

FINANCIAL ADMINISTRATION ACT

CONSOLIDATION OF INVESTMENT REGULATIONS

R-017-2006

In force July 12, 2006: SI-003-2006

(Current to: March 9, 2011)

**AS AMENDED BY:**

R-012-2007

In force June 13, 2007: SI-002-2007

R-012-2009

In force May 15, 2009

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A copy of a regulation of Nunavut can be obtained from the Territorial Printer at the address below. The *Nunavut Gazette* and this consolidation are also available online at <http://www.justice.gov.nu.ca/english/legislation.html> but are not official statements of the law.

Any registered regulations not yet published in the *Nunavut Gazette* can be obtained through the Registrar of Regulations at the address below.

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## GLOSSARY OF TERMS USED IN CONSOLIDATIONS

### *Miscellaneous*

c.	means "chapter".
CIF	means "comes into force".
NIF	means "not in force".
s.	means "section" or "sections", "subsection" or "subsections", "paragraph" or "paragraphs".
Sch.	means "schedule".

### *Citation of Acts*

R.S.N.W.T. 1988,c.D-22	means Chapter D-22 of the <i>Revised Statutes of the Northwest Territories, 1988</i> .
R.S.N.W.T. 1988,c.10(Supp.)	means Chapter 10 of the Supplement to the <i>Revised Statutes of the Northwest Territories, 1988</i> . (Note: The Supplement is in three volumes.)
S.N.W.T. 1996,c.26	means Chapter 26 of the 1996 Annual Volume of the Statutes of the Northwest Territories.
S.Nu. 2002,c.14	means Chapter 14 of the 2002 Annual Volume of the Statutes of Nunavut.

### *Citation of Regulations and other Statutory Instruments*

R.R.N.W.T. 1990,c.A-1	means Chapter A-1 of the <i>Revised Regulations of the Northwest Territories, 1990</i> .
R-005-98	means the regulation registered as R-005-98 in 1998. (Note: This is a Northwest Territories regulation if it is made before April 1, 1999, and a Nunavut regulation if it is made on or after April 1, 1999 and before January 1, 2000.)
R-012-2003	means the regulation registered as R-012-2003 in 2003. (Note: This is a Nunavut regulation made on or after January 1, 2000.)
SI-005-98	means the instrument registered as SI-005-98 in 1998. (Note: This is a Northwest Territories statutory instrument if it is made before April 1, 1999, and a Nunavut statutory instrument if it is made on or after April 1, 1999 and before January 1, 2000.)
SI-012-2003	means the instrument registered as SI-012-2003 in 2003. (Note: This is a Nunavut statutory instrument made on or after January 1, 2000.)

## INVESTMENT REGULATIONS

**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. R-012-2007,s.2.

### Consolidated Revenue Fund

**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). R-012-2007,s.3.

**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.

**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.

#### Public Agencies

**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.

R-012-2007,s.4.

**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.

#### Petroleum Products Revolving Fund

**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*)

(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.

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

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

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

(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. R-012-2007,s.5; R-012-2009,s.1.