

1.1.3 CSA Notice 81-312 - Final Guidelines for Capital Accumulation Plans - Prepared by the Joint Forum of Financial Market Regulators

**CSA NOTICE 81-312 - FINAL GUIDELINES FOR CAPITAL ACCUMULATION PLANS
PREPARED BY THE JOINT FORUM OF FINANCIAL MARKET REGULATORS**

May 28, 2004

Dear Stakeholder:

Re: Guidelines for Capital Accumulation Plans

We are pleased to announce that, with the approval of the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA), the Joint Forum of Financial Market Regulators has released *Guidelines for Capital Accumulation Plans*.

A capital accumulation plan (CAP) is a tax-assisted investment or savings plan that permits 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 for the benefit of employees or members.

The purpose of the guidelines is to:

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

In April, 2003, the Joint Forum released for consultation *Proposed Guidelines for Capital Accumulation Plans*. These proposals were developed by the Joint Forum's Committee on Capital Accumulation Plans with the assistance of an industry task force. The Joint Forum is very appreciative of the comments on the proposed guidelines received from all stakeholders through written submissions and through participation in focus group sessions held across Canada with plan sponsors, members and service providers. The final guidelines incorporate changes that address issues raised and suggestions made during the consultations. We are particularly indebted to the work of the members of the industry task force whose expertise was instrumental in the success of this initiative.

During the consultations, a number of stakeholders identified issues related to the differences in investment rules for pension funds, mutual funds, segregated funds and other pooled investment funds. The Joint Forum has asked the Committee on Capital Accumulation Plans to address these issues as part of the implementation of the guidelines.

While the guidelines are being released today, a 19-month transition period has been established for plan sponsors and service providers to make any necessary revisions to the operation of their capital accumulation plans. Regulators expect the guidelines to be followed in full by December 31, 2005. It is hoped that plan sponsors and service providers will take the measures necessary to follow the guidelines as soon as practical during the transition period.

The guidelines will be implemented through the Joint Forum's constituent groups and through industry associations:

- CAPSA has adopted the guidelines for registered defined contribution pension plans.
- The CSA is issuing a request for comment on a proposed securities exemption based on the guidelines.
- The Canadian Life and Health Insurance Association (CLHIA) will initiate a process to have the guidelines adopted by December 31, 2004 and will expect its member companies to follow them by December 31, 2005.

You can obtain a copy of the guidelines, a summary of the comments received during the consultations and responses to the comments, and the CSA's request for comment on a proposed securities exemption rule from the websites of CAPSA (www.capsa-acor.org), CCIR (www.ccir-ccra.org), CSA (www.csa-acvm.ca) or the Joint Forum (www.jointforum.ca).

Sincerely,

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Chair
Joint Forum of Financial Market Regulators

Nurez Jiwani
Chair
Joint Forum Committee on Capital Accumulation Plans

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Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

**Guidelines
for
Capital Accumulation Plans**

May 28, 2004

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SECTION 1: INTRODUCTION

These guidelines reflect the expectations of regulators regarding the operation of a capital accumulation plan, regardless of the regulatory regime applicable to the plan. They are intended to support the continuous improvement and development of industry practices. Shaded text within the document is included as elaboration and clarification of the guidelines for the purpose of assisting the user.

1.1 - DEFINITIONS

1.1.1 Capital Accumulation Plan

In these guidelines, a capital accumulation plan (CAP or plan) is a tax assisted investment or savings plan that permits 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 for the benefit of its employees or members.

Examples of a CAP may include a defined contribution registered pension plan; a group registered retirement savings plan or registered education savings plan; and a deferred profit sharing plan.

1.1.2 CAP Sponsors

In these guidelines, the employers, trade unions, associations or combinations of these entities that establish CAPs are referred to as "CAP sponsors".

If the CAP is a registered pension plan, many of the responsibilities of the CAP sponsor described in these guidelines are those of a pension plan administrator. In such cases, these guidelines should be interpreted considering the different roles of employers and pension plan administrators under applicable pension benefits standards legislation.

1.1.3 Service Providers

In these guidelines, "service providers" include any provider of services or advice required by the CAP sponsor in the design, establishment and operation of a CAP.

1.1.4 CAP Members

In these guidelines, "CAP members" are individuals who have assets in a CAP.

These individuals may include active or former employees; trade union or association members; and in certain cases, their spouses or common law partners.

1.1.5 Investment Funds

In these guidelines, an "investment fund" means a mutual fund, pooled fund, segregated fund or similar pooled investment product.

1.2 - THE INTENT OF THE GUIDELINES

The intent of these guidelines is to:

- outline and clarify the rights and responsibilities of CAP sponsors, service providers and CAP members; and,
- ensure that CAP members are provided the information and assistance that they need to make investment decisions in a capital accumulation plan.

1.2.1 Application of the Guidelines

These guidelines apply to all capital accumulation plans and supplement any legal requirements applicable to these plans. They do not replace any legislative requirements.

CAP sponsors are responsible for meeting any applicable legal requirements, including any requirements that may extend beyond the scope of these guidelines.

1.3 - IMPLICATIONS FOR THE CAP SPONSOR, SERVICE PROVIDERS, AND CAP MEMBERS

1.3.1 The CAP Sponsor

When CAP sponsors decide to establish a plan, they assume certain responsibilities in their role as CAP sponsor. CAP sponsors may delegate their responsibilities within a CAP to a service provider.

The CAP sponsor is responsible for:

- setting up the plan;
- providing investment information and decision-making tools to CAP members;
- introducing the plan to members;
- providing on-going communication to members;
- maintaining the plan; and,
- ensuring that termination of the plan or the membership of an individual within the plan is done in accordance with the terms of the CAP.

Many of the responsibilities of the CAP sponsor relate to the provision of information and documents to CAP members. Information and documentation that the CAP sponsor provides to CAP members should be prepared using plain language and in a format that assists in readability and comprehension.

The CAP sponsor should ensure that decisions about establishing and maintaining the plan and information about how those decisions are made, are properly documented and that the documents are retained.

1.3.2 Service Providers

To the extent that the responsibilities of the CAP sponsor are delegated to a service provider, the service provider is responsible for following these guidelines and any applicable legal requirements.

Service providers engaged by the CAP sponsor should have the appropriate level of knowledge and skill to perform the tasks delegated and to provide any advice within their area of expertise requested by the CAP sponsor.

1.3.3 CAP Members

CAP members are responsible for making investment decisions within the plan and for using the information and decision-making tools made available to assist them in making those decisions.

Examples of decisions made by CAP members include:

- how much to contribute (where the member can make this choice);
- how much they should contribute to any particular investment option; and,
- whether an investment in a particular option should be moved to another option.

CAP members should also consider obtaining investment advice from an appropriately qualified individual in addition to using any information or tools the CAP sponsor may provide.

SECTION 2: SETTING UP A CAP

2.1 - GENERAL

2.1.1 Defining the Purpose of a CAP

CAP sponsors should clearly define and document why the capital accumulation plan is being established. The terms of the plan should be consistent with its purpose and what CAP members are told.

Some of the purposes for which a CAP sponsor may establish a capital accumulation plan are:

- retirement savings;
- tax efficient compensation;
- profit sharing; and,
- savings for other financial goals such as education, home purchase, etc.

If the CAP sponsor decides to modify the purpose of a capital accumulation plan, the modified terms of the plan should be consistent with the modified purpose of the CAP.

The decision to change the purpose of the plan and the modified purpose of the plan should be documented. Information on the decision and the impact the decision will have on CAP members should be provided to the members before the decision takes effect.

2.1.2 Deciding whether to use Service Providers

The CAP sponsor should decide if it has the necessary knowledge and skills to carry out the responsibilities set out in these guidelines and all relevant legal requirements. The CAP sponsor should also decide whether and how service providers should be used.

Where the CAP sponsor does not have the necessary knowledge and skills to carry out its responsibilities, service providers should be used.

2.1.3 Selecting Service Providers

The CAP sponsor should establish criteria for the selection of service providers and use these criteria to select any service providers it engages.

Factors for the CAP sponsor to consider when establishing criteria for selecting service providers may include:

- professional training;
- experience;
- specialization in the type of service to be provided;
- cost of the service;
- understanding of employee benefits, pension legislation and other related rules;
- consistency of service offered in all geographical areas in which members reside; and,
- quality, level and continuity of services offered.

Where the CAP sponsor delegates responsibilities to a service provider, the CAP sponsor should ensure that the applicable roles and responsibilities of the CAP sponsor and service provider are carefully documented.

2.2 - INVESTMENT OPTIONS

2.2.1 Selecting Investment Options

The CAP sponsor should select investment options to be made available in the plan. The investment options for CAPs may be limited by legislation. CAP sponsors must comply with all applicable legislative requirements when choosing investment options.

Examples of investment options include:

- investment funds;
- guaranteed investment certificates (GICs);
- annuity contracts;
- employer securities;
- government securities;
- other securities; and,
- cash.

The CAP sponsor should ensure a range of investment options is made available taking into consideration the purpose of the CAP.

In some cases the choice of a service provider will define or limit the type of investment options available to a plan.

Factors a CAP sponsor should consider when choosing investment options, including any default option that may be selected by the CAP sponsor (see Section 2.2.4), include:

- the purpose of the CAP;
- the number of investment options to be made available;
- the fees associated with the investment options;
- the CAP sponsor's ability to periodically review the options;
- the diversity and demographics of CAP members;
- the degree of diversification among the investment options to be made available to members;
- the liquidity of the investment options; and,
- the level of risk associated with the investment options.

The degree of diversification and liquidity, and the level of risk associated with the investment options are particularly relevant for capital accumulation plans that are established for retirement purposes.

2.2.2 Selecting Investment Funds

If the investment options chosen by the CAP sponsor include investment funds, the following factors should also be taken into account when selecting the funds that are to be made available:

- the attributes of the investment funds such as the investment objectives, investment strategies, investment risks, the manager(s), historical performance, and fees; and,
- whether the investment fund(s) selected provide CAP members with options that are diversified in their styles and objectives.

If investment funds are offered in a CAP that is a registered pension plan, the funds must comply with the investment rules under applicable pension benefits standards legislation.

If the investment fund is a mutual fund under securities law, the funds must comply with the investment rules that govern conventional public mutual funds.

As at the date of publication, if the investment fund is a mutual fund, it must comply with the investment rules under National Instrument 81-102 Mutual Funds.

If the investment fund is an insurance product, the funds must comply with:

- the investment rules applicable to individual variable insurance contracts; or
- the investment rules that govern conventional public mutual funds; or
- the investment rules under applicable pension benefits standards legislation.

2.2.3 Transfers Among Investment Options

CAP members should be allowed reasonable opportunities to transfer among the investment options available in the plan. Administrative costs incurred in making the transfer may be charged to members.

The CAP sponsor may restrict the number of transfers a member can make, but members should have an opportunity to transfer among options on at least a quarterly basis.

Factors for the CAP sponsor to consider when determining how often CAP members can make transfers among investment options may include:

- the purpose of the CAP;
- the liquidity of investment options;
- the number of options that are available; and,
- the risks associated with the investment options.

Restrictions on the number of transfers each individual member can make might be appropriate to limit costs borne by the CAP sponsor or collectively by all members, for transfers by individual members. Restrictions may include limiting the number of transfers by members or imposing fees if the established limit is exceeded.

2.2.4 Policy Regarding Failure to Make Investment Choices

The CAP sponsor should establish a policy that outlines what happens if a CAP member does not make an investment choice. The policy should be provided to the member before any action is taken under the policy.

The policy may involve setting a default option to be applied if a member does not make an investment choice within a given period of time. If the policy includes imposing a default option, the CAP sponsor should provide the member with information about the default option (see Section 4.2) when the policy is provided.

2.3 – MAINTENANCE OF RECORDS

The CAP sponsor should prepare and maintain the records of the CAP, either internally or through a service provider. The CAP sponsor should also establish a document retention policy for the plan.

The contents of a document retention policy include:

- a description of the types of documents to be retained;
- how long various types of documents should be retained; and,
- who can access the documents.

SECTION 3: INVESTMENT INFORMATION AND DECISION-MAKING TOOLS FOR CAP MEMBERS

The CAP sponsor should provide investment information and decision-making tools to assist CAP members in making investment decisions in the plan.

Costs associated with basic investment information or decision-making tools should be structured so that there is no disincentive for members to use them.

3.1 - GENERAL

To decide which types of information and decision-making tools to provide to CAP members, the CAP sponsor should consider:

- the purpose of the plan;
- what types of decisions members must make;
- cost of the information and decision-making tools;
- the location, diversity and demographics of the members; and,
- the members' access to computers and the internet.

For example, members of a retirement plan should be provided with information and tools that focus on retirement planning.

Information, decision-making tools and guidance provided by the CAP sponsor need not address the entire financial circumstances and planning needs of the CAP member.

3.2 - INVESTMENT INFORMATION

The CAP sponsor should provide CAP members with investment information to assist the members in making investment decisions within the plan.

Examples of investment information include:

- glossaries explaining terms used in the investment industry;
- information about how investment funds work;
- information about investing in different types of securities (e.g., equities, bonds);
- information regarding the relative level of expected risk and return associated with different investment options;
- product guides; and,
- performance reports for any investment funds offered in the CAP.

3.3 - INVESTMENT DECISION-MAKING TOOLS

The CAP sponsor should provide CAP members with investment decision-making tools to assist the members in making investment decisions within the plan.

Examples of decision-making tools include:

- asset allocation models;
- retirement planning tools (if applicable);
- calculators and projection tools to help members determine contribution levels and project future balances; and,
- investor profile questionnaires.

3.4 - INVESTMENT ADVICE

In addition to providing investment information and decision-making tools, a CAP sponsor may choose to enter into an arrangement with a service provider, or refer the members to a service provider, who can provide the members with advice about their investment decisions.

3.4.1 Selecting Service Providers to Provide Investment Advice

If the CAP sponsor chooses to enter into an arrangement with a service provider, or to refer CAP members to a service provider, who can provide investment advice to the members, the CAP sponsor should establish criteria to be used in selecting the service provider and use the criteria to select the service provider.

Factors for the CAP sponsor to consider when establishing criteria for selecting service providers to provide investment advice to members include:

- the criteria used to select service providers generally;
- any real or perceived lack of independence of the service provider relative to other service providers, the CAP sponsor and its members;
- any legal requirements that individuals must meet before they can provide investment advice; and,
- any complaints filed against the advisor or his or her firm and any disciplinary actions taken (if known).

SECTION 4: INTRODUCING THE CAPITAL ACCUMULATION PLAN TO CAP MEMBERS

When an individual becomes eligible to enrol in a capital accumulation plan, the CAP sponsor should provide information regarding the purpose of the plan and the information outlined in this section.

4.1 - GENERAL

4.1.1 Information on the Nature and Features of the CAP

The CAP sponsor should provide CAP members with current information on the nature and features of the plan.

Information provided to CAP members should include:

- contribution levels (if applicable);
- investment options available, how to choose investments, how choices can be changed, and how long it will take for choices to be implemented;
- the policy regarding failure to make investment choices (see Section 2.2.4) and,
- names of service providers with whom CAP members interact, if applicable.

4.1.2 Outlining the Rights and Responsibilities of CAP Members

The CAP sponsor should provide CAP members with information outlining their rights and responsibilities under the CAP.

Information provided to members should include:

- members' right to access information about the nature and features of the plan;
- members' right to request paper copies of their member statements if the statement is normally provided in another format (see Section 5.1);
- members' responsibility for making investment decisions and that those decisions will affect the amount of money accumulated in the plan;
- members' responsibility for informing themselves about the plan, using the documents, information and tools available to them; and,
- the recommendation that members ought to obtain investment advice from an appropriately qualified individual, in addition to using any information or tools the CAP sponsor may provide.

4.2 - INVESTMENT OPTIONS

The CAP sponsor should provide CAP members with sufficient detail about the investment options available in the plan so they can make informed investment decisions.

4.2.1 Investment Funds

For each investment fund that is an investment option available in the plan, the CAP sponsor should provide CAP members with the following information:

- the name of the investment fund;
- names of all investment management companies responsible for the day-to-day management of fund assets;
- the investment objective of the fund;
- the types of investments the fund may hold;
- a description of the risks associated with investing in the fund;
- where a member can obtain more information about the fund's portfolio holdings, and other detailed disclosure about the fund; and,
- whether the fund is considered foreign property for income tax purposes and if so, a summary of the implications of that status for a member who invested in the fund.

4.2.2 Employer Securities

When securities of the employer or a related party of the employer are included as an investment option in the plan, the CAP sponsor should provide at least the following information to CAP members:

- name of the issuer and the security;
- relationship between issuer and employer - if the issuer of the security is different from the employer of the CAP members, a description of the relationship between the issuer and the employer should be provided;
- risks associated with investing in a single security; and,
- whether the security is considered foreign property and, if so, the implications for members.

4.2.3 Other Investment Options

When investment options other than investment funds or employer securities are included as investment options in the plan, the CAP sponsor should provide the following information to CAP members:

- a description of the investment including its name;
- the type of investment;
- the investment objective;
- risks associated with the option; and,
- whether the option is considered foreign property and, if so, the implications for members.

4.3 - TRANSFER OPTIONS

The CAP sponsor should provide CAP members with information about how to make transfers among investment options. This information should include:

- any forms that are required and where they must be sent;

- whether there are other methods available for making transfers (for example, on the website provided by a service provider);
- any costs that may be incurred for transferring among options; and,
- any restrictions on the number of transfers among options a member is permitted to make within a given period, including any maximum limit after which a fee would be applied.

The CAP sponsor should provide CAP members with a description of possible situations where transfer options may be suspended. In the event of a suspension, the CAP sponsor should provide CAP members with the reason why transfers will be suspended and details on the restrictions associated with the suspension should be provided before the suspension occurs (where possible).

Examples of situations where the CAP sponsor may temporarily suspend transfers are where:

- investment options are being changed by the CAP sponsor;
- a service provider is being changed by the CAP sponsor; or,
- there are changes at the existing service provider (e.g., introduction of new systems).

4.4 - DESCRIPTION OF FEES, EXPENSES AND PENALTIES

The CAP sponsor should provide CAP members with the description and amount of all fees, expenses and penalties relating to the plan that are borne by the members, including:

- any costs that must be paid when investments are bought or sold;
- costs associated with accessing or using any of the investment information, decision-making tools or investment advice provided by the CAP sponsor;
- investment fund management fees;
- investment fund operating expenses;
- record keeping fees;
- any costs for transferring among investment options (including penalties, book and market value adjustments, tax consequences);
- account fees; and,
- fees for services provided by service providers.

Investment fund operating expenses include audit, legal and custodial fees, cost of financial statements and other reports or filings, taxes, transfer agency fees, pricing and bookkeeping fees.

Where appropriate, these fees, expenses and penalties may be disclosed on an aggregate basis, provided the nature of the fees, expenses and penalties is disclosed. Where fees, expenses and penalties are incurred by members by virtue of member choices (e.g., transfer fees, additional investment information or tools, etc.) such fees, expenses and penalties should not be aggregated.

4.5 - ADDITIONAL INFORMATION

The CAP sponsor should provide the CAP members with an outline of how they can access additional information related to the plan and a description of the type of information that is available.

SECTION 5: ONGOING COMMUNICATION TO MEMBERS

The CAP sponsor should regularly provide CAP members with information on their CAP account and the performance of the investment funds available in the plan. The CAP sponsor should also provide access to additional information upon the request of members.

5.1 - MEMBER STATEMENTS

The CAP sponsor should provide CAP members with a statement of their CAP account at least annually. Paper copies of the statement should be available to members upon request if another format is standard.

The member statement should include:

- summary of investments - listing of the investments by option type (e.g., investment funds, other securities, GICs);
- investment activity - the opening balance, contributions, withdrawals, net change in the value of the investments and closing balance;
- investment funds – name of fund, number of units, value of each unit, total investment value, per cent of total investments;
- summary of transactions; and,
- how to get specific information on each investment option, fees and expenses, transaction details, transfer options, and other information.

If a statement includes the calculation of a personal rate of return for CAP members, the method used to produce the calculation should be described, along with information about where the members can get a more detailed explanation of the calculation (if it is not shown on the statement). A personal rate of return should also be distinguished from any rate of return for an investment option (e.g., investment fund rate of return) disclosed in the statement.

5.2 - ACCESS TO INFORMATION

5.2.1 Other information available to CAP members

The CAP sponsor should provide members with access to additional information regarding their CAP account.

If not included in the member statement, the following information should be made available to CAP members upon request:

- details on investment funds – where to get fund holdings, financial statements and continuous disclosure information for each investment fund;
- transaction details - investment description: date of transaction, transaction type (e.g., inter-fund transfer), amount, unit value (if applicable), units purchased or withdrawn;
- details on GICs and other fixed term investment options such as term of investment, date of maturity, interest rate, current book value plus accrued interest;
- details on each of the other investment options (see Section 4.2);
- contribution details - option description, percentage of contribution to be allocated to option, type of contribution (member voluntary, member required, employer, transfer in);
- details on fees and expenses (see Section 4.4); and,
- information on transfer options (see Section 4.3).

5.2.2 Report on Significant Changes in Investment Options

The CAP sponsor should provide advance notice to CAP members when there are significant changes in investment options.

The notice to members should include:

- the effective date of the change;
- a brief description of the change and the reasons for the change;

- how the change could affect the member's holdings in the plan (e.g., if the change affects the level of risk of an investment option, this should be described);
- the manner in which assets will be allocated to new investment options (where applicable);
- details of any penalties or special transaction fees that may apply to the change;
- a summary of the tax consequences that may arise as a result of the change;
- where to get more detailed information about the change;
- details on what the members must do (if action is required) and the consequences of not taking action; and,
- a reminder to the members to evaluate the impact of the change on their current holdings in the plan.

Significant changes in investment options include:

- changes to the nature or operation of existing investment options, including the method of making transfers;
- adding investment options;
- removing or replacing investment options;
- changes in fees and expenses (the expected or actual level of fees and expenses associated with an investment option or ongoing administration and record keeping that are paid by CAP members); or,
- change in service provider.

5.2.3 Adding an Investment Option

If an investment option is added, the CAP sponsor should provide CAP members with the information listed in Section 4.2 and the information about transfer options in Section 4.3. Members should also be informed of the date when the new investment option will be available.

5.2.3 Removing or Replacing an Investment Option

If an investment option is removed, the CAP sponsor should provide CAP members with information regarding what must be done with their investments in that option. Information on any deadlines for member action and how assets will be allocated to new investment options in the event that the member takes no action, should also be provided.

If an investment option is replaced, information about the impact of liquidating one investment option and re-investing in a replacement investment option should be provided.

Examples of information to be provided include: market value adjustments, early withdrawal penalties, tax consequences, and transaction fees.

5.3 - PERFORMANCE REPORTS FOR INVESTMENT FUNDS

The CAP sponsor should provide performance reports for each investment fund to the CAP member at least annually.

The performance report for each investment fund should include:

- the name of the investment fund for which performance is being reported;
- if there is one, the name and description of the benchmark for the investment fund (if the benchmark is permitted by law to be composed of several indices, this should be explained);
- if used, corresponding returns for the benchmarks;
- the performance of the fund, including historical performance for one, three, five and 10 years if available;
- whether the investment performance is gross or net of investment management fees and fund expenses;

- identification of the method used to calculate the fund performance return calculation, along with directions on where to find a more detailed explanation; and,
- a statement that past performance of a fund is not necessarily an indication of future performance

For example, the S&P/TSX Composite Index for a Canadian Equity Fund.

SECTION 6: MAINTAINING A CAP

The CAP sponsor should periodically review all service providers it engages, investment options available in the plan, records maintenance, and decision-making tools provided to members.

6.1 - REVIEWING SERVICE PROVIDERS

The CAP sponsor should establish criteria for the periodic review of service providers and use these criteria to review the service providers it engages.

Factors for the CAP sponsor to consider when establishing criteria for the periodic review of service providers include:

- the criteria used to select the service provider; and
- the frequency and/or triggering events for the review.

If a service provider fails to meet the criteria established, the CAP sponsor should decide what action to take.

Factors for the CAP sponsor to consider when deciding on what action to take include:

- the length of time the criteria have not been met;
- any complaints arising from the members (where applicable);
- the effect that taking such action would have on the members; and,
- the availability of alternative service providers.

6.2 - REVIEWING SERVICE PROVIDERS WHO PROVIDE INVESTMENT ADVICE

Where applicable, a CAP sponsor should periodically review service providers with whom the CAP sponsor has an arrangement or to whom the CAP sponsor has referred CAP members to help them make their investment decisions. As with other service providers, the CAP sponsor should establish criteria for the periodic review and use these criteria to conduct the review

Because the primary relationship of a service provider who provides investment advice is with each member, it will not be possible or practical for the CAP sponsor to directly review the quality of the advice being provided.

Factors for the CAP sponsor to consider when establishing criteria for the periodic review of service providers include:

- criteria used to select the service provider;
- any complaints arising from the members; and,
- any complaints arising from the CAP sponsor or other service providers employed by the CAP sponsor.

6.3 - REVIEWING INVESTMENT OPTIONS

The CAP sponsor should establish criteria for the periodic review of each of the investment options in the plan. Review of the investment options should be conducted at least annually.

Factors for the CAP sponsor to consider when establishing criteria for the periodic review of investment options include:

- the criteria used to select the investment options; and
- the frequency and/or triggering events for the review.

If an investment option no longer meets the criteria used for reviewing the option, the CAP sponsor should decide what action to take.

Factors for the CAP sponsor to consider when deciding on what action to take include:

- the length of time the criteria have not been met;
- any other deficiencies in how the investment option operates;
- any complaints arising from the members;
- the effect taking such action would have on the members (e.g., whether there would be tax consequences);
- remaining investment options available in the CAP; and,
- the availability of equivalent investment options.

6.4 - REVIEWING MAINTENANCE OF RECORDS

The CAP sponsor should periodically review how well the plan's records are maintained.

If the records are maintained internally, quality may be reviewed by:

- reviewing CAP members' complaints about the records; and
- periodic audit; or,
- review by a service provider.

If a service provider maintains the records, quality may be reviewed by:

- reviewing the members' complaints about the records; and,
- periodic audit; or
- requiring an annual certification regarding the appropriateness of the controls, processes and systems employed; or,
- review by an unrelated service provider.

The CAP sponsor should promptly take any corrective action required as a result of the review.

6.5 - REVIEWING DECISION-MAKING TOOLS

The CAP sponsor should periodically review any decision-making tools provided to CAP members or that the members are encouraged to use.

Factors for the CAP sponsor to consider when periodically reviewing decision-making tools include:

- the purpose of the plan;
- what types of decisions members must make;
- cost of the decision-making tools;
- the location, diversity and demographics of the members; and,
- the members' access to computers and the internet.

The CAP sponsor should make any changes required in the decision-making tools as a result of the review.

SECTION 7: TERMINATION

7.1 - TERMINATING A CAP

The termination of a CAP should be done in accordance with the terms of the plan and any applicable legal requirements.

7.1.1 Communicating the Termination of a Plan to CAP Members

If a capital accumulation plan is terminated, the CAP sponsor should promptly provide information to CAP members regarding:

- the options available to each member;
- any actions that are required in respect of the members' options;
- any deadlines for member action;
- the manner in which assets will be liquidated or distributed;
- any default options that may apply if no action is taken; and,
- the impact termination of the plan will have on each investment option.

Examples of the impact of the termination of the plan may include tax consequences, any market value adjustments, early withdrawal penalties or associated fees.

7.2 - TERMINATING A CAP MEMBER'S PARTICIPATION IN THE PLAN

The termination of a CAP member's participation in the CAP should be done in accordance with the terms of the plan and any applicable legislative requirements.

7.2.1 Communicating to CAP Members on Termination of Participation

If a CAP member terminates from a plan (e.g., because of termination of employment, retirement or death), the CAP sponsor should provide information about:

- the options available to the member;
- any actions the member must take;
- any deadlines for member action;
- any default options that may be applied if no action is taken; and,
- the impact that the termination of plan membership will have on each investment option

Examples of the impact of the termination of plan membership may include tax consequences, any market value adjustments, early withdrawal penalties or associated fees.

In the event that a CAP member dies and ceases to participate in the plan, this information should be provided to the member's designated beneficiary or personal representative.

Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

Summary of Stakeholder Comments and Regulators Responses From Consultations on Proposed Guidelines for Capital Accumulation Plans

May 28, 2004

1. INTRODUCTION

On April 25, 2003, the Joint Forum of Financial Market Regulators (Joint Forum) published proposed *Guidelines for Capital Accumulation Plans (Guidelines)*. The *Guidelines* describe the rights and responsibilities of CAP sponsors, service providers and CAP members. They also outline the type of information and assistance that should be provided to CAP members to assist them in making investment decisions within a CAP.

The *Guidelines* were developed by the Joint Forum Committee on Capital Accumulation Plans (Committee) with the assistance of a stakeholders task force drawn from the membership of insurance, pension and securities industry associations as well as employer, consumer, labour and retiree groups.

2. COMMENTS RECEIVED

During the comment period, which expired on August 31, 2003, the Joint Forum received 26 submissions (a complete list can be found in Appendix 1). We would like to thank everyone who took the time to provide us with their comments.

Copies of the comment letters may be viewed in their entirety at any of the following websites:

- Canadian Council of Insurance Regulators (www.ccir-ccra.org under "Joint Forum of Financial Market Regulators\Joint Forum News\Stakeholder Submissions Regarding the Proposed Guidelines for Capital Accumulation Plans");
- Canadian Association of Pension Supervisory Authorities (www.capsa-accor.org under "News from the Joint Forum of Financial Market Regulators\View Documents\ Stakeholder Submissions Regarding the Proposed Guidelines for Capital Accumulation Plans"); or
- Ontario Securities Commission (www.osc.gov.on.ca under "Rules & Regulation\ Rulemaking & Notices\ CSA Notices").

The Joint Forum also held 12 focus group sessions across the country. A total of 126 sponsors, service providers and pension plan members participated in these sessions. Comments were also received in separate but parallel consultations in Quebec.

3. SUMMARY OF REVISIONS TO THE GUIDELINES

The Committee reviewed the comment letters that were received. Each comment was carefully considered and, where appropriate, revisions were made to the *Guidelines*, which include the following:

- The format of the document has been changed to improve readability.
- The length of the document has been reduced by eliminating repetition.
- The definition of CAPs has been revised to clarify what types of plans are covered by the guidelines.
- Those parts of the *Guidelines* that created uncertainty have been crystallized.
- Revisions have been made to rectify ambiguities and inconsistencies in some areas of the *Guidelines*.
- Uncertainty regarding which investment rules regime applies has been addressed.
- Any language suggesting mandatory requirements has been eliminated to reduce confusion regarding the voluntary nature of the *Guidelines*.
- Expectations surrounding the monitoring of service providers and investment options have been clarified.

A final revised version of the *Guidelines* can be found at www.jointforum.ca.

4. SUMMARY OF PUBLIC COMMENTS

General Support for the Project

The Joint Forum received strong support from most commenters for its efforts to develop guidelines for CAPs. Highlights of those comments are as follows:

- The initiative is both timely and a significant step in the right direction to satisfy the needs of CAP sponsors, CAP members and service providers.
- The *Guidelines* will provide a great deal of assistance to employers and administrators in an area where there have been few clearly articulated rules, standards or practices.
- The *Guidelines* represent a framework of flexible standards that will accommodate the varying circumstances of employers and other sponsors and maintain CAPs as a viable employee benefit.
- The *Guidelines* form a useful resource in a shared effort to enhance consistency, integrity and accountability in the CAP marketplace.
- CAPs should be administered with high standards and best practices and by publishing the proposed *Guidelines*, the Joint Forum has set out examples of what those high standards should be.
- The Joint Forum's work in attempting to rationalize and harmonize the rules applicable to CAPs generally across the pension, securities and insurance regulatory regimes should be applauded. The elimination of conflicts and inconsistencies between CAP standards and those applicable to pensions and/or underlying products is essential. A uniform approach across jurisdictions will be of great benefit to the industry.
- If followed properly, the *Guidelines* will provide a reasonable due diligence defence for employers/administrators against actions by members in the event of disappointing investment performance.
- The proposed *Guidelines* are required reading for CAP sponsors. They are written in a practical manner and broadly address the major issues that are involved in governing, managing and operating a CAP.
- The *Guidelines* make significant strides in achieving their stated purposes, which include describing the rights and responsibilities of CAP sponsors, service providers and CAP members, ensuring that CAP members have enough information and assistance to make investment decisions and finally, ensuring that there is a similar regulatory result for CAP products and services regardless of the regulatory regime that applies to them.
- The Joint Forum should be commended for its work in bringing harmony, clarity and transparency to the regulation of CAPs. The *Guidelines* represent welcome progress on simplifying the confusing – and sometimes conflicting – rules that try to govern the investment of CAP assets.

Commenters also commended the Joint Forum on the collaborative and inclusive nature of the process undertaken in the development process. In addition, commenters appreciated the extensive consultation that was conducted. Particular mention was made of the focus group sessions that were conducted over the summer months in an effort to gain substantial input from all stakeholder groups across the country.

The Joint Forum acknowledges the support of commenters. The Joint Forum would also like to reiterate the importance that it attaches to conducting open and inclusive consultations.

Specific Comments Regarding the Guidelines

The following chart provides a summary of the comments received from stakeholders, together with the regulators' responses. Please note that we have not responded to each and every comment we received.

Issue	Comment	Response
Clarification of CAP Definition	Further clarification is required regarding whether or not the Guidelines are intended to apply to plans such as flex plans, stock purchase plans, voluntary contributions, CAPs in which employees either do not contribute or do not make investment decisions, and flexible contribution modules related to defined benefits plans where employees choose investments.	We have reviewed the definition of a CAP and have amended it to clarify what types of plans are intended to be covered by the Guidelines.
Expansion of CAP Definition	The Guidelines should apply to all capital accumulation plans, except stock purchase plans, regardless of whether an investment choice is offered.	The project mandate for the Guidelines is limited to CAPs that offer members investment choice.
Application of Guidelines to Individual RRSPs	Individual RRSPs should be subject to the same requirements as Group RRSPs and the guidelines should also apply to financial institutions that provide individual RRSPs. For the latter, however, some adjustments might be necessary since those plans do not involve an employer.	We do not agree that the Guidelines should be extended to individual RRSPs.
Linking the CAPs Project to CAPSA's Pension Plan Governance Initiative	The Joint Forum's initiative on CAPs should be linked with CAPSA's initiative on the governance of pension plans.	CAPSA is represented on the Joint Forum and on the Joint Forum Committee that developed the Guidelines. This has allowed CAPSA to take advantage of linkages between the two initiatives.
Providing CAP Members With Investment Information and Decision-Making Tools	From the Guidelines it is apparent that the Joint Forum realizes the importance of providing CAP plan members with investment information and decision-making tools. From this perspective the Guidelines are both appropriate and useful.	We acknowledge the support of the commenters.
Reviewing Decision-Making Tools	<p>The Guidelines should address the need for CAP sponsors to determine whether investment information and decision-making tools provided to CAP members are effective in assisting members in making informed investment decisions.</p> <p>It would be useful for the Joint Forum to suggest a maximum period after which the sponsor must have reviewed the various tools available to members.</p>	As part of their implementation plan, regulators expect the Guidelines to be followed by December 31, 2005. In 2006, the Joint Forum plans to assess the implementation of the Guidelines, including to what extent CAP members are provided with the decision-making tools they need to make investment decisions.
Informing CAP Members About Risk	The Guidelines underplay the aspect of risk. CAP sponsors should be required to sensitize members to risk factors.	We agree that CAP members should be aware of risks associated with their plan. However, we believe the Guidelines adequately address this matter given that several sections, notably section 4.2, include information regarding risk.

Issue	Comment	Response
Removing DC Plans From Legislation Governing DB Plans	Defined contributions plans should be removed from the legislation governing defined benefit plans and a new set of legislation/regulations specifically designed for CAPs (including DC plans and Group RRSPs) should be created. Such an approach would be consistent with the Joint Forum's views that these types of plans should be treated in a similar manner.	The suggestion outlined would require legislative changes which are beyond the scope of this project. Our approach all along has been to develop voluntary guidelines for CAPs.
Adopting the Guidelines as a Statement of Best Practices	The Guidelines should be implemented as a statement of best practices as opposed to pursuing a prescriptive regulatory approach. The resulting compliance obligations of the latter approach would likely dissuade sponsors from offering CAP benefits.	The regulators' intention is to pursue a voluntary approach at this point in time.
Adopting Guidelines as a Regulatory Requirement	Regulators could adopt the CAP Guidelines through their policy-making powers and thereby elevate the status of the Guidelines to a regulatory requirement. Even if the CAP Guidelines are not adopted by the provincial regulators, they represent a credible description of best practices and courts may turn to the CAP Guidelines to help settle disputes that arise under a CAP.	The Guidelines represent sound principles that should be followed by all CAP sponsors in order to ensure a soundly managed CAP but regulators have no intention of pursuing a regulatory approach at this point in time. The expectation is that the Guidelines will be followed as best practices.
Use of Terms "Give" and "Provide"	The Guidelines contain several sections which impose upon the sponsor a duty to "give" or "provide" members with certain information. As an alternative, these words could be changed to 'make available'. A duty to give information may actually impose an obligation to ensure that the material is received by the individual. A duty to make information available may be more in line with practice.	Revisions have been made to the Guidelines so that there is consistent use of the term "provide" in all situations where CAP members are to receive information.
Inconsistency in Investment Rules	According to the Guidelines, investment funds offered in a CAP would have to comply with the IVIC investment rules if the investment fund is an insurance product, or with the NI 81-102 investment rules if the fund is a mutual fund under securities law. The result of these provisions is that a fund that is technically an insurance product (for example, a segregated fund wrapped around a mutual fund or funds), would have to comply with both NI 81-102 investment rules in the underlying investments and IVIC investment rules, since the investment fund distributed to the CAP member would be an insurance product. While the goals of the regulations may be common, each set has its own unique approach to achieving these goals. This reality makes it exceedingly difficult and prohibitively expensive for a single fund in a CAP to be managed in such a way that it simultaneously satisfies the different rules.	We recognize this as a valid concern. The Guidelines have been revised to clarify the requirements for insurance products (see s.2.2.2). As part of the implementation of the Guidelines, the Joint Forum will address issues identified by stakeholders related to the differences in investment rules applicable under the pensions, securities and insurance regimes.

Issue	Comment	Response
Use of Plain Language	The concept of "plain and simple language" would be better addressed in a general paragraph that applies to the Guidelines in general instead of being repeated throughout the document.	We agree with this comment and have adopted this approach in the revised document.
Clear and Understandable Member Communications	The CAP sponsors' execution of the guidelines should result in member communications and information that is clear and easy to understand for members. Such a requirement is not explicit in the Guidelines.	We agree that members should have access to information that is clear and easy to understand. We believe that the clarification we have made with respect to the CAP sponsor's responsibilities in this area will lead to the intended result.
Securities Exemption for plans that adopt the Guidelines	The implementation model should result in the creation of a uniform exemption from securities legislation for CAPs that follow the Guidelines. This approach would be preferable to an approach that would require amendments to multiple local rules.	The Canadian Securities Administrators (CSA) will be considering exemptive relief from securities legislation as part of the implementation of the Guidelines.
Timing of Implementation	The application of the Guidelines to non-pension CAPs may take some time since employers will need to develop compliance procedures for the Guidelines for the first time. Furthermore, although most pension plans, or their providers on their behalf, comply with many aspects of the Guidelines, there are areas where compliance will take a little longer. For these reasons a reasonable time period should be given prior to expecting full compliance with the Guidelines. One suggestion for an implementation timetable was substantial compliance by the end of 2004 and full compliance by July, 2005. Another suggestion was 12 months from the date final guidelines are published/adopted.	We agree that the implementation phase should provide generous lead-time for CAP sponsors to assess their current practices and make any necessary improvements to those practices.
Repetition/Length of Guidelines	Although the Guidelines are comprehensive and well written, there is some repetition in terms of content. In addition, at 29 pages in length, the Guidelines are rather overwhelming. Consolidating some of the sections could help shorten the document.	We agree with the comment made. As a result we have eliminated any unnecessary repetition and have created a document that is substantially shorter while still being comprehensive.
French Translation of Guidelines	The French version of the Guidelines contains some areas that could be interpreted differently from the English version.	We acknowledge this concern and will ensure that the issue is dealt with in the context of the finalized Guidelines.
Transparency of Information Pertaining to Fees	There should be complete transparency regarding costs, especially in the area of fees. Expenses and penalties should not be aggregated. Plan members should know what they are paying for each service.	The guidelines state that all fees, expenses and penalties should be disclosed. In some circumstances, aggregated fees, expenses and penalties may be appropriate.
Application of the Guidelines to Terminated Members	It is unclear how the Guidelines are intended to apply in the case of terminated members. It can be difficult to track these individuals and having to provide them with information about changes to the plan and plan investments will be onerous, if not impossible.	It is intended that the Guidelines would apply to all CAP members who have assets in the plan.

Issue	Comment	Response
Post-Implementation Assessment of the Guidelines	The Joint Forum should develop a plan to review industry experience with the Guidelines a year after implementation.	In 2006, the Joint Forum plans to evaluate the success of the Guidelines.
Periodic Review and Update of Guidelines	There is some ambiguity around the ongoing monitoring of the Guidelines. For example, it is unclear whether a governing body will be established to periodically review and update the Guidelines.	Same as above.
Taking Member Preferences Into Account When Selecting Investment Options	The Guidelines state that, in selecting investment options, plan sponsors should take into account “any preferences voluntarily indicated by members.” This would place a CAP sponsor in the position of accommodating the wishes of a few vocal CAP members at the expense of the general membership who may rightfully assume that the investment options available are suitable and meeting all requirements.	The Guidelines have been revised to remove the reference to taking member preferences into account when selecting investment options. Instead, CAP sponsors are asked to consider member complaints in deciding what action to take as a result of their review of the investment options made available to CAP members.
Monitoring and Oversight of Service Providers	The extent to which a plan sponsor monitors a service provider needs to be clarified, along with how this is practically achieved, given that the resources and sophistication vary greatly from one plan sponsor to another.	The Guidelines have been revised to state that periodic reviews of service providers should be conducted based on criteria established by the sponsor. Some guidance as to possible criteria CAP sponsors may want to consider has also been included.
Selection and Monitoring of investment Funds	Certain areas of the Guidelines will present significant challenges for all CAP stakeholders. The Guidelines may have a chilling effect as organizations grapple with the on-going need for independent advice and the costs of such advice. The Guidelines involve investment fund selection and monitoring. Investment fund offerings of financial institutions that offer bundled CAP services have multiplied significantly over recent years. Consequently, the complexities of selecting funds that are appropriate and of monitoring those funds relative to similar funds that are available has grown significantly.	Monitoring has been replaced with periodic review based on criteria established by the CAP sponsor.
Expanding Role of Service Providers	The expanding role of service providers mandated by the Guidelines will result in an inevitable reliance by plan sponsors on those providers. The Guidelines provide no clear direction on the allocation of responsibilities between sponsors and providers where the sponsor makes such reliance. This will require sponsors and providers to expend significant energy, time and resources in developing acceptable allocations of the related risks between them, which is likely to result in higher costs for providers. Those cost increases will, either in the short term or long term, almost certainly be borne by plan sponsors and members.	The Guidelines do not mandate the use of service providers. Instead, they recognize that service providers play a large role in the operation of most CAPs.

Issue	Comment	Response
Electronic Delivery of Information to CAP Members	Communication is a major component of the Guidelines, but the issue of which methods of delivery are acceptable is not addressed. Examples of acceptable forms of communication should be explicitly identified. In particular, the provision of information through electronic means should be encouraged.	This comment deals with an issue that falls outside the scope of the Guidelines.
Information vs. Education	The distinction between information and education should be clarified. For example, is there a hidden assumption that a plan sponsor would “test” the investment knowledge of its plan members?	The Guidelines do not mandate the provision of CAP member education by CAP sponsors.
Use of Inconsistent and Ambiguous Language	The Guidelines incorporate a variety of words and phrases to describe the CAP sponsors’ responsibilities in respect of a disclosure of information to CAP members. In the absence of consistency of usage and precision of definitions, each reader is left to interpret the document in his or her own way. No guidance is provided in discerning the meaning behind different wordings. For instance, it is difficult to determine the difference in the responsibility to “provide” versus “give” or “communicate” versus “inform”. Similarly, certain activities “must” be undertaken, but the Guideline then describes what those activities “should” include.	We agree that the Guidelines contained potential inconsistencies and ambiguities in some areas that could result in confusion. The text has been revised to ensure clarity and consistency throughout the document.
Potential for Increased Costs for CAP Sponsors	With the increased obligation on sponsors resulting in significant increase in work involved to comply with the Guidelines, use of service providers to meet those obligations could result in potentially significant cost increases to sponsors.	The Guidelines were developed by the Joint Forum Committee with the assistance of an industry task force and reflect current industry best practices. Where those best practices are not currently followed, there may be some costs associated with establishing review procedures and governance processes. The costs involved, however, should not be significant.
Employer Withdrawal from Offering CAPs	The expansion of the CAP principles and guidelines into areas and types of plans where no such rules previously existed, without sufficient certainty and clarity to enable sponsors to implement the new rules in an efficient and cost effective manner, will act as a disincentive to sponsors in providing such plans. Alternatively, the Guidelines may encourage CAP sponsors to modify their existing CAPs in order to fall outside the scope of Guidelines. For example, they may consider the removal of choice in investment options for members.	The CAP definition has been changed to focus on tax assisted plans with member choice. The Guidelines have also been revised to provide clarity and certainty.

Issue	Comment	Response
<p>Lack of Specifics Regarding Implementation</p>	<p>The Guidelines encompass broad directives without any specifics on implementation. As a result of the broad nature of many of the provisions, it would be very difficult for a sponsor to determine with some certainty whether they are in compliance or not. Given that many area of the Guidelines use terminology such as “reasonable”, “prudent” and “appropriate” it would be useful to provide clarification, including examples referencing actions that would meet these criteria. This would help provide CAP sponsors with the guidance they need in order to address implementation of the Guidelines.</p> <p>Finally, the use of vague and open-ended terminology (such as “prudent”, “appropriate”, “reasonable”, “properly” and “sufficient”) provides little certainty or clarity for plan sponsors in how to actually implement the Guidelines.</p>	<p>In an effort to provide further guidance to CAP sponsors, we have added shaded text boxes throughout the document. This text adds further elaboration and clarification of the guidelines which should be of assistance to all users of the document. We have also eliminated the usage of potentially vague and open-ended terminology.</p>
<p>Impact on Small Business</p>	<p>The Guidelines are not adapted to the realities of small business. They impose administrative duties and costs that are unfairly burdensome for small businesses.</p>	<p>The Guidelines were developed by the Joint Forum Committee with the assistance of an industry task force and reflect current industry best practices. Feedback was also sought from plan sponsors, including small businesses, during focus group sessions held across Canada. Where CAPs are sponsored by small business, most of the responsibilities of the CAP sponsor outlined in the Guidelines are allowed to be, and currently are, delegated to service providers who follow industry best practices.</p>
<p>Safe Harbour</p>	<p>If the Guidelines are adopted as drafted, the result may be a raising of standards to which CAP sponsors could be held, with a corresponding increase in the uncertainty of how to satisfy such standards. Accordingly, a due diligence defence from CAP member lawsuits based on compliance with the guidelines should be included in the Guidelines.</p>	<p>Safe harbour cannot be provided in the context of voluntary guidelines.</p>
<p>Extension of Fiduciary Duties</p>	<p>The Guidelines will produce a significant extension of fiduciary-like responsibilities for CAP sponsors where no fiduciary duties currently exist under law. They will likely become the de facto standard of care and therefore result in additional due diligence obligations for sponsors and administrators. Plan sponsors will assess whether it is worth offering such plans, not only due to increased cost, but also due to increased risk of legal exposure.</p>	<p>There is no intention to expand the fiduciary duties of CAP sponsors. Instead, the Guidelines have been developed to support the continuous improvement and development of industry practices in the operation of CAPs.</p>

Issue	Comment	Response
Performance Reports	CAP sponsors should not be required to circulate performance reports more than once per year. CAP members, however, should be able to request and get the most recent performance measures that are available to the sponsor.	The Guidelines say that performance reports should be provided at least annually. Where reports are available on a more frequent basis it is likely that they would be made available to members.
Disclosing Non-Financial Objectives of Funds Available as Investment Choices	Given that fund objectives must be made known to plan members, any non-financial objectives should also be disclosed.	The approach taken by regulators in the development of the Guidelines was to provide broad guidance to support the continuous development and improvement of industry practices rather than detailed specific rules.
Availability of Proxy Voting Policies and Records	Proxy voting policies and records should be made available to CAP members.	Same as above.
Conversions of Accumulations to Income Streams	The Guidelines should require that information and assistance be provided to CAP members about options available to them at the time CAP accumulations are being converted to income.	This suggestion is outside the scope of the CAP project. Our focus is to develop guidelines that deal with providing information and assistance to CAP members during the accumulation period.

APPENDIX 1 – LIST OF COMMENTERS

Date	Party	Organization
August 2003	Bill Turnbull	Co-operative Superannuation Society Pension Plan
August 2003		Manulife Financial
August 2003	Robert J. Lesperance	Canada's Association For The Fifty-Plus (CARP)
August 2003		FADOQ - Mouvement des Aînés du Québec
August 26, 2003	Don Panchuck	Phillips Hager North Investment Management Ltd.
August 26, 2003	Brian Hayhoe	Acquaint Financial
August 26, 2003	Steve Howard	Advocis
August 28, 2003	Dr. Stan Hamilton	UBC Faculty Pension Plan
August 28, 2003	Shirley McIntrye	TransAtla Corporation
August 28, 2003	Robert H. Stapleford	Mercer Human Resource Consulting and Mercer Investment Consulting
August 28, 2003	John Mountain	Investment Funds Institute of Canada (IFIC)
August 28, 2003	Bill Gleberzon	Canada's Association For The Fifty-Plus (CARP)
August 29, 2003	Tony Paine	
August 29, 2003	Claude Garcia	Standard Life
August 29, 2003	Jean-Francois Gariepy	Aon Consulting
August 29, 2003	Patricia A. Sihvon	ATCO Group
August 29, 2003	Christopher A. Brown	Bennett Jones
August 31, 2003	Roberta Wilton	Canadian Securities Institute (CSI)
September 3, 2003	Henri Masse	Fédération des travailleurs et travailleuses du Québec (FTQ)
September 5, 2003	Priscilla Healy, Paul Litner & Keith Douglas	ACPM/PIAC
September 5, 2003		Normandin Beaudry, Actuaire Conseil Inc.
September 8, 2003	Ron Sanderson	Canadian Life and Health Insurance Association (CLHIA)
September 12, 2003	Terry M. Campbell	Canadian Bankers Association (CBA)
September 15, 2003	Eugene Ellmen	Social Investment Organization (SIO)
October 1, 2003	Kevin J. Aselstine	Toronto Retirement Business Leader
October 7, 2003	Richard Fahey	Fédération canadienne de l'entreprise indépendante (FCEI)