

May 28, 2008

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Dear Sir:

Re: Ontario Rule 45-501- Request for Comments

The Association of Canadian Pension Management (ACPM) is pleased to provide comments to the Ontario Securities Commission (OSC) on the proposed changes to OSC Rule 45-501, published for comment on February 29, 2008.

The Association of Canadian Pension Management is the informed voice of Canadian retirement income plan sponsors, administrators and their allied service providers. The ACPM's individual and institutional members across Canada represent plans with assets of over \$300 billion with over 3 million plan members. Our policy objectives are to promote a healthy and sustainable retirement income system in Canada. The ACPM champions the following principles:

- i) clarity in legislation, regulations and retirement income arrangements;
- ii) balanced consideration of other stakeholders' interests; and
- iii) excellence in plan governance and administration.

The ACPM has concerns relating to the application of the proposed changes to Capital Accumulation Plans (CAPs). By way of background, we have commented to the Canadian Securities Administrators that the so-called CAP exemption (published for comment in October, 2005) should be integrated into National Instrument 45-106.

As you know, section 2.9 of proposed OSC Rule 45-501 provides an exemption from the prospectus requirements for trades in mutual fund securities to corporate sponsored plans. The corresponding registration exemption is contained in section 4.1(1)(c). We have the following comments on the proposed provisions.

1. We continue to question the need for a separate rule for corporate sponsored plans in Ontario. It could be preferable, in our view, to integrate the Ontario exemption into NI 45-106.

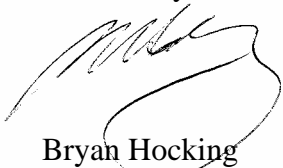
2. There appears to be an error in the drafting of proposed sections 2.9 and 4.1(1)(c). In section 2.9(a), paragraphs (i) and (ii) are separated by the conjunctive “and”. By contrast, in section 4.1(1)(c), paragraphs (i) and (ii) are separated by the disjunctive “or”. In our view these two sections should be parallel.

In our view, the two paragraphs should be disjunctive, with the result that a plan or intermediary could avail itself of the exemption if either paragraph were satisfied. If the paragraphs are conjunctive, it would remove all or substantially all of the benefit of the exemption.

3. The word at the end of section 4.1(1)(c)(ii) should be “or”.
4. The lead-in language in section 2.9(a) refers to “pension plan, deferred profit-sharing plan, retirement savings plan *or other similar capital accumulation plan*” (emphasis added). It is unclear what plans are covered by the phrase “other similar capital accumulation plan”. The three types of plans listed in the lead-in language are all tax deferred plans. The ACPM sees no reason in principle why the exemption should not be extended to include non-tax deferred employer sponsored capital accumulation plans. In the market today, there is no material difference, in terms of funding vehicle used or the services offered to plan sponsor and plan members, between tax deferred and non-tax deferred plans. As many, if not most, plan sponsors offer both types of vehicles to their plan members, the different regulatory treatment results in a confused and inconsistent disclosure regime. This situation could be corrected by adding an example of a non-tax deferred plan, such as an employees profit sharing plan, to the lead-in language.

Thank you for the opportunity to comment on this important initiative.

Yours truly,



Bryan Hocking
Chief Executive Officer
Association of Canadian Pension Management