

Gouvernement du Québec

O.C. 608-2016, 29 June 2016

Supplemental Pension Plans Act
(chapter R-15.1)

An Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans (2015, chapter 29)

**Supplemental pension plans
— Amendment**

CONCERNING the Regulation to amend the Regulation respecting supplemental pension plans

WHEREAS, under subparagraphs 8.0.1 and 8.0.2 of the first paragraph of section 244 of the Supplemental Pension Plans Act (chapter R-15.1), *Retraite Québec* may, by regulation,

— determine the information to be contained in the notice required under section 119.1 of the Act and the attestations and documents to be included with it;

— determine the manner for setting the target level of the stabilization provision required under section 125 of the Act, and the criteria according to which any scale established is to be applied;

WHEREAS, under section 76 of the Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans (2015, chapter 29), the regulations made for the purposes of the provisions enacted by that Act may have retroactive effect from a date not prior to 1 January 2016;

WHEREAS, on 2 March 2016, *Retraite Québec* made the Regulation to amend the Regulation respecting supplemental pension plans;

WHEREAS, under the fifth paragraph of section 244 of the Supplemental Pension Plans Act, the regulations of *Retraite Québec* shall be submitted to the Government for approval;

WHEREAS, in accordance with sections 10, 11 and 12 of the Regulations Act (chapter R-18.1), a draft of the Regulation to amend the Regulation respecting supplemental pension plans was published, with a written notice that it could be approved by the Government on the expiry of 30 days following its publication, in Part 2 of the *Gazette officielle du Québec* of 6 April 2016;

WHEREAS it is expedient to approve the amended Regulation;

IT IS ORDERED, therefore, on the recommendation of the Minister of Finance:

THAT the Regulation to amend the Regulation respecting supplemental pension plans, attached to this Order in Council, be approved.

JUAN ROBERTO IGLESIAS,
Clerk of the Conseil exécutif

**Regulation to amend the Regulation
respecting supplemental pension plans**

Supplemental Pension Plans Act
(chapter R-15.1, s. 244, 1st par., subpars. 8.0.1 and 8.0.2)

An Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans (2015, chapter 29, s. 76)

1. The Regulation respecting supplemental pension plans (chapter R-15.1, r. 6) is amended by inserting, after section 3, the following:

“**3.1.** The notice that the pension committee must send *Retraite Québec* under section 119.1 of the Act shall contain the following information:

- (1) the name of the plan and the number assigned to it by *Retraite Québec*;
- (2) the date of the end of the plan’s last fiscal year;
- (3) the degree of solvency of the plan as at that date.

“**3.2.** The notice must be accompanied with a document, prepared by an actuary, containing the following information:

- (1) the data, assumptions and methods used to determine the financial position of the plan on a solvency basis;
- (2) a certification of the actuary certifying the plan’s degree of solvency at the end of the plan’s last fiscal year;
- (3) the name of the signatory, his professional title, the name and address of his office and the date of signing.”

2. The Regulation is amended by inserting, after section 60.5, the following division:

“DIVISION VI.2 STABILIZATION PROVISION

“60.6. The target level of the stabilization provision provided for under section 125 of the Act is determined using the following scale, based on the percentage of the assets allocated to variable-yield investments in accordance with the target set out in the plan’s investment policy in effect at the date of the actuarial valuation of the plan, and the ratio between the duration of the assets and the duration of the liabilities at that date:

TARGET LEVEL OF THE STABILIZATION PROVISION (%)

| | | Duration of the assets/Duration of the liabilities (%) | | | | |
|--|-----|--|----|----|----|-----|
| | | 0 | 25 | 50 | 75 | 100 |
| Assets allocated to variable-yield investments (%) | 0 | 12 | 10 | 8 | 6 | 5 |
| | 20 | 14 | 12 | 10 | 8 | 6 |
| | 40 | 16 | 14 | 12 | 10 | 8 |
| | 50 | 17 | 15 | 13 | 11 | 9 |
| | 60 | 19 | 17 | 15 | 13 | 11 |
| | 70 | 22 | 20 | 18 | 16 | 14 |
| | 80 | 24 | 22 | 20 | 18 | 16 |
| | 100 | 27 | 25 | 23 | 21 | 20 |

Assets allocated to variable-yield investments are those not allocated to fixed-income investments.

Where the percentage of the assets of the plan allocated to variable-yield investments or the ratio between the duration of the assets and the duration of the liabilities is between two percentage points indicated on the scale, the target level of the stabilization provision is calculated using a linear interpolation and rounded off to the first decimal.

“60.7. Derivatives may not be considered assets for the purpose of establishing the target level of the stabilization provision.

However, derivatives that increase the pension fund’s exposure to stock market risks shall be added to assets allocated to variable-yield investments.

Furthermore, derivatives may be taken into consideration for the purpose of establishing the duration of the assets.

“60.8. For the purposes of this Division, fixed-income investments are:

- (1) cash on hand;
- (2) money market securities whose rating, attributed by a rating agency referred to in the third paragraph, is the one indicated with regard to that agency or a higher rating;

(3) bond market securities whose rating, attributed by a rating agency referred to in the third paragraph, is the one indicated with regard to that agency or a higher rating;

(4) first or second mortgages the amount of which is not more than 75% of the value of the property that is used as a security for the payment.

Up to 50% of the assets invested in infrastructure or in immovables (real estate) can be considered fixed-income investments. Investments in stock market securities are excluded.

The minimum ratings, by rating agency and type of investment, are as follows:

| Rating agency | Rating | |
|------------------------------|------------------------|-------------------------|
| | Bond market securities | Money market securities |
| Dominion Bond Rating Service | BBB | R-2 (middle) |
| Fitch Ratings | BBB- | F-3 |
| Moody’s Investors Service | Baa3 | P-3 |
| Standard & Poor’s | BBB- | A-3 |

Money market or bond market securities whose rating attributed by another rating agency recognized by a competent authority is at least equal to the one indicated for the agencies mentioned in the third paragraph can also be considered as fixed-income investments.

“60.9. The duration of the assets is determined by the actuary who is responsible for carrying out the actuarial valuation. It is equal to the total of the durations of each of the fixed-income investments provided for in the investment policy weighted on the basis of the target determined for that investment in the policy.

The duration of each investment is established according to the benchmark index provided in the investment policy for the investment. The duration of an investment for which no index is provided in the investment policy is calculated by the person or body who invests any part of the plan’s assets.

The duration attributed to an investment in infrastructure or in immovables (real estate) shall not exceed 6.

“60.10. The duration of the liabilities is established by the actuary responsible for carrying out the actuarial valuation using the following formula:

$$(P_- - P_+) / (2 * P * 0,01)$$

where

“P” is the value of the liabilities on a funding basis, as at the date of the actuarial valuation, established using the discount rate determined by the actuary;

“P₋” is the same value of the liabilities established using the discount rate minus 1%;

“P₊” is the same value of the liabilities established using the same discount rate plus 1%.

For the application of this section, the liabilities of the plan must be increased by the value of the additional obligations resulting from any amendment considered for the first time at the date of the actuarial valuation of the plan.”

“60.11. Where no target is set out in the investment policy of the plan in effect on 31 December 2015, the target provided for in the investment policy in effect on the date on which the actuarial valuation report referred to under section 318.2 of the Act is produced shall be used.”

3. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*. However, it has effect from 1 January 2016.

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Gouvernement du Québec

O.C. 609-2016, 29 June 2016

An Act respecting the Société des loteries du Québec (chapter S-13.1)

Electronic bingo

By-law respecting electronic bingo

WHEREAS, under the first paragraph of section 13 of the Act respecting the Société des loteries du Québec (chapter S-13.1), the board of directors of the Société des loteries du Québec determines by by-law the general standards and conditions relating to the nature and holding of the lottery schemes it conducts and administers;

WHEREAS, in accordance with the first paragraph of section 13, the company made the By-law respecting electronic bingo;

WHEREAS, in accordance with the second paragraph of section 13, the by-law shall be submitted to the Government for approval;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft By-law respecting electronic bingo was published in Part 2 of the *Gazette officielle du Québec* of 9 March 2016 with a notice that it could be approved by the Government with or without amendment on the expiry of 45 days following that publication;

WHEREAS the 45-day period has expired;

WHEREAS it is expedient to approve the By-law with amendment;

IT IS ORDERED, therefore, on the recommendation of the Minister of Finance :

THAT the By-law respecting electronic bingo, attached to this Order in Council, be approved.

JUAN ROBERTO IGLESIAS,
Clerk of the Conseil exécutif

By-law respecting electronic bingo

An Act respecting the Société des loteries du Québec (chapter S-13.1, s. 13)

1. This By-law governs the lottery scheme called “electronic bingo”. The games offered by the scheme are of the pari-mutuel type, include a predetermined prize structure or combine both.

The games are played on paper cards or on cards appearing on the screen of an electronic bingo device and designated in this By-law as “electronic card”.

2. Short additional games played only on an electronic bingo device may also be offered by the scheme.

3. Only the holder of a paper or electronic card may participate in electronic bingo.

4. A minor may not be present in the hall or on the premises where an electronic bingo is conducted and operated while the game is played, unless the minor works there.