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Manitoba Securities Commission  
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Ontario Securities Commission  
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**RE: CSA Consultation Paper 91-401 on Over-the-Counter Derivatives Regulation in Canada**

Dear Sirs and Mesdames:

This submission is made by the Canada Pension Plan Investment Board (the “CPP Investment Board”) in response to Consultation Paper 91-401 on Over-the-Counter Derivatives Regulation in Canada (the “Consultation Paper”) published on November 2, 2010 by the Canadian Securities Administrators Derivatives Committee (the “Committee”).

The CPP Investment Board is a professional investment management organization based in Toronto. Our purpose is to invest the assets of the Canada Pension Plan in a way that maximizes returns without undue risk of loss. The CPP Investment Board holds shares in 2,900 companies globally, and, as at September 30, 2010, had assets of \$138.6 billion. We use derivatives to efficiently manage market exposure and liquidity by replicating the overall risk of the underlying market, as well as to add incremental value to the Fund’s total portfolio.

Due to the global nature of OTC derivatives markets, we believe that regulatory oversight of OTC derivatives trading in Canada should be harmonized to the greatest extent possible with other jurisdictions internationally. The risks that OTC derivatives can pose to the financial system are best addressed by a comprehensive global solution. The Consultation Paper provides

a good summary of the relevant issues and we agree with the Committee's recommendations, which are generally in line with the initiatives of other G20 nations in this area.

We recognize and agree with the Committee that regulatory inaction is not an option; however, within Canada, as noted in the Consultation Paper, there are various other working groups currently focussed on derivatives regulation. For example, the Canadian OTC Derivatives Working Group (the "OTCDWG") chaired by the Bank of Canada has recently produced a discussion paper setting out its interim recommendations and is undertaking additional work to assist in determining how Canada should implement its G20 commitments related to derivatives markets reforms. The Canadian Market Infrastructure Committee (the "CMIC"), of which the CPP Investment Board is a member, is currently providing input to the OTCDWG on standardization, central clearing and trade reporting. In addition to international harmonization, we think it is equally important that the Canadian working groups, including the Committee, formulate a cohesive approach to the regulation of derivatives in Canada. We therefore believe it would be prudent of the Committee to wait until the CMIC delivers its suggestions with respect to standardization, clearing and reporting before taking any further steps. We note that the Consultation Paper states that the "work of the OTCDWG and the Committee is aligned both from a subject matter and timetable perspective"; before proceeding with the drafting of any specific rules regulating derivatives, we trust that the Committee will take into consideration any further recommendations of the OTCDWG and CMIC.

We appreciate this opportunity to comment on the Consultation Paper. Please do not hesitate to contact me (416.874.5278; [ecass@cpiib.ca](mailto:ecass@cpiib.ca)) or Eleanor Farrell, Senior Manager – Corporate Governance and Legal (416.868.6377; [efarrell@cpiib.ca](mailto:efarrell@cpiib.ca)), if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,



Ed Cass  
Vice President – Global Capital Markets