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March 21, 2023

Via email: [capsa-acor@fsrao.ca](mailto:capsa-acor@fsrao.ca)

Leah Fichter  
Chair, Canadian Association of Pension Supervisory Authorities (CAPSA)  
CAPSA Secretariat  
25 Sheppard Avenue West, Box 21 – Suite 100  
Toronto ON M2N 6S6

Dear Ms. Fichter:

**Re: Canadian Association of Pension Supervisory Authorities – Strategic Plan 2023-2026**

I write on behalf of the Canadian Bar Association's Pensions and Benefits Law Section (CBA Section) in response to the Canadian Association of Pension Supervisory Authorities' (CAPSA) request for feedback on CAPSA's Draft 2023-2026 Strategic Plan (Draft Strategic Plan). We commend CAPSA for engaging with stakeholders to understand the practical challenges they encounter, which will help CAPSA finalize its Strategic Plan.

The CBA is a national association of over 37,000 members, including lawyers, notaries, academics and students across Canada, with a mandate to seek improvements in the law and the administration of justice. The CBA Section contributes to national policy, reviews developing pensions and benefits legislation, and promotes harmonization. Our members are involved in all aspects of pensions and benefits law and include counsel who advise pension and benefit plan administrators, employers, unions, employees and employee groups, trust and insurance companies, pension and benefit consultants, and investment managers and advisors.

The CBA Section generally supports the Draft Strategic Plan and encourages CAPSA to continue its proactive efforts, in accordance with its mandate, to harmonize regulatory principles and practices in the supervision of pension plans. We appreciate the difficulty in achieving consensus on these issues across all jurisdictions in Canada.

**Priority 1 – Establish common regulatory expectations for pension plan administration**

The CBA Section supports CAPSA's proactive approach in updating guidelines on decumulation of DC account balances and establishing a committee with a view to developing a guideline in this area. CAPSA Guidelines are indicative of industry best practices and the expectations of pension regulators. The Guidelines must be kept current and reflect recent developments.

We are also pleased that CAPSA is finalizing the review and update of Guideline No. 3 (Guidelines for Capital Accumulation Plans). In our view, CAPSA should solicit stakeholder feedback prior to issuing any guidance on the issue of decumulation. We would be pleased to participate in future consultations on this issue, including on variable payment life annuities as supported in our January 2021 submission to Finance Canada.<sup>1</sup> In addition, we understand that- CAPSA received significant feedback from industry stakeholders on the draft revised Guideline No. 3. We suggest that CAPSA consult with stakeholders prior to the publication of the final Guideline.

### **Priority 2 – Strengthen pension plan supervision**

We look forward to reviewing and giving feedback on CAPSA's new inclusive Risk Management Guideline, particularly on the role of ESG in pension plan management and investment, cyber risk for pension plans and the use of artificial intelligence, which we view as significant and emerging issues. We continue to encourage the adoption of coordinated and harmonized practices where possible, as stated in our April 2021 submission to OSFI.<sup>2</sup>

### **Priority 3 – Enhance regulatory partnerships and stakeholder engagement**

We applaud CAPSA's engagement with other national and international organizations, to gain valuable perspective and exposure to different regulatory approaches. We also value the encouragement and promotion of ongoing stakeholder engagement within the pension sector, both through public consultations and involvement with industry working groups and the Joint Forum of Financial Market Regulators. As discussed at the 2022 CAPSA Stakeholder meeting and in our August 2022 submission to CAPSA on Guideline No. 3,<sup>3</sup> CAPSA Guidelines may impact policies from other regulators, such as securities law exemptions.

We trust that our input is useful and welcome further discussion at the stakeholder dialogue session on April 17, 2023. Please do not hesitate to contact us if you have questions or require other information.

Yours truly,

*(original letter signed by Marc-André O'Rourke for Veronica Monteiro)*

Veronica Monteiro  
Chair, CBA Pension and Benefits Law Section

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<sup>1</sup> [Strengthening Canadians' Retirement Security \(Federally Regulated Private Pension Plans\)](#), Canadian Bar Association, January 22, 2021.

<sup>2</sup> [Climate-Related Risks for Federally Regulated Financial Institutions and Pension Plans](#), Canadian Bar Association, April 12, 2021.

<sup>3</sup> [CAPSA Guideline No. 3 – Guidelines for Capital Accumulation Plans](#), Canadian Bar Association, August 15, 2022.