

FINANCIAL ADMINISTRATION ACT
R-017-2006
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INVESTMENT REGULATIONS

The Commissioner, on the recommendation of the Financial Management Board, under section 107 of the *Financial Administration Act*, and every enabling power, makes the annexed *Investment Regulations*.

1. These regulations apply only in respect of those instruments referred to in subsections 57(1) and 81(1) of the Act.
2. (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.(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).
3. The Government of Canada and its unconditionally guaranteed agencies are acceptable issuers of securities and, notwithstanding paragraph 2(1)(b), are not required to meet the minimum standard of credit worthiness required of issuers of securities under these regulations.
4. (1) Each of the following is an acceptable issuer of short term paper if it meets a standard of credit worthiness that is better than or equal to a rating of "R-1 Low" from the Dominion Bond Rating Service Limited:
 - (a) the Government of Nunavut;
 - (b) the government of a province or the government of a territory;
 - (c) an unconditionally guaranteed agency of a government referred to in paragraph (a) or (b).(2) Each of the following is an acceptable issuer of bonds if it meets a standard of credit worthiness that is better than or equal to a rating of "AA" from the Dominion Bond Rating Service Limited:
 - (a) the Government of Nunavut;
 - (b) the government of a province or the government of a territory;
 - (c) an unconditionally guaranteed agency of a government referred to in paragraph (a) or (b).(3) If an issuer of short term paper or bonds referred to in subsection (1) or (2) has a credit rating that varies in respect of different security issues or if the credit rating of a government referred to in paragraph (1)(a) or (b) or (2)(a) or (b) differs from the credit rating of one of its unconditionally guaranteed agencies referred to in paragraph (1)(c) or (2)(c), the minimum acceptable standard of credit worthiness must be better than or equal to a rating of "R-1 Low" from the Dominion Bond Rating Service Limited.
(4) For the purposes of this section, a bond issued by the Government of Nunavut, the government of a province or the government of a territory or one of their unconditionally guaranteed agencies with a remaining term to maturity of 365 days or less is considered short term paper and the issuer is subject to the standard of credit worthiness set out in subsection (1).
5. A bank listed in Schedule I of the *Bank Act* (Canada) and any of its unconditionally guaranteed entities are acceptable issuers of short term paper if it meets all 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 possesses a credit rating of "R-1 Low" or better from the Dominion Bond Rating Service Limited.

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- 6.** A bank listed in Schedule II of the *Bank Act* (Canada) is an acceptable issuer of short term paper if it is unconditionally guaranteed by its foreign parent and meets all 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 Canadian subsidiary operation possesses a credit rating of "R-1 Middle" or better from the Dominion Bond Rating Service Limited.

7. (1) A municipal corporation in Canada is an acceptable issuer of short term paper if it meets a standard of credit worthiness that is better than or equal to a rating of "R-1 Middle" from the Dominion Bond Rating Service Limited.

(2) A municipal corporation in Canada is an acceptable issuer of bonds if it meets a standard of credit worthiness that is better than or equal to a rating of "AA" from the Dominion Bond Rating Service Limited.

8. (1) The Government of Nunavut may establish an investment pool and a public agency may enter into an 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.

(2) The total amount of the investment pool that may be invested with any one acceptable issuer is limited as follows:

- (a) the greater of \$10 million or 60% of the investment pool with any one unconditionally guaranteed agency of the Government of Canada or other issuer referred to in section 3 or 4;
- (b) the greater of \$5 million or 40% of the investment pool with any one issuer referred to in section 5;
- (c) the greater of \$5 million or 20% of the investment pool with any one issuer referred to in section 6;
- (d) the greater of \$5 million or 10% of the investment pool with any one issuer referred to in section 7.

9. (1) A term deposit that matures in five days or less is not subject to the issuer limits set out in paragraph 8(2)(b) or (c).

(2) 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 but is limited to not more than 50% of the investment pool.

(3) 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 but is limited to not more than 25% of the investment pool.

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 \$10 million may be invested with any one agency of the Government of Canada or any other issuer referred to in section 3 or 4;
- (b) not more than \$5 million may be invested with any one issuer referred to in section 5, 6 or 7.

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

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12. These regulations come into force on the day on which sections 3 to 6 of *An Act to Amend the Financial Administration Act*, S.N.W.T. 1999, c.2, as duplicated for Nunavut by section 29 of the *Nunavut Act*, come into force.

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