

Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

CANADIAN ASSOCIATION OF PENSION SUPERVISORY AUTHORITIES

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BUREAU DES SERVICES FINANCIERS

Louise Champoux-Paillé
President

May 24, 2002

Dear Stakeholders:

I am writing to provide you with a report on the status of the Joint Forum of Financial Market Regulators' initiative to develop principles for investment disclosure in capital accumulation plans and to outline our next steps.

As you are aware, in April 2001 the Joint Forum released a discussion paper entitled *Proposed Regulatory Principles for Capital Accumulation Plans* and requested comments from stakeholders of its constituent members, the Canadian Association of Pension Supervisory Authorities, the Canadian Securities Administrators and the Canadian Council of Insurance Regulators.

A total of forty-four submissions were received from interested parties during the public consultation period. The submissions were generally supportive of the initiative being taken by the Joint Forum and provided detailed comments on the approach, principles and implementation options. From these comments, several broad themes and concerns were identified, as follows:

- the principles will impose onerous securities-style regulation on CAP sponsors;
- the principles will impose additional regulation on CAPs yet offer no "safe harbour" to CAP sponsors;
- the principles will significantly increase CAP administration costs;
- there is a need to regulate "traditional" defined contribution pension plans and CAPs in a similar manner;
- there is a need to reconsider and clearly define the overall objectives of the proposed principles;
- the principles place all responsibilities for CAPs on the employer or plan sponsor.

In addition to raising these fundamental issues, detailed comments and suggestions on specific principles were also provided by stakeholders.

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All of the submissions received from stakeholders have been carefully considered and the principles have been revised to address the fundamental issues raised and the comments and suggestions made in the submissions.

To facilitate the implementation of the principles, the Joint Forum has asked its Working Committee on Investment Disclosure in Capital Accumulation Plans to establish an industry task force to develop detailed guidelines for CAPs based on the revised principles approved by the Joint Forum. The Working Committee will work with the industry task force as it develops the detailed guidelines for recommendation to the Joint Forum by December 31, 2002. Once the guidelines have been approved by the Joint Forum, the revised principles and the guidelines will be made publicly available.

On behalf of the members of the Joint Forum and the Working Committee, I would like to thank our stakeholders who made submissions in response to the Joint Forum's request for comments on the discussion paper. We look forward to working with stakeholders on the next step, which is the development of detailed guidelines based on the revised principles.

Yours truly,

Sheralyn Miller
Chair of the Joint Forum of
Financial Market Regulators

cc. Joint Forum Members
Working Committee Members