



October 25, 2023

Andrew Miller
Chief Data Officer
Office of the Superintendent of Financial Institutions
255 Albert Street
12th Floor
Ottawa, Ontario
K1A 0H
Via email

Dear Andrew,

RE: Data Collection Modernization Initiative

ACPM is the leading advocacy organization for plan sponsors and administrators in the pursuit of a balanced, effective and sustainable retirement income system in Canada. We represent retirement plan sponsors, administrators and trustees in the private and public sector and our membership represents retirement income plans that cover millions of plan members.

Thank you for taking the time to meet with us on September 25th regarding OSFI's multi-year initiative to modernize data collection for federally regulated financial institutions (FRFIs), including banks and insurers, and federally regulated pension plans (FRPPs). This initiative was launched with a letter dated June 26, 2023, including a questionnaire which we understand was also sent to FRFIs and FRPPs. As discussed in our meeting, while the stated objectives of collecting relevant and high-quality data while improving filer experience and efficiency is laudable, we are concerned that the accompanying industry questionnaire and the goals of timely, granular data has limited appropriateness for FRPPs. As you commence your review, please consider the following:

- **Implementing a new data collection technology solution** – Currently, required submissions to OSFI are hosted on the RSS site through the Bank of Canada. While the site is functional, there could be opportunities for improvement, and we would be supportive of upgrading the platform.
- **Expansion of reporting requirements** – The documents suggest that more data would be collected, and more frequently, including ad-hoc and unstructured data. Reporting requirements are defined in the *Pension Benefit Standards Act, 1985*, supplemented by the regulations thereto and the Directives of the Superintendent. Required filings include the annual activities such as the Annual Information Return, audited statements, investment information returns, and actuarial reports determining the solvency and funding status of a pension plan.

In addition, FRPPs are required to review their Statement of Investment Policies and Procedures annually, though filing them is not required. Changes to the PBSA or their regulations may be required prior to modifying data collection requirements.

Before introducing any new data collection initiatives, there should be a demonstration that existing requirements are not sufficient to protect the interests of plan beneficiaries. The stated intention is to “collect data that are more timely, trustworthy, and granular (as needed) for supporting risk-appropriate decision making by OSFI”. However, pension plans and their risks are long-term in nature with the biggest risk exposures driven by the target asset mix.

Annual filings with data grouped in aggregate, should be sufficient to assess risks in most cases. There may be rare times where interim information is desirable, such as the ad hoc survey conducted in the summer of 2020, given the Covid crisis. There may also be times that plan-specific inquiries are made to address regulatory concerns without casting a net overly wide, burdening all plans.

The document suggests OSFI wishes to be proactive responding to risks. However, the ad-hoc surveys conducted recently on crypto currency investments and the potential impact of leverage in LDI mandates pursuant to the UK gilt crisis were reactive in nature, taxing the time of plan administrators with no apparent benefit for plan beneficiaries. As stated in InfoPensions 28, “The information collected demonstrates that the majority of FRPPs surveyed do not have any exposures to crypto-assets or crypto-related activities. These FRPPs also indicated that they were not currently considering making these types of investments.” A survey was not necessary to come to this unsurprising conclusion. As well, much of the information on the potential impact of leverage in LDI mandates could be gathered from information OSFI had on hand, with updates available in June 30 filings, within a month of the ad hoc request.

- **Stakeholders** – The initiative was announced as a tri-agency undertaking with OSFI, the Bank of Canada and the CDIC. However, the CDIC has no involvement in FRPPs and the Bank of Canada’s reporting requirements are limited to hosting the submission site for annual filings. Conversely, FRPPs regularly must comply with filing requirements of the Canada Revenue Agency and quarterly filings with Statistics Canada on invested assets. We recommend these two organizations be consulted on any changes so as to lessen the reporting on FRPPs.
- **Discussions with industry** - We are supportive that the discussion forums to be established will be tailored separately to each of the regulated sectors as the reporting needs and requirements are very different for pension plans than they would be for the banking and insurance sectors. Liquidity risks for pension plans, for example, are very different than banks, where there can be a run on withdrawals as seen recently in the regional bank crisis in the U.S. In pension plans, liquidity concerns are primarily driven by ensuring sufficient assets are available to pay monthly pensions, which are predictable, and any lump sums, and funds are available for margin calls and capital calls for committed investments.

We also suggest that the discussions with industry for pension plans focus on the service providers, including the actuarial firms, auditors, custodians, recordkeepers for defined contribution plans and industry associations, such as the ACPM, more than individual pension plans. The service providers are key partners in the submission of data for pension plans and are best positioned to comment on filer experience and efficiency. Only the largest pension plans would have sufficient resources to provide meaningful feedback to this exercise.

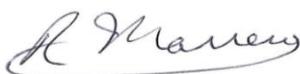
With respect to the questionnaire itself:

- Page three requests contact names and emails for a variety of roles and responsibilities. Pension plans are not organized this way. In fact, the number of roles requested would exceed the staffing requirements for the vast majority of FRPPs. Rather, the Annual Information Return filings, which were due June 30, requests plan sponsor and plan administrator contact information. This format is much more appropriate than the questionnaire.
- Question 1 outlines the key components of the DCM initiative. The most important element is to assess existing regulatory data that are collected to identify opportunities to refine, rationalize, and address gaps. It is not apparent that OSFI requires more data to evaluate the pertinent risks facing FRPPs or to improve outcomes for plan beneficiaries.
- In Question 2, the most important element is “Consider industry capacity and resource implications when introducing regulatory return changes.” It is not a good use of pension resources to spend time gathering data which will not be of benefit to plan beneficiaries.
- In Question 3, many FRPPs would defer to custodians in applying industry data standards. If any additional data reporting is required, it should leverage the quarterly submissions to Statistics Canada. While Statistics Canada must respect confidentiality and could not share data, the same data could be provided to more than one body.

Finally, pension regulators and plan administrators are having to focus significant resources on cyber risks. Providing more data to OSFI, or under different platforms, could accentuate the burden of resources, which the project should be conscious of.

We are available to discuss this initiative further and look forward to a collaborative approach in advancing this initiative.

Sincerely,



Ric Marrero
Chief Executive Officer
ACPM