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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Government investment manager exempted from early warning and insider reporting requirements provided that it complies with reporting and filing requirements as if it were an “eligible institutional investor” under National Instrument 62-103

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 87, 91(1)(b), 111, 114(2)(c)

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND AND
LABRADOR, NOVA SCOTIA, ONTARIO, QUEBEC, AND
SASKATCHEWAN**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF THE CANADA PENSION PLAN INVESTMENT
BOARD**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Makers”) in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec and Saskatchewan (the “Jurisdictions”) has received an application from the Canada Pension Plan Investment Board (the “CPP Investment Board”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the CPP Investment Board be:

- (i) exempt from the requirements triggered by the acquisition of 10% or more of a class of voting or equity securities under the provisions of the Legislation listed in Appendix B of NI 62-103 - Early Warning System and Related Take-Over Bid and Insider Reporting Issues (“NI 62-103”) (the “Early Warning Requirements”);
- (ii) exempt from the restrictions regarding further acquisitions of the securities described in (i) above under the provisions of the

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Legislation listed in Appendix C of NI 62-103 (the “Moratorium Requirements”); and

- (iii) exempt from the requirement in the Legislation for an insider of a reporting issuer to file reports disclosing the insider’s direct or indirect beneficial ownership of, or control or direction over, securities of a reporting issuer (the “Insider Reporting Requirements”)

provided that the CPP Investment Board complies with, and otherwise meets, the reporting and filing requirements and the other applicable conditions of NI 62-103, in each case, as if the CPP Investment Board is an “eligible institutional investor” thereunder.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the CPP Investment Board has represented to the Decision Makers that:

1. The CPP Investment Board was established as a corporation under the *Canada Pension Plan Investment Board Act* (the “CPP Investment Board Act”) and is governed by the CPP Investment Board Act and the Regulations made thereunder (“Regulations”).
2. All of the share capital of the CPP Investment Board is held by the Minister of Finance of Canada (the “Minister of Finance”).
3. The objects of the CPP Investment Board under the CPP Investment Board Act are to manage amounts that are transferred to it by the Canada Pension Plan and to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan and the ability of the Canada Pension Plan to meet its financial obligations. The CPP Investment Board does not manage any assets, other than those that are transferred to it under the Canada Pension Plan.
4. The CPP Investment Board is the sole provider of investment management services to the Canada Pension Plan.

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5. The CPP Investment Board currently manages approximately \$14.6 billion, mostly invested in index funds, and expects to manage in excess of \$130 billion in assets by 2012.
6. The CPP Investment Board has the capacity of a natural person and its business is managed and supervised by a board of directors (the “Board of Directors”) appointed by the Governor in Council on the recommendation of the Minister of Finance.
7. The Board of Directors is required to establish, and has established, an audit committee and an investment committee.
8. The Regulations establish the requirements for a written statement of investment policies, standards and procedures (“Investment Statement”) in respect of the CPP Investment Board’s portfolio of investments, and they also establish limitations on investments, including a prohibition on any direct or indirect investment in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect the directors of that corporation. Pursuant to the Regulations, the Board of Directors is required to review the Investment Statement at least once each financial year.
9. The Board of Directors is required to send copies of unaudited quarterly financial statements to the Minister of Finance and the appropriate provincial Ministers within 45 days after the end of the three month period to which they relate and also is required to provide the Minister of Finance and the appropriate provincial Ministers with an annual report on the operations of the CPP Investment Board (the “Annual Report”) within 90 days of the end of each financial year. The Annual Report is tabled in Parliament and is made available to the public.
10. The Annual Report is required to include (i) audited annual financial statements in the form set out in the CPP Investment Board Act; (ii) a certificate of the Board of Directors stating that the investments of the CPP Investment Board held during the year were in accordance with the CPP Investment Board Act and the Investment Statement; and (iii) the Investment Statement and information regarding the objectives of the CPP Investment Board.
11. The Minister of Finance is required to cause a special examination to be carried out at least once every six years in respect of the CPP Investment Board and its subsidiaries to determine if financial and management control and information systems and management practices were maintained in a manner that provided reasonable assurance that (i) its assets are safeguarded

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and controlled; (ii) its financial, human and physical resources are managed economically and efficiently; and (iii) its operations are carried out effectively. The Minister of Finance is required to consult with the appropriate provincial Ministers before a special examination is to be carried out. In addition, the Minister of Finance may, at any time, appoint an auditor to conduct a special audit of the CPP Investment Board or any of its subsidiaries.

12. The CPP Investment Board provides investment management services to the Canada Pension Plan which are comparable to the services provided by “investment managers”, as that term is defined in NI 62-103. However, the CPP Investment Board is not an investment manager for purposes of NI 62-103 because the CPP Investment Board is not, and is not required to be, registered as an “adviser” under the Legislation. Therefore, the CPP Investment Board is not an “eligible institutional investor” under NI 62-103.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the CPP Investment Board be exempt from the Early Warning Requirements, the Moratorium Requirements and the Insider Reporting Requirements provided that the CPP Investment Board complies with, and meets, the applicable reporting and filing requirements and other applicable conditions enumerated in NI 62-103, in each case, as if the CPP Investment Board is an “eligible institutional investor” thereunder.

DATED this 25th day of October, 2002.

Theresa McLeod

Robert L. Shirriff