

FINANCIAL ADMINISTRATION ACT
R-006-2020
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INVESTMENT REGULATIONS

The Commissioner, on the recommendation of the Financial Management Board, under section 107 of the *Financial Administration Act*, R.S.N.W.T. 1988, c.F-4, and every enabling power, makes the annexed *Investment Regulations*.

Definitions

1. In these regulations,

"long-term investment" means a security or an investment that matures more than 365 days after the date of acquisition; (*placement à long terme*)

"required credit rating" means,

- (a) for short-term investments, having a credit rating equal to or better than at least two of the following:
 - (i) A-1 (high) from Standard and Poor's,
 - (ii) P-1 from Moody's Corporation,
 - (iii) R-1 (mid) from DBRS Limited, or
- (b) for long-term investments, having a credit rating equal to or better than at least two of the following:
 - (i) AA from Standard and Poor's,
 - (ii) Aa2 from Moody's Corporation,
 - (iii) AA from DBRS Limited; (*cote de crédit requise*)

"short-term investment" means a security or an investment that matures no more than 365 days after the date of acquisition. (*placement à court terme*)

Application

2. (1) These regulations apply only in respect of those instruments referred to in subsection 57(1), section 57.1 and subsection 81(1) of the Act.

Non-application

(2) For greater certainty, these regulations do not apply to loans and investments referred to in section 27 of the *Qulliq Energy Corporation Act*.

Issuers of securities—CRF

3. (1) The Minister of Finance may, under section 57 of the Act, only invest surplus money standing to the credit of the Consolidated Revenue Fund with an issuer of securities that, under these regulations,

- (a) is classified as an acceptable issuer; and
- (b) meets the minimum standard of credit worthiness required of an issuer.

Issuers of securities—public agencies

(2) A public agency may, under section 81 of the Act, only invest money belonging to the public agency with an issuer of securities referred to in subsection (1).

Variable credit ratings

(3) In addition to the requirements under subsection (1) or (2), if an acceptable issuer referred to in sections 5 to 7 has a credit rating that varies in respect of different securities or investments, the Minister of Finance or the public agency may only invest in those of their securities or investments that meet the required credit rating for either short-term or long-term investments.

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Government of Canada

4. The Government of Canada and its unconditionally guaranteed agencies are acceptable issuers of long-term and short-term investments and, despite paragraph 3(1)(b), are not required to meet any minimum standard of credit worthiness.

Government and municipal issuers

5. Each of the following is an acceptable issuer of short-term and long-term investments:

- (a) the government of a province or territory, if it meets the required credit rating;
- (b) an unconditionally guaranteed agency of a government referred to in paragraph (a), if the government meets the required credit rating;
- (c) a municipal corporation in Canada, if it meets the required credit rating.

Schedule I banks

6. A bank listed in Schedule I of the *Bank Act* (Canada), and any of its unconditionally guaranteed entities, is an acceptable issuer of short-term and long-term investments if it meets each of the following standards of credit worthiness:

- (a) the audited total assets of the bank or its unconditionally guaranteed entity for the most recent fiscal year exceed \$25 billion;
- (b) the bank or its unconditionally guaranteed entity indicates an audited after-tax profit before any special provisions for loan losses in each of the two most recent fiscal years;
- (c) the bank or its unconditionally guaranteed entity meets the required credit rating.

Schedule II banks

7. A bank listed in Schedule II of the *Bank Act* (Canada) is an acceptable issuer of short-term and long-term investments if it is unconditionally guaranteed by its foreign parent and meets each of the following standards of credit worthiness:

- (a) the audited total assets of the foreign parent's consolidated operations for the most recent fiscal year exceed \$75 billion;
- (b) the foreign parent's consolidated operations indicate an audited after-tax profit in each of the two most recent fiscal years;
- (c) the bank meets the required credit rating.

Limits on investments

Investment pools for public agencies

8. (1) The Government of Nunavut may establish an investment pool and a public agency may enter into an investment pool agreement with the Government of Nunavut authorizing the Government of Nunavut to invest the moneys the public agency contributes to the investment pool on its behalf.

Maximum investment with one issuer

(2) Subject to section 9, the total amount of the investment pool that may be invested with any one acceptable issuer under section 81 of the Act, is limited as follows:

- (a) the greater of \$50 million or 25% of the investment pool with any one issuer referred to in section 6;
- (b) the greater of \$25 million or 10% of the investment pool with any one issuer referred to in section 7;
- (c) the greater of \$25 million or up to 10% of the investment pool with any one issuer referred to in paragraph 5(c).

Government issuers

(3) For greater certainty, there is no limit on the total amount of the investment pool that may be invested with any one issuer referred to in section 4 or paragraph 5(a) or (b).

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Exception—Schedule I banks

9. (1) A term deposit that matures in five days or less and that is held with a bank listed in Schedule I of the Bank Act (Canada) may be determined independently of all other holdings of an investment pool but is limited to not more than 50% of the investment pool.

Exception-Schedule II banks

(2) A term deposit that matures in five days or less and that is held with a bank listed in Schedule II of the Bank Act (Canada) and unconditionally guaranteed by the foreign parent may be determined independently of all other holdings of an investment pool but is limited to not more than 25% of the investment pool.

Investment by public agency

10. A public agency may, under section 81 of the Act, only invest any money belonging to the public agency that does not form part of the investment pool with any one acceptable issuer in accordance with the following limitations:

- (a) not more than \$75 million may be invested with any one issuer referred to in section 4 or paragraphs 5(a) or (b);
- (b) not more than \$50 million may be invested with any one issuer referred to in section 6.
- (c) not more than \$25 million may be invested with any one issuer referred to in paragraph 5(c) or section 7.

Application date of limits

11. The limits set out in subsection 8(2) and sections 9 and 10 apply on the date that a security or investment is acquired or is taken as collateral and do not apply over the period of time that the security or investment is held.

Petroleum Products Revolving Fund

Definitions

12. (1) In this section,

"futures contract" means a contract to make or accept delivery of a specified quantity and quality of a commodity at a specified price and at a specified future date; (*contrat à terme*)

"option" means a contract that gives the investor the right, but not the obligation

- (a) to buy a stock, bond or futures contract at a specified price before or at a specified date, and
- (b) to sell a stock, bond or futures contract at a specified price before or at a specified date. (*option*)

Investment of funds

(2) The funds of the Petroleum Products Revolving Fund may be held or invested in options with and guaranteed by the New York Mercantile Exchange Clearinghouse or Chicago Mercantile Exchange Clearinghouse.

Positive and significant correlation

(3) The funds of the Petroleum Products Revolving Fund may be held or invested only in options that, in the opinion of the Minister of Finance, have a positive and significant correlation with petroleum products.

Possible gain and risk of loss

(4) In making an investment under subsection (2), the Minister of Finance shall evaluate each potential agreement and transaction having regard to the extent of the possible gain and risk of loss.

Limit

(5) No single option may be for more than 160,000 litres of petroleum products.

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Same

(6) The maximum amount of options may not exceed an amount equal to 80% of the estimated annual petroleum products resupply needs of Nunavut, as determined by the Director of Petroleum Products Division in the Department of Community and Government Services.

Repeal

13. The *Investment Regulations*, Nu.Reg. R-017-2006, are repealed.