Issue Date: **September 2009**	Effective Date: **Immediate**	Responsible Agency: **Expenditure Management**	Directive No: **501**
Chapter: **Cash Management**			
Directive Title: **INVESTMENTS**			

1. POLICY

Investments may be made by the Government using surplus funds available from the Consolidated Revenue Fund. Surplus funds are to be invested in a manner that preserves capital and maintains liquidity. These are the primary goals in investing the Government's surplus funds; maximizing rates of return is a secondary goal. The types of investments, and eligible investment issuers, are restricted to those specified in subsection 57(1) of the *Financial Administration Act (FAA)*, which allows the Minister of Finance, on behalf of the Commissioner and in accordance with guidelines established by the Financial Management Board, to invest surplus funds.

2. DEFINITIONS

2.1. Surplus Funds
Surplus funds mean the net positive daily bank balance in the accounts of the Government.

2.2. Liquidity
Liquidity is a quality possessed by a security which enables it to be sold quickly and without substantial price concession.

3. DIRECTIVE

The Minister of Finance may make investments for the Government subject to *S. 57*and *58* of the *FAA*, the Investment Regulations and the provisions of this directive.

4. PROVISIONS

4.1. Delegation of Authority

In accordance with *Section 10* of the *Financial Administration Act*, the Minister of Finance delegates to the Deputy Minister of Finance the powers and responsibilities under *S. 57* and *58* of the *Financial Administration Act.*

4.2. Investment Controls

4.2.1. Investments may only be made in the classes of securities, investments and loans outlined in *S. 57* and *58* of the *Financial Administration Act* and the Investment Regulations, and only from issuers approved by the Deputy Minister of Finance.

4.2.2. Concentration of investments in the securities of any issuer must not exceed the maximum limits (expressed as either total dollars or proportion of portfolio) authorized by the Deputy Minister of Finance.

4.2.3. The term to maturity of investments must be limited to the maximum terms established by the Deputy Minister of Finance.

4.2.4. Investments may only be transacted through banks and investment dealers approved by the Deputy Minister of Finance.

4.2.5. Controls must be developed and maintained by the Deputy Minister of Finance to protect the Government from fraud and major error on its investment activities. These controls must be approved by the Office of the Comptroller General. When the same person is filling both positions the controls must be approved by the Minister of Finance.

4.2.6. Investments should mature or be redeemable in order to make funds available when required for the Government to meet its payment obligations.

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