TORONTO

REPORT FOR ACTION

Personal Trading Policy - Toronto Investment Board

Date: May 12, 2021
To: Toronto Investment Board
From: Director, Capital Markets
Wards: All

SUMMARY

The Toronto Investment Board (Board) is required to review the Personal Trading Policy every two years. The Policy was last reviewed in 2018 and is due for review.

There are no changes recommended by staff to the Policy at this time. As such, it is recommended that the Board adopt the Personal Trading Policy as described in Attachment 1 to this report.

Board members will also be asked to sign the Annual Compliance Statement (Attachment 2) of this report once the policy is adopted.

RECOMMENDATIONS

The Director, Capital Markets recommends that:

1. Toronto Investment Board adopt the Personal Trading Policy for Board Members as described in Attachment 1 to this report.

FINANCIAL IMPACT

There are no financial implications to City operating or capital budgets as a result of the recommendation contained in this report.

DECISION HISTORY

At its meeting on November 13, 2018, the Toronto Investment Board requested the Executive Director, Corporate Finance to amend the Personal Trading Policy for Board Members as described in Attachment 1 to the report (October 30, 2018) from the

Executive Director, Corporate Finance to reflect the request that the City Clerk's Office will act as record keeper of the annual compliance statements.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.IB8.1

At the February 5, 2018 meeting of the Toronto Investment Board, a letter from the Integrity Commissioner was received recommending the Board develop a personal trading policy.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.IB3.3

At its meeting of March 28 and 29, 2017, Council requested the Integrity Commissioner to review the Code of Conduct for Local Boards and recommend any required amendments to the Code of Conduct for the Investment Board given its fiduciary responsibilities.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX23.2

COMMENTS

Background

The Personal Trading Policy for Board Members (Attachment 1) was developed as a recommendation by the Integrity Commissioner as an enhancement of the City of Toronto Code of Conduct for Members of Local Boards (Restricted Definition) ("Code of Conduct") and the Municipal Conflict of Interest Act ("MCIA") in order to guide Board members in regard to their own personal trading activities.

Currently, the Board does not conduct trading operations and acts as a "directional" Board that retains external investment managers. Most issues related to improper personal trading become less relevant when external investment managers with full discretion are conducting investment research and trading functions offsite. The Board should be aware that if this situation changes, and if funds are directly managed by the Board, the policy will be amended to provide for stringent controls over personal trading.

The main focus of this policy is contained in Section 3 (Special Obligations Dealing with Confidential Information That Could Be Used to Inform Personal Trades in Securities) which provides a framework and procedure should a Board member obtain confidential information regarding a particular security from external investment managers.

Board members are requested to complete an Annual Compliance Statement (Attachment 2) which is detailed in Section 4 of the policy. A completed statement confirms a Board member has read the Code of Conduct, the MCIA, the Personal Trading Policy, and that the member was compliant with the policy over the past 12 months.

Section 5 of the policy requires a mandatory review every two years, or immediately should the Board intend to have its own staff or direct any investments without the assistance of agents.

Update of the Personal Trading Policy

At its meetings on November 18, 2018 (Item 2018.IB8.1) the Board requested the Personal Trading Policy be amended to reflect the request that the City Clerk's Office will act as record keeper for the annual compliance statements. This request is now reflected in section 4.2 of the amended policy contained in Attachment 1 to this report.

Annual Compliance Statements

As per the Personal Trading Policy, each member of the Board is to make a written statement to the Chair that confirms the member has read the Code of Conduct, the MCIA, the Personal Trading Policy, and that the members was compliant with the Policy for the prior 12 months. The annual compliance statement is contained in Attachment 2 to this report. Annual compliance statements are to be completed by each member of the board for 2020.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Toronto Investment Board Personal Trading Policy For Board Members
Attachment 2 - Personal Trading Policy - Annual Compliance Statement