP sponsors, service providers and CAP members.
- Ensure that CAP members have the information and assistance they need to make informed investment decisions.
- Ensure there is a similar regulatory result for all CAP products and services regardless of the regulatory regime that applies to them.

The Guidelines can be found at http://www.jointforum.ca/JF-WWWSite/attachment/final%20docs/Guidelines-ENG%20final.pdf.

When the guidelines were published, the Joint Forum committed to undertake a review of the guidelines. The Joint Forum recently completed its review of the guidelines, which included surveys of plan sponsors, service providers and plan members, a review of related literature and other surveys, and a roundtable discussion with an Industry Task Force established to assist with the review.

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The Joint Forum found that the guidelines have resulted in significant improvements in the operation of CAPs including:

- Understanding of responsibilities
- Plan governance
- Availability of information and decision-making tools
- Disclosure of fees

While the majority of responses from plan sponsors and service providers indicated no changes were needed to the Guidelines, there was some support for a safe harbor provision. The Joint Forum discussed whether changes to the Guidelines should be made to accommodate a safe harbor provision and concluded it would not be practical to consider safe harbor in the context of guidelines.

The Joint Forum has concluded that no changes to the guidelines are needed. However, the Joint Forum will establish a standing committee to monitor and address issues that may arise in the future in relation to CAPs.

Sincerely,

ORIGINAL SIGNED BY

Bob Christie
Chair,
Joint Forum of Financial Market Regulators

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