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May 29, 2008

*British Columbia Securities Commission  
Alberta Securities Commission  
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Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut*

c/o Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario  
M5H 3S8  
Attention: John Stevenson, Secretary to the Commission ([jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca))

and c/o Autorité des marchés financiers  
Tour de la Bourse  
800, square Victoria  
C.P. 246, 22 étage  
Montreal, Québec  
H4Z 1G3  
Attention: Anne-Marie Beaudoin, Corporate Secretary ([consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca))

Dear Sirs:

**Re: Request for comment - proposed National Instrument 31-103**

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Ontario Teachers' Pension Plan ("Teachers") is an independent corporation responsible for investing over \$100 billion in assets and administering the pensions of Ontario's 278,000

active and retired teachers. Teachers' is one of Canada's largest institutional investors, and is the largest single-profession pension plan in Canada.

We have reviewed the proposed National Instrument 31-103 published for review and comment on February 29, 2008. We have the following specific comments.

***Definition of "permitted client"***

We believe that the definition of "permitted client" should be expanded to include wholly-owned subsidiary companies of Canadian pension funds (as captured in proposed paragraph (e) of the definition).

We note that wholly-owned subsidiaries of any "Canadian financial institution" or Schedule III bank are proposed to be included as "permitted clients", and also that companies wholly-owned by individuals meeting the test set out in proposed paragraph (m) are proposed to be included as "permitted clients". We are not aware of a compelling rationale to exclude wholly-owned subsidiary companies of Canadian pension funds from the definition of "permitted client".

Canadian pension investment laws enable pension funds to invest through wholly-owned subsidiaries. Many pension funds carry out significant investments through wholly-owned subsidiaries for reasons such as portfolio tracking, liability management, and tax and regulatory planning. The legal regimes and regulatory oversight applicable to pension fund investments made through wholly-owned subsidiaries are for the most part the same as those applicable to investments made directly by pension funds. We believe that pension funds (and investment firms servicing them) should not be denied access to the more flexible registration regulatory regime within proposed NI 31-103 regarding permitted clients simply because they choose to effect their investments in question through wholly-owned subsidiary entities.

We also note that wholly-owned subsidiaries of Canadian pension funds are included in the existing "accredited investor" concept in NI 45-106, by virtue of paragraph (t) of the relevant definition.

***Permitted client investments in foreign funds***

The preponderance of investment fund investing by Teachers' is in funds established and managed outside of Canada. We engage in investment, operational, background, and legal due diligence concerning such investments. Often we extensively negotiate the terms and conditions associated with these investments, sometimes to the extent that a new fund is established particularly to address our needs. We believe that we will rarely derive any benefit from the involvement of a Canadian registered dealer in our investments in such non-resident private funds, whether or not an "international dealer" is involved in the investment. Having to involve a Canadian registered dealer in these investments would

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typically result in additional expense and possible delay, and may create reluctance on the part of a foreign fund to accept our investment as a result of regulatory inefficiency. We suggest that NI 31-103 be amended to allow permitted clients to opt out of the requirement for a trade in such a fund to be effected through an international dealer or a Canadian registered dealer.

Please contact me if you wish to discuss these comments.

Yours truly,

A handwritten signature in black ink, appearing to read 'Michael Padfield', written over a horizontal line.

Michael Padfield  
Senior Legal Counsel, Investments