**Proposed Regulation: Amendments to Regulation 909**

**Accounting Standards**

1. **Background**

The government announced in its 2011 and 2013 Budgets that it would “update regulatory requirements to reflect appropriate changes to standards issued by professional bodies”.

In accordance with this announcement, the government is proposing to update section 76 of the General Regulation of the *Pension Benefits Act* (PBA) to reflect updates to the Chartered Professional Accountant (CPA) Canada Handbook, previously referred to as the Canadian Institute of Chartered Accountants (CICA) Handbook. More specifically, effective January 1, 2011, Part I of the Handbook included references to International Reporting Standards (IFRS) and Section 4600 replaced Section 4100 of the Handbook.

**II. Proposed Regulation**

The Regulation would be amended as described below.

1. **Fair value**

The CPA Canada Handbooks require the notion of ‘fair value’ to be applied when reporting assets and liabilities; therefore, the references in s. 76(2) and 76(13)(b) to “market value” would be replaced with “fair value”.

1. **Title of Handbook**

Subsections 76(8) and 76(13)(a) would be amended to reflect the updated title of the Handbook, i.e., “CPA Canada Handbook – Accounting and CPA Canada Handbook – Assurance” would replace “Handbook of the Canadian Institute of Chartered Accountants”.

1. **Related Party**

Subsection 76(13)(a) would be amended to ensure that the term “related party” relates to both the definition in the CPA Canada Handbook – Accounting and in the federal investment regulations, as the definitions are not the same. For example, the federal definition includes “an association or union representing employees of the employer, or an officer or employee thereof”. There is no clear equivalent in the Handbook definition.

1. **Updated list of Assets and Liabilities**

Subsection 76(13)(b) would be expanded to include the new types of investment assets and investment liabilities introduced in section 4600 of the CPA Canada Handbook - Accounting. The amendments are needed because there is no equivalent requirement in the Handbook to disclose investment assets and investment liabilities in excess of 1% of the pension fund, as is currently required under subsection 76(13)(b).

The terms “investment assets and investment liabilities” would be introduced and the types of investment assets and liabilities to be added to subsection 76(13)(b) would include:

* for security purchased under agreements to resell and cash collateral deposited with counterparties, the name of the counterparties and the aggregate fair value of the investment assets with each of the counterparties,
* for real estate mortgage, the name of the mortgagee and the aggregate fair value of the investment liabilities with each mortgagee,
* for repurchase agreements, financial instruments sold but not yet purchased and cash collateral received from counterparties, the name of the counterparties and the aggregate fair value of the investment liabilities with each of the counterparties,
* for debt issued by the pension plan or fund, the fair value of the amount outstanding, interest payable and the maturity of each issuance of the investment liabilities.

1. **Revoke unnecessary provisions**

The following subsections would be revoked because the Handbook includes equivalent requirements: 76(5), (10), (12), (13)(c) and (14).

Subsection 76(11) would also be revoked because it does not reflect the Handbook’s requirement to report using the notion of ‘fair value’’.