

Attachment 2

ONTARIO REGULATION 360/15

made under the

CITY OF TORONTO ACT, 2006

Made: November 25, 2015
Filed: November 27, 2015
Published on e-Laws: November 27, 2015
Printed in *The Ontario Gazette*: December 12, 2015

Amending O. Reg. 610/06
(FINANCIAL ACTIVITIES)

1. Section 11 of Ontario Regulation 610/06 is revoked.
2. Part IV of the Regulation is revoked and the following substituted:

PART IV INVESTING OF MONEY

Definitions

42. In this Part,

“investment” means an investment with respect to which this Part applies under section 43;

“Investment Board” means the City board described in subsection 46 (2).

Application

43. This Part applies only with respect to the investment, in securities, of money that the City does not require immediately.

Investment standards

44. (1) In investing money, the City must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment.

(2) The City must consider the following criteria in planning investments, in addition to any other criteria that are relevant to the circumstances:

1. General economic conditions.
2. The possible effect of inflation or deflation.
3. The role that each investment or course of action plays within the City’s portfolio of investments.
4. The expected total return from income and the appreciation of capital.
5. Needs for liquidity, regularity of income and preservation or appreciation of capital.

(3) The City must diversify its investments to an extent that is appropriate to general economic and investment market conditions.

(4) The duty under subsection (1) includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Limitation, school board securities

45. The City shall not invest money in a security issued or guaranteed by a school board or similar entity in Canada unless the money raised by issuing the security is to be used for school purposes.

Investments only through Investment Board

46. (1) The City may invest money only by having the Investment Board described in subsection (2) do so on its behalf.

(2) The Investment Board referred to in subsection (1) is a City board to which the City has given the control and management of investments by delegating to the board the City’s powers to make such investments and the City’s duties under section 44.

(3) The following persons may not be appointed as members of the Investment Board:

1. An officer or employee of the City.
2. A member of the Council.
- (4) Subsection (3) does not apply to the treasurer.

Investment policy

- 47.** (1) The council shall adopt and maintain an investment policy.
- (2) The investment policy shall include requirements with respect to the following:
1. The City's objectives for return on investment and risk tolerance.
 2. The City's need for liquidity including, for greater certainty, the City's anticipated needs for funds for planned projects and the City's needs to have funds available for unanticipated contingencies.
- (3) The investment policy may include other requirements with respect to investment matters that council considers to be in the interests of the City.
- (4) At least annually, the council shall review the investment policy and update it, as necessary, as a result of the review.

Investment plan

- 48.** (1) The Investment Board shall adopt and maintain an investment plan.
- (2) The investment plan shall deal with how the Investment Board will invest the City's money and set out the Board's projections of the proportions of the City's portfolio of investments to be invested at the end of the year in each type of security selected by the Investment Board and may include other requirements.
- (3) At least annually, following the council's review of the investment policy under subsection 47 (4), the Investment Board shall review the investment plan and update it, as necessary, as a result of the review.

Investment report

- 49.** (1) The Investment Board shall prepare and provide to the council, each year or more frequently as specified by the council, an investment report.
- (2) The investment report shall contain,
- (a) a statement about the performance of the City's portfolio of investments during the period covered by the report;
 - (b) a statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policy under section 47 and the investment plan under section 48; and
 - (c) such other information that the council may require or that, in the opinion of the treasurer, should be included.

Inconsistencies, treasurer's duty

50. If an investment is, in the treasurer's opinion, not consistent with the investment policy under section 47 and the investment plan under section 48, the treasurer shall report the inconsistency to the council within 30 days after becoming aware of it.

Agents of the Investment Board

- 51.** (1) Subject to subsections (2) and (3), the Investment Board may authorize an agent to exercise any of the Investment Board's functions to the same extent that a prudent investor, acting in accordance with ordinary investment practice, would authorize an agent to exercise any investment function.
- (2) The Investment Board may not authorize an agent under subsection (1) unless a written agreement between the Investment Board and the agent is in effect and the agreement includes,
- (a) a requirement that the agent comply with the requirements included in the investment policy under section 47 and with the investment plan under section 48; and
 - (b) a requirement that the agent report to the Investment Board at regular stated intervals.
- (3) The Investment Board shall exercise prudence in selecting an agent, in establishing the terms of the agent's authority and in monitoring the agent's performance to ensure compliance with those terms.
- (4) For the purpose of subsection (3), prudence in monitoring an agent's performance includes,
- (a) reviewing the agent's reports;
 - (b) regularly reviewing the agreement between the Investment Board and the agent and how it is being put into effect, including assessing whether the requirement described in clause (2) (a) is being complied with;

- (c) considering whether directions should be provided to the agent or whether the agent's appointment should be revoked; and
 - (d) providing directions to the agent or revoking the appointment if the Investment Board considers it appropriate to do so.
- (5) This section does not prevent the investment, by the Investment Board, in mutual funds, pooled funds or segregated funds under variable insurance contracts and the manager of such a fund is not an agent for the purpose of this section.

Transition

52. (1) The following apply with respect to the former Part IV:

- 1. Reports shall be made under subsection 49 (1) of the former Part IV as though section 49 of the former Part IV continues to apply, until reports have been made covering the periods up to and including the period ending on December 31, 2017.
- 2. Section 50 of the former Part IV continues to apply with respect to investments made on or before December 31, 2017.
- 3. Reports shall be made under subsection 54 (1) of the former Part IV as though section 54 of the former Part IV continues to apply, until reports have been made covering the periods up to and including the period ending on December 31, 2017.

(2) In subsection (1),

“former Part IV” means Part IV of this Regulation as it read on December 31, 2017.

3. The Regulation is amended by adding the following section:

TRANSITION – NEW PART IV

Transition – what may be done in advance

55.1 (1) For greater certainty, the following may be done under the new Part IV at any time before that new Part is made:

- 1. The Investment Board described in subsection 46 (2) of the new Part IV may be established and the members appointed.
- 2. The council may adopt an investment policy under section 47 of the new Part IV.
- 3. The Investment Board may adopt an investment plan under section 48 of the new Part IV.
- 4. The Investment Board may authorize an agent under section 51 of the new Part IV.

(2) In subsection (1),

“new Part IV” means Part IV of this Regulation as made by section 2 of O. Reg. 360/15.

Commencement

4. (1) Subject to subsection (2), this Regulation comes into force on the day it is filed.

(2) Sections 1 and 2 come into force on January 1, 2018.

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