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FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.

## FAQs - Statement of Investment Policies and Procedures (SIPP)

Under section 78(1) of Regulation 909 under the Pension Benefits Act (PBA), the administrator of a pension plan is required to establish a statement of investment policies and procedures (SIPP) for the plan that meets the requirements of the federal investment regulations (FIR), as modified in sections 47.8 and 79 of the Regulation. Effective January 1, 2016, plan administrators (administrators) are required to file their SIPP and SIPP amendments, with the Financial Services Commission of Ontario. ([Detailed information on rules concerning SIPPs](#))

Answers to frequently-asked-questions are provided below. As of February 2016, the FAQs have been renumbered in order to streamline the content. Each FAQ shows the date of posting. FAQs that are no longer accurate/relevant are [archived](#).

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**Q50. What is a statement of investment policies and procedures and what needs to be in it?**

**A50.** A statement of investment policies and procedures (SIPP) is a document that contains information about investment policies and procedures in respect of a plan’s portfolio of investments and loans. Under section 78(1) of Regulation 909, the administrator of a pension plan is required to establish a SIPP for the plan that meets the requirements of the federal investment regulations (FIR), as modified in sections 47.8 and 79 of Regulation 909.

The FIR are defined in section 66 of Regulation 909 as sections 6, 7, 7.1 and 7.2 and Schedule III to the Federal Pension Benefits Standards Regulations, 1985 (PBSR) made under the Pension Benefits Standards Act, 1985 (Canada) as they may be amended from time to time. The FIR are incorporated by reference in sections 78 and 79 of Regulation 909.

Section 7.1 of the PBSR contains a list of factors that must be addressed in certain SIPPs, including:

- information on the categories of investments and loans used by the fund;
- the diversification of the investment portfolio;
- asset mix and rate of return expectations; and,
- the liquidity of investments.

The factors listed in section 7.1 do not apply to SIPPs for member-directed defined contribution plans.

Under the amendments to section 78 of the PBA Regulation, effective January 1, 2016, a plan’s SIPP must also state whether environmental, social and governance (ESG) factors are incorporated into the plan’s investment policies and procedures, and if so, include a description of how those factors are incorporated. -07/2015

**Q51. I understand that under the amendment to section 79(1) of Regulation 909, our plan’s assets must be invested in accordance with the statement of investment policies and procedures (SIPP). When must our plan be in compliance with the SIPP?**

**A51.** As a matter of prudence and good plan governance, the assets of the plan should be invested in accordance with the statement of investment policies and procedures (SIPP). However, the legislative requirement that your plan’s assets must be invested in accordance with the SIPP comes into effect as of January 1, 2016.

The only caveat is that where the SIPP does not comply with the federal investment regulations (FIR), as modified in sections 47.8 and 79 of Regulation 909, the FIR prevails, and you will need to amend your SIPP to be compliant with the FIR.

This means that in 2015, the administrator will need to review the plan’s SIPP and investments to ensure consistency with one another and compliance with the FIR, as modified in sections 47.8 and 79 of Regulation 909, and amend the SIPP and/or modify its investments accordingly. -12/2014

**Q52. I administer a member-directed defined contribution plan registered in Ontario. Given the changes to the federal investment regulations in 2015, does my plan still need to establish and file a SIPP?**

**A52.** Yes. The Ontario requirement for the establishment of a SIPP is not contained in the federal investment regulations, but directly in section 78 of Regulation 909. Therefore, member-directed defined contribution (DC) plans are still required to establish a SIPP and file it with FSCO. If you administer a hybrid or combination benefit plan with a member-directed DC provision, the SIPP must address the investments of all provisions, including the DC provision.

For FSCO's expectations on the content of SIPPs for these plans, refer to FSCO's [Investment Guidance Note on Statements of Investment Policies and Procedures \(SIPPs\) for Member-Directed Defined Contribution Plans](#). - 2/2016

**Q53. Do I still have to review my statement of investment policies and procedures?**

**A53.** Yes.

The administrator of a defined benefit plan, administrator-directed defined contribution plan, or a combination or hybrid plan with either of those plan provisions, must review and confirm or amend the statement of investment policies and procedures (SIPP) at least once each plan year.

The administrator of a stand-alone member-directed defined contribution plan must periodically review and confirm or amend the SIPP, although not necessarily annually. Administrators of such plans will need to determine the frequency of review that is appropriate given the circumstances of their plan. In this regard, see [Investment Guidance Note on Statements of Investment Policies and Procedures \(SIPPs\) for Member-Directed Defined Contribution Plans](#) for more information. -2/2016

Filing Requirement:

**Q100. When do I have to file the statement of investment policies and procedures with FSCO?**

**A100.** If your plan is registered before January 1, 2016, you must file the statement of investment policies and procedures (SIPP) by March 1, 2016. If your plan is registered on or after January 1, 2016, you must file the SIPP within 60 days after plan registration. You must also make a filing within 60 days of an amendment to a SIPP. -04/2015

**Q101. Under the rules effective January 1, 2016, does my statement of investment policies and procedures have to be filed annually?**

**A101.** No. After the initial filing of the statement of investment policies and procedures (SIPP) (in accordance with the deadlines set out in Regulation 909), only amendments to the SIPP need to be filed. These amendments must be filed within 60 days after the date the amendment is made. -12/2014

**Q102. Our statement of investment policies and procedures (SIPP) covers several separate registered pension plans, all sponsored by the same employer. The investment policies and procedures are the same for all of the plans. Can we file this document for each of the plans, or do we need to create separate SIPPs for each plan for filing purposes?**

**A102.** Filing the same document for each plan would be acceptable, provided the statement of investment policies and procedures (SIPP) clearly names each plan, the SIPP content is appropriate for each plan, and the SIPP was approved by the administrator of each plan in accordance with its fiduciary duties. The SIPP should also clearly indicate if any of the sections of the document are not applicable to one or more of the plans. - 2/2016

**Q103. Why are plans in the process of winding up required to file a statement of investment policies and procedures? Do these plans need to conduct other types of due diligence, such as monitoring fund performance, etc. as well?**

**A103.** Under section 76 of the PBA, the pension fund of the pension plan that is wound up continues to be subject to the Act and the regulations until all of the assets of the pension fund have been disbursed.

Therefore, the administrator, among other things, must:

- file the statement of investment policies and procedures (SIPP) (as required under section 78 of Regulation 909) along with the SIPP Information Summary (Form 14); and
- continue to exercise the care, diligence and skill in the administration and investment of the pension fund required under section 22 of the PBA. - 2/2016

**Q104. Our plan's statement of investment policies and procedures (SIPP) makes reference to other investment policy documents (e.g., environmental, social and governance (ESG) policy, securities lending policy, manager mandates). Is the administrator required to file these other policies with the SIPP?**

**A104.** If other policies are referenced in the statement of investment policies and procedures (SIPP) for information purposes only and do not form part of the SIPP, they do not need to be filed with the SIPP. The SIPP without reference to these other policies must meet all prescribed content requirements.

The answer would be different if one or more of the other policies form part of the SIPP. This would happen when:

- the other policy is included in the SIPP (e.g., as an appendix); or
- the other policy is incorporated by reference into the SIPP (i.e., there is clear language in the SIPP stating that the other policy forms part of the SIPP).

The SIPP in its entirety must be filed and an amendment to the SIPP, including an amendment to any other policy or document that forms part of the SIPP, must be filed. - 2/2016

## SIPP Information Summary (Form 14)

### **Q200. What is the Statement of Investment Policies and Procedures (SIPP) Information Summary (Form 14), and what is its purpose? How and when do I file it?**

**A200.** The Statement of Investment Policies and Procedures (SIPP) Information Summary (**Form 14**) is a Superintendent approved form that must be filed with FSCO together with the SIPP. Form 14 will provide FSCO with general information about the plan's SIPP and the plan's compliance with Regulation 909 including the federal investment regulations as incorporated therein. Form 14 will also enable FSCO to provide Ontario pension stakeholders with aggregate information on industry investment practices.

Form 14 must be completed and filed through FSCO's Pension Services Portal (PSP) and the SIPP must be uploaded as an attachment to the form. The filing deadline for the SIPP and Form 14 is March 1, 2016. Form 14 will be available on the PSP starting in January 2016.

Administrators may delegate the authority to complete Form 14 and upload the SIPP, using the appropriate protocols on the PSP. - 2/2016

### **Q201. The statement of investment policies and procedures (SIPP) for our plan was established back in the 1990s, but the actual date it was established is not on record. How do we respond to the first field in question 108, 'Date the SIPP was first established'?**

**A201.** If you do not know the date the statement of investment policies and procedures (SIPP) was first established, you may skip the first field in question 108 in **Form 14**. Instead, complete the second field by indicating the date the SIPP was last amended or restated. - 2/2016

### **Q202. In response to the statement of investment policies and procedures (SIPP) filing requirement, we have prepared a restated SIPP, with an effective date of January 1, 2016. Do we put this date in the first or second field in question 108 in form 14?**

**A202.** Enter the date in the second field. - 2/2016

### **Q203. The User Guide that was issued with the Statement of Investment Policies and Procedures (SIPP) Information Summary Form stated that when uploading a file containing the SIPP, the file must be in searchable PDF format. Is this still the case?**

**A203.** No. The statement of investment policies and procedures (SIPP) does not have to be uploaded in a searchable PDF format. A standard PDF or Word format is acceptable. The User Guide has been updated accordingly. - 08/2016

**Q300. Does section 78(3) of the Regulation require our plan to adopt an environmental, social, and governance (ESG) program? That is, does the Regulation require the plan to incorporate ESG factors?**

**A300.** No. Section 78 simply requires that a statement of investment policies and procedures include a statement about whether environmental, social, and governance (ESG) factors are incorporated into the plan's investment policies and procedures, and if so, how they have been incorporated. -10/2017

**Q301.1. Our plan has no policies or procedures addressing the incorporation of environmental, social and governance (ESG) factors. Instead, the administrator has decided to leave the decision to incorporate ESG factors to its investment managers. Can this be described in the statement of investment policies and procedures (SIPP) as incorporating ESG factors?**

**A301.1.** No. If the plan administrator leaves the decision to incorporate environmental, social and governance (ESG) factors to its managers, without any policy or procedure guidance, it is FSCO's view that this does not constitute the incorporation of ESG factors in the plan's investment policies and procedures. -10/2017

**Q301.2. The administrator of our plan has considered the incorporation of environmental, social and governance (ESG) factors, and would like to incorporate them. What are some ways in which we can do this?**

**A301.2.** Some examples of incorporating environmental, social and governance (ESG) factors include:

- The policies or procedures of the plan could require that its investment managers incorporate ESG factors in their investment decision-making process. It would also be appropriate if the policy or procedure qualified that such incorporation only be required where such factors are relevant to the financial performance of the fund or applicable portfolios. The implementation details, such as the specific techniques used to incorporate ESG for each portfolio, can be delegated to investment managers.
- The administrator could formally adopt the ESG policy of its investment manager(s), where the manager(s) incorporates ESG factors into its investment policies.
- The policies or procedures of the plan could describe how the administrator incorporates ESG factors as part of the search, selection and review process relating to investment managers or funds.

It is the administrator's purview to determine whether to incorporate ESG factors, and the disclosure should ultimately seek to accurately reflect its approach to ESG incorporation. To meet the regulatory requirement that the administrator describe how ESG factors are incorporated, such approaches should be described at a high level in the plan's statement of investment policies and procedures (SIPP). -10/2017

**Q302. Our plan incorporates environmental, social and governance (ESG) factors into its investment policies and our managers are expected to comply with them. As administrator, am I required to monitor the managers to ensure they comply with the ESG policy as disclosed in the statement of investment policies and procedures?**

**A302.** Yes. Administrators have a fiduciary duty to supervise their investment managers, including ensuring that the managers are complying with the PBA and starting January 1, 2016, with the statement of investment policies and procedures (SIPP) itself. This supervision requirement would extend to the incorporation of environmental, social and governance (ESG) factors, assuming the plan's SIPP incorporates ESG factors.

It is the administrator's responsibility to establish the processes to monitor and report on compliance. If its managers are not already reporting on compliance with the SIPP, the administrator may wish to add this as a regular reporting requirement. - 2/2016

## Multi-jurisdictional Application of the Statement of Investment Policies and Procedures Filing and Disclosure Rules

**Q400. Starting in 2016, is the administrator of a plan registered in a jurisdiction other than Ontario, but with Ontario members, required to file its statement of investment policies and procedures with FSCO?**

**A400.** No. The administrator of a plan registered in another jurisdiction, but with Ontario members, is not required to file its statement of investment policies and procedures (SIPP) with FSCO. Whether it must file its SIPP with the regulator of the jurisdiction of registration is dependent on the legislation of that jurisdiction. - 3/2016

**Q401. Is the administrator of a plan registered in a jurisdiction other than Ontario, but with Ontario members, required to include in its statement of investment policies and procedures the disclosures concerning environmental, social and governance factors that are required under section 78(3) of Regulation 909 under the PBA?**

**A401.** No. FSCO does not require the administrator of a plan registered in another jurisdiction, but with Ontario members, to comply with section 78(3) of Regulation 909 concerning disclosure of environmental, social and governance (ESG) factors, although the administrator may do so. - 3/2016

## SIPP Amendments

**Q500. Can I file amendments to the statement of investment policies and procedures (SIPP) with FSCO?**

**A500.** Yes. Amendments to a statement of investment policies and procedures (SIPP) may be filed through the Pension Services Portal (PSP). These may be individual amendment(s) or the restated SIPP in its entirety.

A new SIPP Information Summary (Form 14) will also need to be completed and submitted with the SIPP amendment(s) or re-stated SIPP. FSCO is working on enhancing PSP capability so that in future, updates can be made to an existing Form 14 on file with FSCO.

Detailed [instructions for filing SIPP amendment\(s\) or restated SIPP](#) are available on FSCO's website. -04/2016

#### **Q501. Can I make a correction to a previously filed SIPP Information Summary (Form 14)?**


**A501.** Yes. For the time being, a correction to a previously filed SIPP Information Summary (Form 14) can only be made by completing and submitting a new Form 14 through the Pension Services Portal (PSP).

FSCO is working on enhancing PSP capability so that in future, corrections can be made to an existing Form 14 on file with FSCO.

Detailed [instructions for correcting a previously filed Form 14](#) are available on FSCO's website. -04/2016

#### More Information:

- [Annual Statement of Pension Benefits - Statement of Investment Policies and Procedures Content](#)
- [Biennial Statements for Former and Retired Members - Statement of Investment Policies and Procedures Content](#)

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