

Human Resources Legislative Update

Ontario Adopts “10% Rule” Exemption for U.S. Government Securities

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On March 7, 2014, the Ontario government filed regulatory amendments to [General Regulation 909](#) under the [Pension Benefits Act, O. Reg. 51/14](#) (General) exempts investments in securities issued and fully guaranteed by the government of the United States of America (“U.S.”) from the so-called “10% rule” in respect of the quantitative investment limits applicable to registered pension plans in Ontario.

[As previously reported](#), the amendments, which are now in force, were first proposed in February, 2014. The 10% rule normally restricts a pension plan administrator from investing more than 10% of a pension plan’s assets in a single entity, or two or more associated entities or affiliated companies. The exemption for U.S. government securities follows the investment reform initiatives first announced in the 2013 Economic Outlook and Fiscal Review, and is intended to “give plan administrators greater flexibility to pursue investment strategies that allow a better match with plan liabilities.”