

AIMA Canada  
50 Wellington St. W.  
5<sup>th</sup> Floor  
Toronto, ON M5L 1E2  
Canada  
+1 416 364 8420  
canada@aima.org  
canada.aima.org



Director General  
Financial Institutions Division  
Financial Sector Policy Branch  
Department of Finance Canada  
90 Elgin Street  
Ottawa, ON K1A 0G5

**Chair**

Liam O'Sullivan  
Tel. (647) 776-1779

**Deputy Chair**

Peter Boffo  
Tel. (416) 983-1356

**Legal Counsel**

Sarah Gardiner  
Tel. (416) 367-6221

**Treasurer**

Derek Hatoum  
Tel. (416) 869-8755

**Head of Canada**

Claire Van Wyk-  
Allan  
Tel. (416) 453-0111

Submitted via email: [legreview-examenleg@fin.gc.ca](mailto:legreview-examenleg@fin.gc.ca)

September 11, 2024

**Re: Financial Institutions Statutes Review**

The Alternative Investment Management Association (AIMA) supports the [Consultation to Strengthen Canada's Financial Sector](#) and appreciates the opportunity to provide some comments in furtherance of its goals.

AIMA was established in 1990 as a direct result of the growing importance of alternative investments in global investment management. AIMA is a not-for-profit international educational and research body that represents practitioners in alternative investment funds, futures funds and currency fund management – whether managing money or providing a service such as prime brokerage, administration, legal or accounting.

AIMA's global membership comprises approximately 2,100 corporate members in more than 60 countries, including many leading investment managers, professional advisers and institutional investors. These members represent over \$2.5 trillion in assets under management. AIMA Canada, established in 2003, has approximately 160 corporate members.

To strengthen Canada's financial sector, we believe it would be appropriate to remove and/or adjust several aspects of Canada's [Insurance Companies Act \("ICA"\)](#) that effectively limit the ability of Canadian property and casualty (P&C)

companies to make appropriate allocations to a variety of private investments via limited partnerships. We view this consultation as a great opportunity to fix this unwarranted limitation on the ability of Canadian P&C companies to invest in limited partnerships.

For instance, we believe that the definition of “commercial loan” in Section 490(1) of the ICA is broad and should be re-examined to remove part (c) in its entirety, given the many developments in investment standards and sound practice since the 1992 definition was drafted. Unfortunately, many prudent private investments are now limited by the broad definition of commercial loan, even though many of these investments would already be regulated under the s. 506/507 limits.

Currently, life insurance companies and trust companies with regulatory capital in excess of \$25 million are able to apply under section 504 of the ICA to the Superintendent to exceed the 5% statutory limit for commercial loans--but there is no similar flexibility for property and casualty companies. We do not see any policy reason for the distinction and believe that such an exemption should be available to property and casualty companies that are able to satisfy the Superintendent of Financial Institutions that they have the appropriate policies, procedures, and risk mitigants in place to appropriately make such investments.

We also believe the equity investments captured by s. 507 should be clarified.

We would be glad to discuss our concerns and proposed solutions in greater detail.

For more information about AIMA Canada and AIMA, please visit our websites at [canada.aima.org](http://canada.aima.org) and [www.aima.org](http://www.aima.org).

Respectfully,

Joe Engelhard, Head of Private Credit & Asset Management Policy, Americas, AIMA  
Claire Van Wyk-Allan, Head of Canada & Investor Engagement, Americas, AIMA