



Final PBSA Regulations Released

April 02, 2015

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On March 26, 2015, the Federal government **released** the final version of the draft amendments to the general regulations under the ***Pension Benefits Standards Act, 1985 we told you about last fall*** (the New Rules). The New Rules are largely unchanged from the **proposed draft**, but with some notable exceptions.

Schedule III

- The New Rules are slated to come into force on July 1, 2016.
- The 10% Rule has been rewritten to accommodate many of the issues we had **highlighted** previously. The New Rules now provide that an administrator may not make an *additional* investment or loan in a person (including associated or affiliated persons) if 10% or more of the plan's total market valued assets have *already* been invested or loaned to that person.
- The Related Party rules have also been revised, and in a positive way:
 - The “nominal or immaterial” exception has been retained;
 - The ability to enter into a transaction with a related party (other than an investment or loan) on terms *no less favourable than* market terms has been retained (the draft required that the terms be *on market terms*); and
 - A “corrective period” of 5 years from the date of a contravention has been added to deal with any investment that contravenes the Related Party rules, provided the offending transaction was entered into by *someone other than the administrator or an entity controlled by the administrator*. It is not entirely clear to whom this provision is referring; but presumably to an investment manager or other arm's length investor unable to take advantage of any of the other new exceptions to the Related Party rules.

Federally Regulated Plans

- No substantive changes were made from the proposed draft. Please see our **commentary**.
- Most of the changes are scheduled to come into force on April 1, 2015. The additional disclosure for member annual statements, disclosure on DC plan investments and statements for retirees come into force on July 1, 2016.

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