



January 9, 2018

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John Crocker, Chair  
Toronto Investment Board  
Toronto City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Mr. Crocker,

**Re: Establishment of a Personal Trading Policy**

I write to recommend that the Toronto Investment Board establish a personal trading policy for its board members and staff supporting the board to ensure that the Board is meeting best practices of boards with similar mandates. I make this recommendation in conjunction with separate recommendations I intend to make to City Council to amend the Code of Conduct for Members of Local Boards (Restricted Definition), which also applies to members of the Investment Board.

**Background**

When it established the Toronto Investment Board, City Council requested me, as the Integrity Commissioner, to review the Code of Conduct for Members of Local Boards (Restricted Definition) to recommend if amendments were necessary to reflect the special duties of the Investment Board.

**Outcome of the Review**

I have concluded this review and will be making recommendations to City Council to amend the Code of Conduct for Members of Local Boards (Restricted Definition) as it applies to *all local boards* in Toronto. I will not be recommending that City Council establish separate, unique codes of conduct for all of its several local boards.

My review demonstrated that a best practice for boards with mandates similar to the Toronto Investment Board is to have a personal trading policy for board members or staff serving the organization. For example, board members for OMERS, Public Service Pension, the Canada Pension Plan and Teachers' Pension are all required to adhere to policies or code of conduct requirements that restrict their ability to engage in personal trading of securities. OMERS has a separate policy (outside of the Code of Conduct) regarding personal trading in securities. The policy applies equally to board

members and staff, defines certain trades that are restricted, establishes a mechanism for pre-clearing certain trades, etc. Public Service Pension regulates personal trades through the code of conduct that establishes a list of restricted securities and exempt securities. The Canada Pension Plan regulates board members' trading by requiring pre-clearance of all trades other than those identified as exempt securities. Teachers' Pension restricts trading for board members and certain employees that is not an "exempt security." Exempt securities include: government bonds, mutual funds, pooled funds and segregated funds, exchange traded funds, foreign currency, etc.

### **Recommendation**

The Toronto Investment Board is at an early stage of its mandate and it is about to make foundational decisions about the way in which it will conduct its work. In consideration of the best practices, it is my recommendation that the Investment Board develop and implement appropriate policies, such as a personal trading policy, to enhance the protection, and proper use, of confidential information and to eliminate potential for improper personal gain.

My Office will be available to the Investment Board to assist it in development of an appropriate, right-sized policy. I would like to meet with the Board as soon as possible to provide more details about my recommendation and to discuss how my Office can best support the Toronto Investment Board in the development of its policy.

I look forward to working with you and the other members of the Board on this important policy initiative. In my view it is an opportunity for the Board to demonstrate leadership with respect to its own governance.

Sincerely,

*(Original Signed by Valerie Jepson)*

Valerie Jepson  
Integrity Commissioner