



Personal Trading Directive

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The *Personal Trading Directive* is an elaboration of, and constitutes part of, the CMHC *Conflict of Interest and Post-Employment Policy* and is in addition to other personal trading requirements that may be included in:

- The CMHC Enterprise Risk Management Policies
- The CMHC Pension Fund Statement of Investment Policies and Procedures; and
- The *Code of Ethics and Business Conduct* for employees who are members of a recognized professional association, institute or organization

Purpose

To prevent real, apparent or potential conflicts of interest through using or benefiting from information not generally available to the public but available to employees involved in or supporting investment activities.

The *Personal Trading Directive* is also intended to help ensure that Access Persons – Portfolio and Access Persons – Other put the interest of CMHC and the CMHC Pension Fund first, ahead of self-interest and not take unfair advantage of their position, knowledge or relationship with CMHC and the CMHC Pension Fund.

Application

The *Personal Trading Directive* applies to CMHC employees who have, or are authorized to obtain, access to information that is generally not available to the public about:

- CMHC portfolio holdings, trading activities or ongoing investment programs; or
- CMHC Pension Fund portfolio holdings, trading activities or ongoing investment programs.

These employees involved in or supporting investment activities are defined as Access Persons – Portfolio and Access Persons – Other.

Principles and Guidelines

a) Investment Accounts Covered by the Directive

The *Personal Trading Directive* applies to all investment accounts for which an Access Person – Portfolio and Access Person – Other:

- is the registered owner; or
- exercises investment decisions or control.

b) Access Persons

There are two categories of Access Persons:

1. Access Persons – Portfolio

Access Persons – Portfolio are involved in the commitment or the approval of an investment transaction.

[Appendix A](#) lists Access Persons – Portfolio positions.

2. Access Persons – Other

Access Persons – Other are employees, other than those included in the Access Persons – Portfolio list, who:

- are authorized to obtain or access information that is generally not available to the public about CMHC or CMHC Pension Fund portfolio holdings, trading activities or ongoing investment programs; or
- are members or participants of an advisory, or decision-making committee that regularly reviews, discusses or approves CMHC or CMHC Pension Fund related investment information or reports.¹

[Appendix B](#) lists Access Persons – Other positions.

c) Policy Certification and Statement of Compliance

Access Persons – Portfolio and Access Persons – Other:

- are required, upon employment and subsequently, at a time and manner designated by CMHC, to confirm that they have read the CMHC *Conflict of Interest and Post-Employment Policy*, including the *Personal Trading Directive*, and agree to abide by its terms; and
- are required to attest to the Statement of Compliance, included in the Conflict of Interest Declaration, certifying that they are in compliance, for the period covered by the declaration, with the *Personal Trading Directive*. Appendices A & B specify the frequency at which the Statement of Compliance, by categories of Access Persons, must be completed.

¹ This does not include those employees who are Pension Fund Trustees and who are not otherwise considered Access Persons.

d) Blackout Period for Access Persons – Portfolio

The Blackout Period for an Access Person – Portfolio who **commits**² a CMHC or CMHC Pension Fund trade is:

- one business day before the trade date; and
- five business days starting from the trade date.

The Blackout Period for an Access Person – Portfolio who **approves** a CMHC or CMHC Pension Fund trade is:

- five business days starting from the trade date.

An Access Person – Portfolio who has committed or approved a CMHC or CMHC Pension Fund trade should not initiate a personal trade in the same asset or a derivative of the same underlying asset during the Blackout Period.

EXCEPTION – BASKET TRADES

Basket trades (the purchase or sale of a group of assets, all of which are traded together) in a CMHC or Pension Fund equity portfolio do not give rise to a Blackout Period.

EXCEPTION – BLACKOUT PERIOD

1. Transactions in respect of accounts managed by a third party, who has full discretion over trading (given standing general instructions and investor profile), which did not occur as a result of information provided by the Access Person and where investor involvement is not permitted;
2. Purchases or sales that are “automatic” due to a corporate action over which the Access Person does not have influence or control;
3. Circumstances in which an Access Person – Portfolio could reasonably demonstrate that the personal transaction was as a result of and following:
 - a material change in general market conditions; or
 - new, material publicly disclosed information; or
 - some other situation outside of his or her control and not directly related to CMHC’s transaction; and
4. Blackout Periods do not apply to transactions on exempt assets. Appendix C lists exempt assets.

² For Canadian equity transactions, the blackout period — one business day before and five business days starting from trade date — applies to the Director Investments and Pension Fund, Advisor, Investments, Senior Specialist, Public Market Investments; and Specialist, Investments, without regard to who committed the transaction.

e) Short-Term Personal Trading Restriction for Access Persons – Portfolio and Access Persons – Other

Access Persons – Portfolio and Access Persons – Other are prohibited to engage in short-term speculative trading related to entities in which CMHC or the CMHC Pension Fund have investment positions or investment limits.

A Control List will be maintained by the Internal Controls Specialist, responsible for Investments and Treasury, Chief Financial Officer sector and will be based on relevant CMHC and CMHC Pension Fund investment limits and investment positions. This list will only be available to Access Persons. Here is a link to the [Control List](#).

Access Persons – Portfolio and Access Persons – Other are prohibited from profiting from the purchase and sale, or sale and purchase of the same (or equivalent) non-exempt asset, related to entities listed on the Control List, within 30 calendar days.

DEFINITION – SHORT-TERM PERSONAL TRADING

Purchase-and-sale or sale-and-purchase transactions of the same (or equivalent) non-exempt asset within a 30 calendar day period.

EXCEPTION – SHORT-TERM PERSONAL TRADING RESTRICTION

Purchase-and-sale or sale-and-purchase transactions, of the same quantity of an instrument, when the two transactions are performed on the same day and at the same price.

EXCEPTION – SHORT-TERM PERSONAL TRADING RESTRICTION

1. Transactions in respect of accounts managed by a third party, who has full discretion over trading (given standing general instructions and investor profile), which did not occur as a result of information provided by the Access Person and where investor involvement is not permitted;
2. Purchases or sales that are “automatic” due to a corporate action over which the Access Person does not have influence or control;
3. Circumstances in which an Access Person – Portfolio or Access Person – Other could reasonably demonstrate that the personal transaction was as a result of and following:
 - a material change in general market conditions; or
 - new, material publicly disclosed information; or
 - some other situation outside of his or her control and not directly related to CMHC’s transaction; and
4. Short-term personal trading restrictions do not apply to transactions on exempt assets. [Appendix C](#) lists exempt assets.

f) Gifts, Hospitality and Other Benefits Access Persons – Portfolio and Access Persons – Other

Access Persons – Portfolio and Access Persons – Other:

- shall perform their official duties and arrange their private affairs in such a manner that public confidence and trust in the integrity, objectivity and impartiality of the Corporation are conserved and enhanced;
- must decline hospitality or other benefits that could influence or could be perceived as influencing their judgment and performance of official duties and responsibilities (see the CMHC *Conflict of Interest and Post-Employment Policy* for further guidance);
- must not use their position at CMHC to obtain special treatment or personal investment opportunities not generally available to other investors; and
- should not place themselves in a position where they could derive any direct or indirect benefit or interest from any Corporate investment.

g) Consequences

Employees who do not comply with the *Personal Trading Directive* as set out in the CMHC *Conflict of Interest and Post-Employment Policy*, will be subject to appropriate disciplinary action.

RESPONSIBILITIES AND AUTHORITIES

Chief Risk Officer and Senior Vice-President, People and Strategy	<ul style="list-style-type: none">• Approve changes to the <i>Personal Trading Directive</i>.
Director, Compliance and Governance (CRO Sector)	<ul style="list-style-type: none">• Liaise with Employee Relations' Office (and the Vice-President, Legal and Corporate Secretary, as appropriate) to ensure consistency with the <i>Conflict of Interest and Post-Employment Policy</i> and provide advice and guidance to Access Persons – Portfolio and Access Persons – Other.• Recommend changes related to the <i>Personal Trading Directive</i>, the Access Persons – Portfolio, Access Persons – Other lists, and to the Exempt Assets list.
Specialist, Internal Controls – Business Stream Group (Responsible for Investments and Treasury – CFO sector)	<ul style="list-style-type: none">• Create and maintain a Control List (related to the short-term personal trading restriction), maintain the Access Persons List and liaise with Human Resources and the Compliance and Governance Division, as appropriate.

**Access Persons –
Portfolio and
Access Persons –
Other**

- Comply with the guidelines and principles outlined in the CMHC *Conflict of Interest and Post-Employment Policy*, including the *Personal Trading Directive*.
- Comply with information requests from CMHC to ensure compliance with CMHC Policy.

**Senior Manager,
Employee Relations
(or Vice-President,
Legal, as applicable,
pursuant to the
CMHC *Conflict
of Interest and
Post-Employment
Policy*)**

- Provide advice and guidance with respect to the CMHC *Conflict of Interest and Post-Employment Policy*.
- Obtain and safeguard all information involving Access Persons – Portfolio and Access Persons – Other, including the Statement of Compliance and Policy Certification.
- Coordinate with the Director, Compliance and Governance and Specialist, Internal Controls, Investments and Treasury – Chief Financial Officer sector as necessary.
- Ensure Access Persons – Portfolio and Access Persons – Other:
 - Sign a declaration acknowledging that they have read the CMHC *Conflict of Interest and Post-Employment Policy*, including the *Personal Trading Directive*, and agree to abide by its terms, and thereafter, confirm their knowledge of the Policy and the Directive and their agreement to abide by their terms at the time and manner designated by CMHC; and
 - Complete the Statement of Compliance, as part of the Conflict of Interest Declaration renewal process, as per the frequency specified in Appendix A & B.

**Divisional and Sector
Heads**

- Take appropriate decisions on non-compliance issues in consultation with Human Resources and Employee Relations Office.

INQUIRIES

Director, Compliance and Governance
Phone: (613) 748-2725
e-mail: paharvey@cmhc-schl.gc.ca or
Employee Relations
e-mail: ER-RE@cmhc-schl.gc.ca

RELATED POLICIES AND REFERENCES

[Code of Ethics and Business Conduct](#)
[Conflict of Interest and
Post-Employment Policy](#)

DATE OF ISSUE / LAST UPDATE

November 2016 / July 2019 / November 2019

Appendix A

Access Persons – Portfolio Positions

Position	Compliance Statement Frequency
Investments and Treasury	
Vice-President, Investments and Treasury	Semi-Annual
All employees – Investments and Pension Fund Group	Semi-Annual
All employees – Investment Strategy and Governance Group (except Officer, Investment Strategy and Governance)	Semi-Annual
Treasurer	Annual
Deputy Treasurer	Annual
Senior Specialist, Treasury	Annual
Specialist, Treasury	Annual
Specialist, Cash Management	Annual

Appendix B

Access Persons – Other Positions

Position	Compliance Statement Frequency
Sector of the Chief Risk Officer	
Chief Risk Officer	Annual
Director, Enterprise Risk Management	Annual
Senior Specialist, Enterprise Risk Management	Annual
Administrative Assistant (Enterprise Risk Management)	Annual
All employees in the Oversight and Risk Analytics Division dealing with Pension Fund, Investment and Treasury activities	Annual
Senior Advisor, Risk	Annual
Sector of the Chief Financial Officer	
Chief Financial Officer	Annual
Senior Administrative Assistant (Chief Financial Officer)	Annual
Deputy Chief Financial Officer	Annual
Vice-President, Legal	Annual
All employees in Legal Services dealing with Pension Fund, Investment and Treasury activities	Annual
Specialist, Internal Controls (responsible for Investments and Treasury division)	Annual
All employees – Financial Reporting Group	Annual
Officer, Investment Strategy and Governance	Annual
All employees – Finance Group (under Investments and Treasury division)	Annual

President's Office	
President	Annual
Chief of Staff	Annual
Client Operations	
All employees of the Financial Services (credit group) – Risk Management Operations	Annual
Other	
Members of the Pension Fund Investment Committee	Annual
Employees having access to Wall Street System	Annual
Employees having access to investment information through the CMHC / CMHC Pension fund custodial System	Annual
Members of the CMHC Investment Committee	Annual

Appendix C – Exempt Assets

- Cash and Cash Equivalents
- Guaranteed Investment Certificates and similar financial instruments
- Bankers' Acceptances
- Canada Savings Bonds and other similar investments in securities of fixed value issued or guaranteed by any level of government in Canada, or agencies of those governments
- Short-term debt securities with a maturity not exceeding 365 days
- Open-ended mutual fund units
- Exchange-traded funds and any other publicly traded asset representing an underlying basket of assets where all the investment decisions in respect of that basket are contractually vested with a third party
- Investment products that substantially replicate the composition of widely recognized broad market indexes of securities traded on a public exchange