Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments

Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1

October 7, 2021

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are adopting amendments to all of the following rules in order to implement Phase 2, Stage 1 of the CSA initiative to reduce the regulatory burden on investment fund issuers:

- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**);
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**);
- National Instrument 81-102 *Investment Funds* (**NI 81-102**);
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**);
- National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**)

together with related consequential amendments to all of the following:

- National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;
- Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*;
- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**);
- National Instrument 45-106 *Prospectus Exemptions*

(collectively, the **Amendments**).

The CSA are also publishing changes to all of the following:

- National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;
- Companion Policy 41-101 *General Prospectus Requirements* (**41-101CP**);
- Companion Policy 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**);
- Companion Policy 81-102 *Investment Funds* (**81-102CP**);
- Companion Policy 81-106 *Investment Fund Continuous Disclosure* (**81-106CP**);
- Commentary in National Instrument 81-107 *Independent Review Committee for Investment Funds*

(collectively, the **Related Changes**).

Subject to Ministerial Approval where required, the Amendments and Related Changes will come into force on January 5, 2022 in respect of Workstreams 3-8 and January 6, 2022 in respect of Workstreams 1 and 2. An exemption from

compliance with Workstreams 1 and 2 has also been provided for the period before September 6, 2022. See the Coming into Force/ Exemption section at the end of this Notice.

Background

The CSA identified reviewing regulatory burden as a key priority for the 2016-2019[1] and 2019-2022[2] periods. The focus of the CSA's review is to identify areas that would benefit from a reduction of any undue regulatory burden and to streamline those requirements without negatively impacting investor protection or efficiency of the capital markets.

Efforts aimed at identifying opportunities for the reduction of regulatory burden on investment fund issuers began in March 2017. The efforts are being carried out in two phases.

Phase 1

In Phase 1, CSA Staff conducted a comprehensive review of the current investment fund disclosure regime, evaluated disclosure elements borrowed from the non-investment fund reporting issuer regime, gathered information on relevant regulatory reforms conducted by other regulators internationally, and received feedback from stakeholders. Based on these efforts, CSA Staff identified potential areas of focus for the development of proposals aimed at reducing regulatory burden for investment fund issuers while maintaining investor protection and efficiency of the capital markets. On May 24, 2018, CSA Staff published CSA Staff Notice 81-329 *Reducing Regulatory Burden for Investment Fund Issuers*, which provided an overview of the CSA's work to that date.

Phase 2

In Phase 2, CSA Staff prioritized, investigated, and developed proposals regarding the areas of focus identified in Phase 1. Prioritization was based on whether the proposed changes could be implemented in the near term and at limited cost to stakeholders, without compromising investor protection or efficiency of the markets. The scope was later broadened to consider the burden associated with not only disclosure requirements but some operational matters as well. Phase 2 is being carried out in several stages.

On September 12, 2019 the CSA published for comment proposed amendments (**Proposed Amendments**) and proposed changes (**Proposed Changes**) representing the first stage of the CSA's initiative to reduce the regulatory burden on investment fund issuers. The objectives of the Proposed Amendments and Proposed Changes were to

- remove redundant information in select disclosure documents,
- use web-based technology to provide certain information about investment funds,
- codify exemptive relief that is routinely granted, and
- minimize the filing of documents that may contain duplicative information, such as Personal Information Forms (**PIFs**).

Further proposals to reduce the regulatory burden on investment fund issuers will be developed in the medium to long term and published for comment as part of subsequent stages of Phase 2. Areas that will receive consideration for the development of further proposals include all of the following:

- continuous disclosure obligations;
- securityholder meetings and information circular requirements;
- prescribed notices and reporting requirements;
- prospectus regime provisions;
- methods used to communicate with investors.

[1] https://www.securities-administrators.ca/uploadedFiles/General/pdfs/CSA_Business_Plan_2016-2019.pdf
[2] https://www.securities-administrators.ca/uploadedFiles/General/pdfs/CSA_Business_Plan_2019-2022.pdf

Substance and Purpose

CSA Staff have organized the Amendments and Related Changes into eight separate workstreams. A summary of each workstream is set out below. In response to comments received from the CSA's publication for comment of the Proposed Amendments and Proposed Changes, we may have made some non-material changes to the Workstreams, which are summarized in Annex A to this Notice. Drafting changes were also made to modernize the drafting in the Proposed Amendments and Proposed Changes, even where such drafting was adopted from existing, published provisions. CSA Staff consider the changes arising from such efforts to also be non-material.

Workstream One: Consolidate the Simplified Prospectus and the Annual Information Form

Currently, a simplified prospectus and an annual information form (**AIF**) must each be filed with regulators annually by conventional mutual funds in continuous distribution. The Amendments repeal the requirement for a mutual fund in continuous distribution to file an AIF. In lieu of an AIF, the Amendments repeal Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) and replace it with a new Form 81-101F1 that includes unique requirements of Form 81-101F2 *Contents of Annual Information Form* (**Form 81-101F2**). The Amendments also streamline the new Form 81-101F1 by repealing, on a case-by-case basis, difficult-to-produce requirements that are not meaningful to investors, and requirements to produce disclosure that is available in other regulatory documents, among other things. Repealing the AIF filing requirement and moving Form 81-101F2 requirements into Form 81-101F1 eliminates the requirement to file two separate disclosure documents (the simplified prospectus and the AIF) and replaces it with a requirement to file one (the simplified prospectus).

Investment Funds Not in Continuous Distribution

An investment fund that has not obtained a receipt for a prospectus during the last 12 months preceding its financial year-end has an obligation to file an AIF under section 9.2 of NI 81-106. The Amendments permit an investment fund to meet this obligation by filing a document prepared in accordance with Form 81-101F1 if the investment fund last distributed securities using a prospectus prepared in accordance with that form, Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) if the investment fund last distributed securities using a prospectus prepared in accordance with that form, or Form 81-101F2. The Amendments set out certain modifications that should be made to these forms when they are used in such circumstances.

Workstream Two: Mandate that each Reporting Issuer Investment Fund have a Designated Website

We have added Part 16.1 to NI 81-106 to require reporting investment funds to designate a qualifying website on which an investment fund intends to post regulatory disclosure. This qualifying website is referred to as a designated website. Under section 16.1.2 of NI 81-106, a qualifying website has to meet two requirements, namely that it is (i) publicly accessible, and (ii) established and maintained by the investment fund or on behalf of the investment fund by the investment fund manager or a person designated by the investment fund manager. This person may include a third-party service provider, or an affiliate or associate of the investment fund manager. This requirement provides future opportunities for investment funds to leverage their websites to reduce regulatory burden, while also improving investor access to disclosure.

The Amendments have been structured to reduce any burden arising from the creation of the designated website concept, by considering how investment funds currently structure their websites. For example, the Amendments allow a reporting investment fund to post its regulatory disclosure on either a stand-alone website or the website of another investment fund managed by the same investment fund manager (or affiliate or associate of the investment fund manager). We note, however, that in all cases, the website needs to clearly identify and differentiate between the documents and information specific to a particular investment fund.

We have added Part 11 in 81-106CP to provide guidance to investment funds and their investment fund managers on how a designated website should be maintained.[3] Among other things, we clarify that supervision of the website and its content should be taken into account in the existing compliance systems of the investment fund and its investment fund manager. We note that under section 11.1 of NI 31-103, an investment fund manager has an obligation to establish and maintain a compliance system.

[3] This guidance is consistent with the guidance currently provided under section 4.6 of 81-106CP and section 6.11 of National Policy 51-201 *Disclosure Standards*.

Workstream Three: Codify Exemptive Relief Granted in Respect of Notice-and-Access Applications

The Amendments introduce, in sections 12.2.1 to 12.2.6 of NI 81-106, a notice-and-access system for the solicitation of proxies under subsection 12.2(2) of NI 81-106 and section 2.7 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**). This follows earlier CSA implementation of a notice-and-access system for non-investment fund reporting issuers.

In 2012, the CSA adopted amendments for non-investment fund reporting issuers to improve the investor voting communication process by which proxies and voting instructions are solicited.[4] These amendments came into force in 2013.[5] The introduction of a notice-and-access system was one of the most significant features of the amendments. Notice-and-access permits delivery of proxy-related materials by sending a notice providing registered holders or beneficial owners, as the case may be, with summary information about the proxy-related materials and instructions on how to access them. The 2013 amendments applied to both management and non-management solicitations.[6] Following receipt of comments that recommended enabling the use of notice-and-access by investment funds, the CSA determined that it would consider the issue at a later date.[7]

In 2016, the CSA began granting exemptive relief from the requirement in paragraph 12.2(2)(a) of NI 81-106 to deliver an information circular (a completed Form 51-102F5 *Information Circular*), to permit use of notice-and-access for solicitation of proxies by or on behalf of management of an investment fund.[8] This exemptive relief was drafted with reference to the notice-and-access system set out for non-investment fund reporting issuers in sections 9.1.1 to 9.1.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and sections 2.7.1 to 2.7.8 of NI 54-101, with adaptations for investment funds. In this way, the exemptive relief placed investment funds with relief in a similar position as non-investment fund reporting issuers, with respect to proxy-related materials.

The Amendments codify this frequently granted exemptive relief and extend its availability to non-management solicitation of proxies, consistent with the notice-and-access system set out for non-investment fund reporting issuers. The Amendments and Related Changes are consistent with the conditions of recently granted notice-and-access exemptive relief and the notice-and-access provisions of NI 51-102 and NI 54-101. The Amendments do not change the requirement to prepare an information circular.

Workstream Four: Minimize Filings of Personal Information Forms

The Amendments eliminate the PIF requirements for specified individuals in NI 41-101 and NI 81-101 for investment fund issuers. Specified individuals are individual registrants and permitted individuals who have already submitted a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*. This eliminates the need for similar information to be provided to securities regulators in both a PIF and a Form F4 to achieve regulatory oversight of such individuals.

The Amendments do not affect investor protection as information provided to the regulators, either upon application for registration or as an ongoing matter, is required to be kept up-to-date. In particular, securities regulators must receive notification of certain changes, generally within 10 to 30 days of a change under National Instrument 33-109 *Registration Information*.

Workstream Five: Codify Exemptive Relief Granted in Respect of Conflicts Applications

The CSA have finalized amendments to NI 81-102 and NI 81-107 to codify frequently granted exemptive relief in respect of conflict of interest prohibitions contained under securities legislation.

In 2000, the CSA adopted NI 81-102, which included certain conflict of interest prohibition exemptions in respect of which exemptive relief had been previously provided. In 2006, the CSA adopted NI 81-107, which included further conflict of interest prohibition exemptions of the same nature. NI 81-107 was adopted with a view to

[4] https://www.fcnb.ca/sites/default/files/2020-03/54-101-CSAN-2012-11-29-E%20%281%29.pdf
[5] https://www.fcnb.ca/sites/default/files/2020-03/54-101-NofR-MC-2011-05-18-E%20%281%29.pdf
[6] See section 2.7.7 of NI 54-101 and CSA Notice of Amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* and Companion Policy 54-101CP *Communication with Beneficial Owners of Securities of a Reporting Issuer* and Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Companion Policy 51-102CP *Continuous Disclosure Obligations* (November 29, 2012) at page 10712 which notes that the notice-and-access provisions in NI 51-102 contain an equivalent concept.
[7] https://www.fcnb.ca/sites/default/files/2020-03/54-101-CSAN-2012-11-29-E%20%281%29.pdf
[8] *In the Matter of Desjardins Investments Inc., Fiera Capital Corporation, IA Clarington Investments Inc., National Bank Investments Inc.*, September 8, 2016.

- continuing to monitor what other exemptions may be appropriate based on applications received, and
- further reviewing the appropriateness of more exemptions applying to different types of transactions involving investment funds and related entities.

In the publication of the Proposed Amendments in September 2019, the CSA proposed to codify eight types of exemptions, subject to conditions, that would permit

a) fund-on-fund investments by investment funds that are not reporting issuers,

b) investment funds that are reporting issuers to purchase non-approved rating debt under a related underwriting,

c) *in specie* subscriptions and redemptions involving related managed accounts and mutual funds,

d) inter-fund trades of portfolio securities between related reporting investment funds, investment funds that are not reporting issuers and managed accounts at last sale price,

e) investment funds that are not reporting issuers to invest in securities of a related issuer over an exchange,

f) reporting investment funds and investment funds that are not reporting issuers to invest in debt securities of a related issuer in the secondary market,

g) reporting investment funds and investment funds that are not reporting issuers to invest in long-term debt securities of a related issuer in primary market distributions, and

h) reporting investment funds, investment funds that are not reporting issuers and managed accounts to trade debt securities with a related dealer.

Not Proceeding with Codification of Exemptive Relief to Engage in In Specie Transactions

We are not proceeding with the Proposed Amendments in (c) above, relating to *in specie* transactions. This is to accommodate the CSA's need to further consider the impact of CSA Staff Notice 81-333 *Guidance on Effective Liquidity Risk Management for Investment Funds* published on September 18, 2020, on the conditions that would accompany a codification of exemptive relief to engage in *in specie* transactions.

Grandfathering of Previously Granted Exemptive Relief

To the extent that filers have previously obtained exemptive relief in respect of the transactions that are being codified in the Amendments, filers can continue to rely on those decisions or can rely on the codified exemptions in the Amendments.

Our analysis of the terms of prior relief, as compared to the codified exemptions, would suggest that the differences are not significant or material. However, we acknowledge comments received expressing concern that not permitting prior relief to continue might necessitate significant time and expense to evaluate all affected relief and update internal processes to ensure compliance with the Amendments. We also acknowledge comments received expressing concern that not permitting prior relief to continue may cause disruption to existing fund investment strategies where such strategies must be realigned to comply with the Amendments.

The CSA note, however, that filers that have obtained prior relief concerning the matters now codified in the Amendments should note that for any future requests to amend, update, or revoke and replace such decisions, CSA staff will request that the conditions reflected in the Amendments for the applicable transaction also be reflected in any new decision.

Summary of the Amendments

The Amendments codify exemptions that are based on conditions the CSA have incorporated into numerous discretionary exemptive relief decisions. The conditions are designed to mitigate the investor protection concerns and potential risks associated with these transactions, largely by promoting transparency, objective pricing, and, in some cases, oversight by an independent review committee (**IRC**).

The Amendments codify exemptions to the "investment fund conflict of interest restrictions" defined in NI 81-102 and the "inter-fund self-dealing investment prohibitions" defined in NI 81-107. Those restrictions and prohibitions include certain restrictions for registered advisers set out in subsection 13.5(2) of NI 31-103. Consistent with the Proposed Amendments, we have maintained the extension of the scope of the "investment fund conflict of interest restrictions" defined in NI 81-102 to include the restrictions for dealer managed investment funds set out in subsection 4.1(2) of NI 81-102.

a) Permit Fund-on-Fund Investments by Investment Funds that are not Reporting Issuers

The Amendments to NI 81-102 provide an exemption to permit investment funds that are not reporting issuers to invest in other related investment funds.

Section 2.5 of NI 81-102 currently permits investment funds that are reporting issuers to invest in other investment funds that are reporting issuers. Subsection 2.5(7) of NI 81-102 provides an exemption from the investment fund conflict of interest investment restrictions and reporting requirements listed in Appendix D and Appendix E to NI 81-102 in cases where the underlying fund may be a related fund. Most commonly this occurs when the top fund, or a group of related top funds, are substantial securityholders in the underlying fund. Top funds that are reporting issuers must comply with the fund-on-fund regime prescribed under section 2.5 as a condition of relying on the exemption set out in subsection 2.5(7).

The CSA have frequently granted exemptive relief from the investment fund conflict of interest investment restrictions and reporting requirements to facilitate investment funds that are not reporting issuers investing in related investment funds. The benefits of permitting these transactions are the same as those recognized by the CSA in the existing fund-on-fund regime for publicly offered funds which include more efficient and cost-effective portfolio diversification. The exemptions have typically been granted by analogy to the prescribed fund-on-fund regime in section 2.5 of NI 81-102 with additional conditions, as necessary, to address that the funds are not reporting issuers subject to NI 81-102.

We did not proceed with the requirement for the underlying fund to be subject to, and to comply with, the requirements of NI 81-106. In its place, we added the requirement for an underlying fund that is not a reporting issuer to prepare audited annual financial statements and interim financial statements for the fund's most recently completed period. This change will permit Canadian investment funds that are not reporting issuers to invest in both Canadian and non-Canadian funds.

b) Permit Investment Funds that are Reporting Issuers to Purchase Non-Approved Rating Debt Under a Related Underwriting

Subsection 4.1(4) of NI 81-102 provides an exemption from subsection 4.1(1) of NI 81-102 for dealer managed investment funds to invest in certain offerings that are underwritten by the fund's dealer manager (or an associate or affiliate of the dealer manager) if certain conditions are met. The Amendments to subsection 4.1(4) permit a dealer managed investment fund to invest in

- offerings of debt securities of reporting issuers that do not have an approved rating, if the offerings are underwritten by the fund's dealer manager, and
- offerings of reporting issuers underwritten by the fund's dealer manager that are made under an exemption from the prospectus requirement.

To rely on the exemptions in the Amendments, a dealer managed investment fund will need to have independent oversight provided by the fund's IRC as provided in paragraph 4.1(4)(a) of NI 81-102 and for debt securities, comply with a further pricing condition in subparagraph 4.1(4)(b)(ii) of NI 81-102 for purchases of debt securities that do not trade on an exchange and which are made during the 60-day period following the distribution.

c) Permit In Specie *Subscriptions and Redemptions Involving Related Managed Accounts and Mutual Funds*

As noted above, we are not proceeding with the Proposed Amendment for *in specie* transactions involving a mutual fund, a mutual fund that is not a reporting issuer and managed accounts. The recent publication of CSA Staff Notice 81-333 *Guidance on Effective Liquidity Risk Management for Investment Funds* necessitates a reconsideration of the conditions of *in specie* relief decisions and how liquidity management practices should align with the transfer of illiquid securities as part of an *in specie* transfer. The CSA will consider this issue on a case-by-case basis in connection with any future applications for exemptive relief to permit *in specie* transactions.

d) Permit Inter-Fund Trades of Portfolio Securities between Related Reporting Investment Funds, Investment Funds that are not Reporting Issuers and Managed Accounts at Last Sale Price

The Amendments expand the existing exemption from the inter-fund self-dealing investment prohibitions in subsection 6.1(2) of NI 81-107 so that it applies to inter-fund trades involving related investment funds that are not reporting issuers, and managed accounts. The exemption would continue to apply to trades between related investment funds that are reporting issuers. The Amendments include updates to the conditions in section 6.1 of NI 81-107 that permit all inter-fund trades of exchange-traded securities to occur at last sale price. Collectively, these changes would also permit inter-fund trades in debt securities between an investment fund that is a reporting issuer and a related investment fund that is not a reporting issuer to comply with the inter-fund trading exemption in subsection 4.3(2) of NI 81-102.

We did not proceed with including a requirement for investment funds that are party to an inter-fund trade to keep records of the interfund transaction for five years after the end of the financial year, with the most recent two years of records to be kept in a reasonably accessible place. Instead, the Amendments include a requirement for each investment fund, or a portfolio manager on behalf of a managed account, to keep records of each interfund transaction in accordance with the record-keeping requirements applicable to registered firms set out in section 11.5 and 11.6 of NI 31-103.

e) Permit Investment Funds that are Not Reporting Issuers to Invest in Securities of a Related Issuer Over an Exchange

The Amendments to section 6.2 of NI 81-107 permit investment funds that are not reporting issuers to invest in securities of related issuers if certain conditions are met. The exemption would continue to apply to investment funds that are reporting issuers.

f) Permit Reporting Investment Funds and Investment Funds that are not Reporting Issuers to Invest in Debt Securities of a Related Issuer in the Secondary Market

The Amendments, which enact section 6.3 of NI 81-107, permit investment funds to invest in non-exchange traded debt securities of a related issuer in the secondary market if certain conditions are met.

We revised the Proposed Amendments to specifically refer to paragraph (b) of the definition of “designated rating” in National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**).

g) Permit Reporting Investment Funds and Investment Funds that are not Reporting Issuers to Invest in Long-Term Debt Securities of a Related Issuer in Primary Market Distributions

The Amendments, which enact section 6.4 of NI 81-107, provide an exemption from the investment fund conflict of interest investment restrictions to permit investment funds to purchase non-exchange traded long-term debt securities of a related issuer under a primary distribution by that issuer.

We revised the Proposed Amendments to specifically refer to paragraph (b) of the definition of “designated rating” in NI 44-101.

h) Permit Reporting Investment Funds, Investment Funds that are not Reporting Issuers and Managed Accounts to Trade Debt Securities with a Related Dealer

The Amendments, which enact section 6.5 of NI 81-107, provide exemptions from the inter-fund self-dealing investment prohibitions and the self-dealing restrictions set out in section 4.2 of NI 81-102 to permit investment funds and managed accounts to trade debt securities with a related dealer.

We did not proceed with including a requirement for investment funds that are party to a principal trade in debt securities with a related dealer to keep records of the interfund transaction for five years after the end of the financial year, with the most recent two years of records to be kept in a reasonably accessible place. Instead, the Amendments include a requirement for each investment fund, or a portfolio manager on behalf of a managed account, to keep records of each transaction in accordance with the record-keeping requirements applicable to clients of registered firms set out in Part 11 of NI 31-103.

Workstream Six: Broaden Pre-Approval Criteria for Investment Fund Mergers

The Amendments broaden the pre-approval criteria for investment fund mergers contained in section 5.6 of NI 81-102. Since implementation of the merger approval requirement under paragraph 5.5(1)(b) of NI 81-102, the CSA have approved numerous investment fund mergers that do not comply with the following pre-approval criteria in section 5.6:

- subparagraph 5.6(1)(a)(ii) of NI 81-102, because a reasonable person may not consider the continuing investment fund to have substantially similar fundamental investment objectives and valuation procedures, and a substantially similar and fee structure;

- paragraph 5.6(1)(b) of NI 81-102, because the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act* (Canada) (**ITA**) or tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA.

The Amendments broaden these pre-approval criteria, while continuing to require that the proposed merger comply with all other pre-approval criteria under section 5.6, as applicable. The above-noted pre-approval criteria were broadened based on conditions and representations found in past discretionary merger approval decisions. In particular, when granting discretionary merger approval, the CSA requires clear disclosure in an information circular that explains to investors why a proposed merger remains in the best interests of the investment fund despite the proposed merger not meeting the relevant pre-approval criteria.

Accordingly, the Amendments provide that subparagraph 5.6(1)(a)(ii) of NI 81-102 can also be satisfied where

- the investment fund manager reasonably believes that the transaction is in the best interests of the investment fund despite the differences, and

- the information circular discloses the differences and explains why the investment fund manager is of the belief that the transaction is in the best interests of the investment fund despite the differences.

In addition, the Amendments provide that paragraph 5.6(1)(b) of NI 81-102 can also be satisfied where

- the investment fund manager reasonably believes that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction, and

- the information circular

    - discloses that the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA,

    - discloses the reason why the transaction is not structured so that the pre-approval criterion applies, and

    - explains why the investment fund manager is of the belief that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction.

Workstream Seven: Repeal Regulatory Approval Requirements for a Change of Manager, a Change of Control of a Manager, and a Change of Custodian that Occurs in Connection with a Change of Manager

The Amendments repeal the regulatory approval requirements in section 5.5 of NI 81-102 for a change of manager, a change of control of a manager, or a change of custodian that occurs in connection with a change of manager. Since the CSA's adoption of these requirements, NI 31-103 has implemented registration requirements for investment fund managers. The registration process provides an opportunity for the CSA to assess that new investment fund managers have sufficient integrity, proficiency and solvency to adequately carry out their functions. The registration processes include all of the following:

- background checks, including obtaining information on any criminal offences, civil actions alleging fraud, theft, deceit, misrepresentation or similar misconduct, financial information on prior bankruptcies, and other detrimental information from other securities regulatory proceedings or investigations;

- an examination of the individuals' relevant securities industry experience, including employment history.

Once registered, firms and individuals must report changes in the information they provided at the time of registration by filing Form 33-109F5 *Change of Registration Information* within required timeframes. This allows the CSA to continue assessing suitability for investment fund manager registration.

A change of manager will continue to be subject to securityholder approval and the requirement to prepare an information circular. In order to help investment funds meet their disclosure obligations, the Amendments add certain specific disclosure requirements that will apply to the information circular when there is a change of manager.

Workstream Eight: Codify Exemptive Relief Granted in Respect of the Fund Facts Delivery Requirement and Corresponding Exemptions from the ETF Facts Delivery Requirement

a) Managed Accounts and Permitted Clients

The Amendments provide an exemption from the fund facts document (**Fund Facts**) delivery requirement[9] for purchases of conventional mutual fund securities made in managed accounts or by permitted clients that are not individuals. The Fund Facts is a summary disclosure document that provides key information about a mutual fund to investors in a simple, accessible and comparable format, before investors make their investment decision.

In amendments published on December 11, 2014 to implement the pre-sale delivery of Fund Facts (the **POS Amendments**), the CSA provided an exemption in section 3.2.04 of NI 81-101 from pre-sale delivery requirements for purchases of mutual fund securities made in managed accounts or by permitted clients that are not individuals. For these purchases, the Fund Facts were required to be delivered or sent to the purchaser within two days of buying the mutual fund.

Subsequent to the adoption of the POS Amendments, the CSA received feedback from portfolio managers that post-sale delivery of the Fund Facts was not necessary for purchases made in managed accounts or by permitted clients, and that an exemption from the Fund Facts delivery requirement should be provided. The Amendment to section 3.2.04 of NI 81-101 provides an exemption from the Fund Facts delivery requirement for purchases of mutual fund securities made in managed accounts or by permitted clients that are not individuals.

In response to stakeholder comments that exemptions from the Fund Facts delivery requirement should also be extended to the delivery requirement for exchange-traded mutual fund (**ETF**) facts documents (**ETF Facts**), we provided in the Amendments an exemption from the ETF Facts delivery requirement[10] for purchases of ETF securities made in managed accounts or by permitted clients who are not individuals.

b) Portfolio Rebalancing Plans

The Amendments codify exemptive relief from the Fund Facts delivery requirement for subsequent purchases of conventional mutual fund securities under model portfolio products and portfolio rebalancing services.

When finalizing the POS Amendments, the CSA considered stakeholder comments that asked for an exemption for model portfolio products from the pre-sale delivery requirement on terms similar to the exemption from the Fund Facts delivery requirement for pre-authorized purchase plans set out in section 3.2.03 of NI 81-101 (the **PAC Exception**). At that time, the CSA determined that exemptive relief should only be granted to model portfolio products with rebalancing features on a case-by-case basis.

Since the adoption of the POS Amendments, exemptive relief has been routinely granted from the Fund Facts delivery requirement for subsequent purchases made pursuant to rebalancing in the context of model portfolio products and portfolio rebalancing services. Generally, model portfolio products are offered by investment fund managers and each model portfolio is comprised of a number of mutual funds with target asset allocation levels for each fund in the portfolio. On rebalancing dates, each fund in the portfolio is rebalanced back to the target asset allocation level. Generally, portfolio rebalancing services are offered by dealers for a portfolio of mutual funds selected by an investor with target asset allocation levels for each fund in the portfolio. On rebalancing dates, each fund in the portfolio is rebalanced back to the target asset allocation level.

Each subsequent purchase of mutual fund securities in model portfolio products and portfolio rebalancing services triggers the Fund Facts delivery requirement. However, an investor with a model portfolio product or portfolio rebalancing service makes an investment decision at the outset. Subsequent purchases do not reflect new investment decisions. This is similar to subsequent purchases made under a pre-authorized purchase plan, which is a contract or

[9] Section 3.2.01 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure.*
[10] Section 3C.2 of National Instrument 41-101 *General Prospectus Requirements*.

other arrangement where an investor purchases mutual fund securities by payment of a specified amount on a regularly scheduled basis, which can be terminated at any time. However, model portfolios and portfolio rebalancing services cannot rely on the PAC Exception as these products and services do not meet the "pre-authorized purchase plan" definition.

The Amendments to section 3.2.03 of NI 81-101 codify exemptive relief from the Fund Facts delivery requirement for subsequent purchases made in model portfolio products and portfolio rebalancing services. The Amendments expand the current PAC Exception to add "portfolio rebalancing plans", which are defined to include both model portfolio products and portfolio rebalancing services.

In response to stakeholder comments that exemptions from the Fund Facts delivery requirement should also be extended to the ETF Facts delivery requirement, the Amendments also provide an exemption from the ETF Facts delivery requirement for subsequent purchases of ETF securities in pre-authorized purchase plans and portfolio rebalancing plans.

c) Automatic Switch Programs

The Amendments codify exemptive relief from the Fund Facts delivery requirement for purchases of conventional mutual fund securities made under automatic switch programs, which are offered by investment fund managers. Generally, investors in automatic switch programs purchase a class or series of securities of a mutual fund, and on predetermined dates, automatic switches are made to a different class or series of the same fund based on the balance in the investor's account or group of accounts meeting the minimum investment amount of the other class or series.

Mutual funds in an automatic switch program offer two or more series, with the only differences between the classes or series being progressively lower management fees and progressively higher minimum investment thresholds. Automatic switch programs benefit investors because they automatically switch investors into another class or series of securities of the same mutual fund as soon as they meet the minimum investment threshold. The investor's investment amount may change based on purchases, redemptions and changes in market value. Each automatic switch entails a redemption of a class or series of mutual fund securities, immediately followed by a purchase of another class or series of securities of the same mutual fund.

Each purchase made pursuant to an automatic switch triggers the Fund Facts delivery requirement. However, because the switches are automatic in nature, it is often very difficult or impractical for an investment fund manager to deliver the Fund Facts prior to an automatic switch. The Amendments to NI 81-101 codify exemptive relief from all of the following:

- the Fund Facts delivery requirement for purchases made under automatic switch programs, which are offered by investment fund managers;

- the form requirements in Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**) to allow a single consolidated Fund Facts to be filed for all the classes or series of securities of a mutual fund offered in an automatic switch program.

The Amendments reflect the conditions of recently granted exemptive relief for automatic switch programs, including notices to investors and modified form requirements for a single, consolidated Fund Facts. The exemption applies to purchases of a class or series of securities of a mutual fund as a result of the purchaser meeting the minimum investment amount of a class or series of securities of the mutual fund due to additional purchases, redemptions or positive market movement. The exemption does not apply to purchases of a class or series of securities of a mutual fund as a result of the purchaser no longer meeting the minimum investment amount of a class or series of securities of the mutual fund due to negative market movement. The new exemption is set out in Amendments to section 3.2.05 of NI 81-101, while the provisions for electronic delivery of the Fund Facts are moved to section 3.2.06 of NI 81-101.

In response to stakeholder comments that exemptions from the Fund Facts delivery requirement should also be extended to the ETF Facts delivery requirement, we revised the Amendments to also provide an exemption from the ETF Facts delivery requirement for purchases of ETF securities made under automatic switch programs.

d) Amendments to Conform Form 81-101F3 Contents of Fund Facts Document with Form 41-101F4 Information Required in an ETF Facts Document

The Amendments to Form 81-101F3 conform that document with certain disclosure requirements in Form 41-101F4 *Information Required in an ETF Facts Document* (**Form 41-101F4**). The conforming Amendments to Form 81-101F3 set

out the Fund Facts disclosure requirements under the sub-headings “Top 10 investments”, “Investment mix”, and “How has the fund performed?”, for each of the following:

- a newly established mutual fund;
- a mutual fund that has not yet completed a calendar year;
- a mutual fund that has not yet completed 12 consecutive months.

Additional Amendments

The CSA made consequential amendments to NI 41-101, NI 81-101 and NI 81-102 for reasons not directly related to efforts to reduce regulatory burden for investment funds.

The amendments to NI 81-101 and certain amendments to NI 41-101 were published for comment in the following parts of the September 2019 publication for comment: Appendix B – Schedule 8, sections 10-20; and Appendix B – Schedule 9. The former was described in the September 12, 2019 publication notice under Workstream Eight, part (d), “Proposed Amendments to Conform Form 81-101F3 *Contents of Fund Facts Document* with Form 41-101F4 *Information Required in an ETF Facts Document*.” The latter was only a single consequential amendment to set out that in Saskatchewan the right of action where an ETF Facts is not delivered or sent to a purchaser as required by subsection 3C.2(2) of NI 41-101, is provided by subsection 141(1) of *The Securities Act, 1988* (Saskatchewan).

The amendments to NI 81-102 were not published for comment and are being made on final publication. They add “an ETF facts document or preliminary or *pro forma* ETF facts document” after Item 3 of paragraph (b) of the definition of “sales communication” in section 1.1. This provides a corresponding reference to Item 3, which references Fund Facts. Certain amendments to NI 41-101 were not published for comment and are being made to Items 3C.6 and 3C.7 pursuant to CSA Staff Notice 11-342 *Notice of Local Amendments and Changes in Certain Jurisdictions*.

Coming into Force/ Exemption

Subject to Ministerial Approval where required, the Amendments and Related Changes will come into force on January 5, 2022 in respect of Workstreams 3-8 and January 6, 2022 in respect of Workstreams 1 and 2. An exemption from compliance with Workstreams 1 and 2 has also been provided for the period before September 6, 2022. However, the exemption is no longer available where an investment fund prepares a prospectus (Form 41-101F2, Form 41-101F3 *Information Contained in a Scholarship Plan Prospectus* (**Form 41-101F3**)) in accordance with the Workstream 2 amendments or simplified prospectus (Form 81-101F1) in accordance with the Workstream 1 amendments. In such cases, the investment fund will be required to comply with the amendments set out in Workstreams 1 and 2. An investment fund need not rely on the exemptions where it does not wish to do so.

On or after September 6, 2022, the CSA expect that an investment fund will prepare a prospectus in accordance with Form 41-101F1 and Form 41-101F3 as amended by Workstream 2 and simplified prospectus in accordance with Form 81-101F1 as amended by Workstream 1, at the investment fund’s next filing or regular renewal (where not already done). It is also expected that on or after September 6, 2022 an investment fund will comply with any applicable designated website requirements (where not already done).

Local Matters

Annex D is being published in any local jurisdiction that is making changes to local securities laws, including local notices or other policy instruments in that jurisdiction in connection with the Amendments. It also includes any additional information that is relevant to that jurisdiction only.

Summary of Comments

We received submissions from 22 commenters on the Proposed Amendments and Proposed Changes, and we thank each of those commenters for their submissions. A summary of those comments together with our responses is provided in Annex B to this Notice.

Summary of Changes to the Proposed Amendments and Proposed Changes

After considering the comments received, we made some revisions to the materials initially published for comment under the Proposed Amendments and Proposed Changes. These revisions are reflected in the Amendments and the Related Changes published in Annex C and Annex D to this Notice. We do not consider these changes to be material and accordingly, we are not publishing the Amendments for a further comment period. A summary of the key changes to the Proposed Amendments and Proposed Changes is provided in Annex A to this Notice.

Questions

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Contents of Annexes

ANNEX A
SUMMARY OF CHANGES TO THE PROPOSED AMENDMENTS

WORKSTREAM ONE

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 81-101

1. Form 81-101F2 was not repealed.

Changes to Proposed Form 81-101F1

2. General Instruction (3) was modified to remove the reference to Part 3 of 81-101CP to conform with modern CSA drafting conventions.

Part A: General Disclosure

3. Item 4 was retitled to "Responsibility for Mutual Fund Administration" to better reflect the content of the disclosure requirements in the Item.

4. Item 4.1 was deleted and unique requirements were moved into relevant sections of Item 4 (see Amended Form 81-101F1, Part A, subsection 4.1(2), subsection 4.2(3), subsection 4.2(4), subsection 4.4(2), subsection 4.4(3), paragraph 4.5(1)(c), paragraph 4.5(1)(d), paragraph 4.5(2)(c), paragraph 4.5(2)(d), subsection 4.6(2), subsection 4.6(3), subsection 4.8(2), subsection 4.8(3), paragraph 4.11(2)(a), and paragraph 4.11(2)(b)).

5. Subsection 4.2(1) was modified to replace the reference to the mutual fund's designated website with a reference to the mutual fund manager's website (see Amended Form 81-101F1, Part A, subsection 4.1(1)).

6. The disclosure requirements in subsections 4.2(2), (3), (4) and Item 4.6 were streamlined to reduce the amount of information required to be disclosed in respect of individuals involved with the investment fund and investment fund manager. In particular, the following disclosure requirements were streamlined in Item 4.2: occupational history and business of company where a director or executive officer carries out their principal occupation (see Amended Form 81-101F1, Part A, subsections 4.1(3) and 4.1(4)). The following disclosure requirement was streamlined in Item 4.6: principal occupation of directors, executive officers and trustees, business of company where a director, executive officer or trustee of the mutual fund has a principal occupation of partner, director or executive officer (see Amended Form 81-101F1, Part A, paragraphs 4.5(1)(a), 4.5(1)(b), 4.5(2)(a) and 4.5(2)(b)).

7. Paragraph 4.3(3)(a) was amended to add a requirement to identify the individuals referenced, explain their role in the investment decision making process, provide their names, and provide their titles (see Amended Form 81-101F1, Part A, subsection 4.2(5)).

8. Paragraph 4.3(3)(b) was deleted on the basis that the benefit of the disclosure was generally not justified by the significant effort required to assemble it although certain key disclosure items (name, title) were relocated to paragraph 4.3(3)(a) (see Amended Form 81-101F1, Part A, subsection 4.2(5)).

9. Item 4.6 was revised to more clearly distinguish between the requirements applicable to a mutual fund that is a corporation and a mutual fund that is a trust (see Amended Form 81-101F1, Part A, subsections 4.5(1) and 4.5(2)).

10. Subsections 4.6(7) was revised to refer to the ultimate designated person and chief compliance officer of the manager instead of the mutual fund and relocated to the Manager section (see Amended Form 81-101F1, Part A, subsection 4.1(4)).

11. Subsection 4.13(1) was deleted, and unique elements were incorporated into subsection 4.13(2), to consolidate the two subsections (see Amended Form 81-101F1, Part A, subsection 4.12(1)).

12. Item 4.14 was deleted on the basis that the value of the information provided by class or series level holdings does not justify the significant effort required to prepare such information.

13. Subsection 4.15(3) was deleted on the basis that subsections (1)-(2) provide sufficient disclosure for an investor to be able to assess the presence of a conflict without the need for more specific information.

14. Subsection 4.17(5) was deleted on the basis that proxy-voting details are disclosed pursuant to Part 10, NI 81-106, and given the restrictions in subsection 2.5(6) of NI 81-102.

15. Subsection 4.20(3) was revised to provide a materiality threshold in respect of the contemplated legal proceedings that must be described (see Amended Form 81-101F1, Part A, subsection 4.18(3)).

16. Paragraph 4.20(4)(b) was revised to delete the language referencing the ten year period before the date of the simplified prospectus but after the coming into force of NI 81-101, as it is no longer relevant (see Amended Form 81-101F1, Part A, paragraph 4.18(4)(b)).

17. Subsection 4.20(5) was modified to clarify that the circumstances that gave rise to the settlement agreement should be provided (see Amended Form 81-101F1, Part A, subsection 4.18(5)).

18. Amended Form 81-101F1, Part A, Item 4.19 was added to set out a location where the designated website is explicitly identified.

19. Subsection 5(2) was revised to replace “principles and practices” with “methods” to maintain consistent terminology with subsection (1) (see Amended Form 81-101F1, Part A, subsection 5(2)). Subsection 5(3) was revised to replace “practices” with “methods” for the same reason (see Amended Form 81-101F1, Part A, subsection 5(3)).

20. The Instruction to Item 8 was amended to delete the reference to foreign content monitoring plans. CSA Staff also deleted the reference to U.S. dollar purchase plans on the basis that such disclosure can be captured in Amended Form 81-101F1, Part A, subsection 7(4) where all available purchase options are described, and an instruction was added to Amended Form 81-101F1, Part A, subsection 7(4) to confirm that disclosure regarding currency purchase plans must be made in that subsection.

21. Subsection 9.1(8) was consolidated into subsection 9.1(5).

22. Instruction (2) to Item 10 was modified to eliminate the first two sentences, to reflect the coming into force on June 1, 2022 of a ban on deferred sales charge options.

23. Item 12 was modified to change the title of the heading to “What are your Legal Rights?” to more fully capture the scope of the required disclosure that follows.

24. Subsection 13(3) was deleted.

Part B: Fund-Specific Information

25. Paragraph 1(3)(a) was modified to provide separate Part B section headings for a multiple SP and for a single SP.

26. Subsection 2(3) was deleted and consolidated into subsection 2(4) on the basis that the instructions were similar in nature.

27. Subsection 2(4) was modified to indicate that any information applicable to more than one of the mutual funds in the Part B section can be presented in this item (see Amended Form 81-101F1, Part B, subsection 2(3)).

28. Instruction (1) to Part A, Item 13 of the Form 81-101F1 in effect prior to the in-force date of the Amendments, was inserted into the Instructions to Part B, Item 2 of the Amended Form 81-101F1 (see Amended Form 81-101F1, Part B, Item 2, Instruction (2)).

29. Instruction (1) to Item 3 was moved to Part B, subsection 8(2) which requires the date on which the mutual fund started.

30. Subsection 5(5) was deleted on the basis that Form 81-106F1, Part B, Item 3.1 (Annual MRFP, Financial Highlights, Ratios and Supplemental Data) requests data on portfolio turnover rate in a table required to be included which also contains accompanying explanatory information of the significance of that data. CSA Staff also deleted the requirement on the basis that Form 81-101F3, Part II, subsection 1.3(2) requests data about the

trading expense ratio which in part reflects the portfolio turnover rate since a higher portfolio turnover rate increases trading costs payable by a mutual fund.

31. Subsection 5(7) (restrictions on investments adopted by a mutual fund beyond what is required under securities legislation) was moved to follow Part B, subsection 6(2) (approvals to vary restrictions and requirements in securities legislation).

32. References to the term “practices contained in securities legislation” in subsections 6(1)-(3) were modified to “requirements contained in securities legislation” to reflect modern drafting conventions.

33. Part A, subsection 9(5) of the Form 81-101F1 in effect prior to the in-force date of the Amendments, was inserted into Part B, Item 9 of the Amended Form 81-101F1 (see Amended Form 81-101F1, Part B, subsection 9(7)).

34. The instruction to Part B, Item 9.1 of the Form 81-101F1 in effect prior to the in-force date of the Amendments, was inserted as an instruction to Part B, Item 10 of the Amended Form 81-101F1.

35. Item 11 was removed on the basis that while Item 11, Instructions (1) and (2) are not duplicated in Form 81-101F3, Part I, Item 7 (Suitability), all other elements are, and regarding Instructions (1) and (2), CSA Staff note that risk rating information provided pursuant to Form 81-101F3, Part I, subsection 4(2) is an acceptable substitute.

Changes to NI 81-102

36. **“**An ETF facts document or preliminary or *pro forma* ETF facts document” was added after Item 3 of paragraph (b) of the definition of “sales communication” in section 1.1. This was to provide a corresponding reference to Item 3, which references Fund Facts documents.

Changes to NI 81-106

Part 9 – Annual Information Form

37. Subsection 9.4(2) was amended to permit an investment fund to file an AIF prepared in accordance with Form 41-101F2 if it last distributed securities under a prospectus prepared in accordance with that form; Form 81-101F1 if it last distributed securities under a prospectus prepared in accordance with that form; or Form 81-101F2.

38. The requirements set out in subsection 9.4(2.1) in respect of modifications required to be made to Form 41-101F2 and Form 81-101F1 for use as an AIF for investment funds not in continuous distribution, were separated into two different subsections. A third subsection was added in respect of the modifications required to be made to Form 81-101F2, using requirements from subsection 9.4(2) of NI 81-106 as it existed prior to the in-force date of the Amendments.

39. In respect of Form 41-101F2 and Form 81-101F1, provisions were added to state that the items of those forms that are applicable to distributions of securities only and are inapplicable to any other case, do not apply (see Amended NI 81-106, paragraphs 9.4(2.1)(b) and 9.4(2.2)(b)).

40. The list of items that need not be completed where Form 41-101F2 is used as an AIF for investment funds not in continuous distribution was expanded to include item 1.9, item 1.10, item 1.12, item 1.14, item 1.15, paragraph 3.3(1)(f), paragraph 3.6(3)(a), item 7.1, item 9.1, item 11, item 16, and item 17.2 of Form 41-101F2 (see Amended NI 81-106, paragraph 9.4(2.1)(c)).

41. The list of items that need not be completed where Amended Form 81-101F1 is used as an AIF for investment funds not in continuous distribution, was expanded to include Part A, item 4.4, paragraph 4.17(1)(e), subsection 7(3) and subsection 7(4) (see Amended NI 81-106, paragraph 9.4(2.2)(c)). In addition, the instruction to ignore Part B, Item 11 was removed on the basis that it was not carried forward to the Amended Form 81-101F1.

Changes to 41-101CP

42. Section 5B.1 was added to provide assurance that a mutual fund granted an exemption to file a simplified prospectus prepared in accordance with Form 81-101F1 and an AIF prepared in accordance with Form 81-101F2 in lieu of a prospectus prepared in accordance with Form 41-101F2, may comply with such an exemption after the in-force date of the Amendments by filing a simplified prospectus in accordance with Form 81-101F1.

Changes to 81-101CP

43. Subsection 2.2(3) was added to provide assurance that a person granted an exemption from a requirement in Form 81-101F1 or Form 81-101F2 prior to the in-force date of the amendments, is exempt, after the in-force date of the amendments, from any substantially similar requirement in Form 81-101F1.

44. Subsection 2.2(4) was added to provide assurance that a person granted an exemption from a requirement in securities legislation prior to the in-force date of the amendments on the condition that certain disclosure be provided in an AIF prepared in accordance with Form 81-101F2, may, after the in-force date of the amendments, provide such disclosure in a simplified prospectus prepared in accordance with Form 81-101F1.

45. Section 8.2 was changed to replace the first two sentences with guidance that reflects the Amended Form 81-101F1, Part A, Item 4.2.

WORKSTREAM TWO

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 14-101

1. The proposed definition of "designated website" will not be added to NI 14-101. Instead, the definition of "designated website" of an investment fund was added to NI 81-106, and corresponding references to this definition were added in other instruments, where relevant.

Changes to NI 41-101

2. A reference to the definition of "designated website" found in NI 81-106 was added in section 1.1 of NI 41-101.

3. Item 19.13 of Form 41-101F2 was added to require that investment funds which prepare their prospectus or annual information form according to the requirements of this form identify a designated website.

Changes to 41-101CP

4. Subsection 5A.4(2) was modified to clarify that ETF fund profiles and up-to-date trading and pricing information for an ETF referenced in this subsection may be available on a website which is not the designated website.

Changes to NI 81-101

5. A reference to the definition of "designated website" found in NI 81-106 was added in section 1.1 of NI 81-101.

Changes to NI 81-102

6. A reference to the definition of "designated website" found in NI 81-106 was added in section 1.1 of NI 81-102.

Changes to NI 81-106

7. A definition of "designated website" of an investment fund was added to NI 81-106 following its removal from NI 14-101.

8. Proposed subsection 16.1.2(2) of NI 81-106 was modified in order to clarify that we wish to provide investment fund managers with the flexibility to delegate the establishment and maintenance of the designated website to third-party providers, and to clarify investment fund managers' responsibility in the case where the establishment and maintenance of the designated website is delegated.

9. Subsection 16.1.2(3) of NI 81-106 was added in order to clarify how the designated website should be designated.

Changes to 81-106CP

10. Changes were made in order to in order to clarify the CSA's expectations regarding the designated website. We have notably added guidance in new subsection (9) of section 11.1 to specify how the website should be designated, as well as guidance in new subsection (10) of section 11.1 to clarify that investment fund managers should consider the guidance concerning outsourcing found in Companion Policy 31-103 CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Changes to NI 81-107

11. A reference to the definition of "designated website" found in NI 81-106 was added in new section 1.8 of NI 81-107.

WORKSTREAM THREE

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 81-106

1. The proposed definition, “securityholder materials” in section 1.1 was not included in the Amendments.

2. The abbreviation of “National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*” to “National Instrument 54-101” was not pursued in subsections 5.1(3) and (4) to conform with current CSA drafting standards.

3. The proposed definition “securityholder” in proposed subsection 12.1(2) was not included in the Amendments and as a result the replacement of section 12.1 of NI 81-106 was not necessary since proposed subsection 12.1(1) is already present.

4. Proposed subsection 12.2.3(2) was revised to clarify that materials posted to a website must, for greater certainty, be posted in a way that meets certain usability thresholds.

5. Proposed section 12.2.4 was revised to more clearly distinguish between the obligations imposed on management of an investment fund, and those acting on their behalf, and other persons or companies.

Changes to 81-106CP

6. The second paragraph in subsection 8.2(1) was revised to state the following: “We expect that persons or companies that solicit proxies will only use notice-and-access for a particular meeting *where they have no reason to believe it is inappropriate or inconsistent* with the purposes of notice-and access to do so, taking into account factors such as…”. This change further clarifies the expectations around the use of notice-and-access by persons or companies that solicit proxies.

WORKSTREAM FOUR

No changes were made to the Proposed Amendments or Proposed Changes.

WORKSTREAM FIVE

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 81-102

1. In section 1.1 we added the words *"designated rating" means*, for greater clarity and made minor grammatical changes in appropriate places for greater clarity (e.g. changed "described in" to "referred to in").

2. In section 1.1 we added definitions for U.S. GAAP, U.S. AICPA GAAS and U.S. PCAOB GAAS which refer to the same meaning of each term as set out in section 1.1 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards.* These definitions have been added to further specify the acceptable auditing standards referred to in paragraph 2.5.1(2)(f).

3. In subsection 1.2(2.1) we changed the reference to section 2.5 to 2.5.1 for greater clarity. We also removed the section references to sections 9.4 and 10.4 of NI 81-102 as sections that would apply to investment funds that are not reporting issuers. This change was made due to the removal of the proposed codified exemption in subsections 9.4(7), 9.4(8), 10.4(6) and 10.4(7) of NI 81-102 for *in-species* transactions involving pooled funds, public funds and managed accounts for the reasons set out in the CSA Notice.

4. In section 2.5.1 we made drafting changes to subsection (1) to better specify and give clarity to the meanings of "significant interest" and "substantial security holder".

5. In section 2.5.1 we removed the requirement in paragraph (2)(d) for an underlying fund in a pooled fund on fund transaction to comply with NI 81-106. In its place, we added paragraph (2)(c) to specify that when an underlying fund is not a reporting issuer, the underlying fund must, among other conditions, prepare annual financial statements for the other fund's most recently completed financial year and obtain an auditor's report with respect to those statements, within 90 days after the end of that financial year.

6. In section 2.5.1 we added paragraphs (2)(e) and (2)(f) to specify the accounting preparation and auditing standards that apply to financial statements of an underlying fund in a pooled fund on fund transaction reliant on the exemption.

7. In section 2.5.1 we replaced "an objective price" in paragraph (2)(i) with "a price that equals the net asset value per security of the other fund".

8. In section 2.5.1 we adjusted the drafting of paragraph (2)(j) to provide greater clarity on when certain disclosure must be provided to an investor in a pooled fund that may invest in a related underlying fund.

9. In section 2.5.1 we changed the reference in now clause (2)(j)(viii)(B) to reference both audited annual financial statements and interim financial statements prepared by an underlying fund in a pooled fund on fund transaction. We removed the prior reference to interim financial reports.

10. We adjusted the drafting structure of section 2.5.1 so that subsection (3) clearly specifies that the investment fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to an investment fund that is not a reporting issuer when it purchases or holds securities of another investment fund if the other investment fund is a reporting issuer and the purchase or holding is made in accordance with section 2.5 of NI 81-102.

11. We adjusted the drafting structure of the related party underwriting exemption in subsection 4.1(4) to provide greater clarity by separating out the conditions applicable at the time of the investment and the conditions applicable during the 60-day period after the time of investment.

12. We removed the proposed exemption in subsections 9.4(7) and 9.4(8) of NI 81-102 to permit *in-species* purchases of securities among pooled funds, investment funds subject to NI 81-102 and managed accounts. The reasons for removal of this exemption are further explained in the CSA Notice**.**

13. We removed the proposed exemption in subsections 10.4(6) and 10.4(7) of NI 81-102 to permit *in-species* redemptions of securities among pooled funds, investment funds subject to NI 81-102 and managed accounts. The reasons for removal of this exemption are further explained in the CSA Notice.

Changes to NI 81-107

14. In section 1.1 we added subsections (3) and (4) to provide greater clarity on which sections of NI 81-107 also apply to an investment fund that is not a reporting issuer and which sections also apply in respect of a managed account.

15. We added references in paragraph 5.2(1)(b) to include in the list of transactions a manager may not proceed with unless they obtain IRC approval, the following transactions now codified in the Instrument:

    a) subsection 6.2(1) – investment fund purchases and holds of securities purchased over an exchange;
    b) subsection 6.3(1) – investment fund purchases and holds of non-exchange traded debt securities in the secondary market;
    c) subsection 6.4(1) – investment fund purchases and holds of long-term debt securities in the primary market;
    d) subsection 6.5(1) – investment fund or managed account purchases or sales of debt securities on a principal basis with a related dealer.

16. We revised the reporting requirement in now subsection 6.1(2.1) to remove the requirement on investment funds that are party to an inter-fund trade to keep records of the inter-fund transaction for *five years after the end of the financial year, the most recent two years in a reasonably accessible place.* This condition has been replaced with the requirement for each investment fund, or a portfolio manager on behalf of a managed account, to keep records in accordance with the record-keeping requirements applicable to registered firms set out sections 11.5 and 11.6 of NI 31-103.

17. We revised the drafting of subsections 6.1(2), 6.1(3), 6.1(4) and 6.1(5) for greater clarity and to better reflect the inclusion of an investment fund that is not a reporting issuer in each subsection.

18. We revised the drafting of section 6.2 for greater clarity and to better reflect the inclusion of an investment fund that is not a reporting issuer in the section.

19. We adjusted the drafting of previous paragraph 6.2(1)(b) to form its own subsection 6.2(2) and slightly modified the wording to provide greater clarity.

20. We revised the drafting structure of section 6.3 to provide greater clarity on the timing of when certain conditions apply to the transaction (e.g. at the time the investment is made, after the investment is made).

21. We amended now paragraph 6.3(2)(b) to provide a more specific reference to the definition of “designated rating” as it appears in paragraph (b) of the definition of same in NI 44-101. We note that this definition, as it appears in NI 44-101, also contemplates specific “designated rating organizations”. Additional guidance on this point has been added as Commentary 3 to section 6.3.

22. We revised the drafting structure of section 6.4 to provide greater clarity on the timing of when certain conditions apply to the transaction (e.g. at the time the investment is made, immediately after the investment is made, after the investment is made).

23. We amended now subparagraph 6.4(1)(a)(v) to provide a more specific reference to the definition of “designated rating” as it appears in paragraph (b) of the definition of same in NI 44-101. We also removed the specific reference to ‘designated rating organization’ given that it is contemplated by the definition of “designated rating” in NI 44-101. Additional guidance on this point has been added as Commentary 3 to section 6.4.

24. We revised now subsection 6.5(2) in this section to require each investment fund, or a portfolio manager on behalf of a managed account, to keep records in accordance with the record-keeping requirements applicable to registered firms set out in sections 11.5 and 11.6 of NI 31-103.

25. We revised the drafting structure of now subsection 6.5(3) to include a portfolio manager or a portfolio adviser of a managed account, and a managed account. Where appropriate, we also included references to an investment fund that is not a reporting issuer.

Changes to Commentary in NI 81-107

26. We added Commentary 5 to section 2.2 of NI 81-107 to relocate it from its previous location as Commentary 5 to the previous section 8.2 of NI 81-107 which has lapsed.

27. We added Commentary 5 to section 5.1 of NI 81-107 to relocate it from its previous location as Commentary 8 to the previous section 8.2 of NI 81-107 which has lapsed.

28. We replaced Commentary 9 to section 6.1 of NI 81-107 to set out our expectations for compliance with recordkeeping requirements on investment funds which engage in inter-fund trades. The recordkeeping requirements are set out in sections 11.5 and 11.6 of NI 31-103.

29. We added Commentary 3 to the new section 6.3 of NI 81-107 to provide guidance on use of the "designated rating" in the exemption, as that term is defined in paragraph (b) of its definition in NI 44-101.

30. We added Commentary 3 to the new section 6.4 of NI 81-107 to provide guidance on use of the "designated rating" in the exemption, as it is defined in paragraph (b) of its definition in NI 44-101.

31. We deleted Commentary 1 to section 7.2 of NI 81-107 as section 7.2 of NI 81-107 has lapsed.

32. We deleted Commentary 1 to section 8.2 of NI 81-107 as section 8.2 of NI 81-107 has lapsed.

Changes to NI 31-103, NI 45-106 and NI 81-106

33. We revised the definition of "designated rating" in section 1.1 of each of NI 45-106, NI 31-103 and NI 81-106 to remove the reference in each case to "*paragraph (b) of the definition of "designated rating""*. This change was made due to the repeal of paragraph (a) of the definition of "designated rating" in NI 81-102 by the Amendments. As a result of this repeal, there is no longer a 'paragraph (b)' in the definition of "designated rating" as it appears in section 1.1 of NI 81-102.

WORKSTREAM SIX

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 81-102

Part 5 – Fundamental Changes

1. The proposed amendment to subsection 5.4(2) was relocated to Workstream 7 for drafting reasons.

2. Subparagraph 5.3(2)(a)(iii) was amended to refer to the following provisions: subparagraph 5.6(1)(a)(i), clause 5.6(1)(a)(ii)(A), subparagraph 5.6(1)(a)(iii) and subparagraph 5.6(1)(a)(iv); subparagraph 5.6(1)(b)(i); paragraph 5.6(1)(c); paragraph 5.6(1)(d); paragraph 5.6(1)(g); paragraph 5.6(1)(h); paragraph 5.6(1)(i); paragraph 5.6(1)(j); and paragraph 5.6(1)(k). This was to reflect that securityholder approval of investment fund mergers will still be required.

3. Proposed clause 5.6(1)(a)(ii)(B) and proposed subparagraph 5.6(1)(b)(ii) were revised to replace the term "meeting materials" with a more precise reference to the information circular.

4. Amended subclause 5.6(1)(a)(ii)(B)(I) was added to clarify that the investment fund manager must reasonably believe that the transaction is in the best interest of the investment fund despite the differences.

5. Proposed clause 5.6(1)(a)(ii)(B) was amended to replace the reference to "best interests of security holders" with "best interests of the investment fund" to more closely align with the language used in statutory descriptions of investment fund managers' standard of care (see Amended subclause 5.6(1)(a)(ii)(B)(II)).

6. Amended clause 5.6(1)(b)(ii)(A) was added to clarify that the investment fund manager must reasonably believe that the transaction is in the best interest of the investment fund despite the tax treatment of the transaction.

7. Proposed clause 5.6(1)(b)(ii)(C) of NI 81-106 was amended to replace the reference to "best interests of security holders" with "best interests of the investment fund" to more closely align with the language used in statutory descriptions of investment fund managers' standard of care (see Amended subclause 5.6(1)(b)(ii)(B)(III)).

Changes to 81-102CP

Part 7 - Changes

8. Section 7.2 was replaced with revised guidance that reflects the amendments being made as part of Workstream 6.

WORKSTREAM SEVEN

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 81-102

Part 5 – Fundamental Changes

1. The chapeau of subsection 5.4(2) has been modified to explicitly indicate that the referenced "statement" is one that should be in an information circular. This amendment was originally to be made as part of the Workstream 6 amendments but is being made as part of Workstream 7 for drafting reasons (see Amended paragraph 5.4(2)(a)).

2. Proposed paragraph 5.4(2)(a.2) was amended to add a materiality threshold in respect of the information required to be provided pursuant to subparagraphs (i)-(iii) (see Amended clauses 5.4(2)(a)(iii)(A)-(D)) .

3. Proposed subparagraph 5.4(2)(a.2)(i) was amended to limit its application to executive officers and directors within the five years preceding the date of the notice or statement (see Amended clause 5.4(2)(a)(iii)(A)).

Changes to 81-102CP

Part 7 - Changes

4. Section 7.1 was repealed to reflect the amendments made as part of Workstream 7.

WORKSTREAM EIGHT

This document summarizes the changes we made to the Proposed Amendments and Proposed Changes in response to the comments received. We do not consider the changes to be material.

Changes to NI 41-101

1. Section 3C.2.2 was added to provide an exemption for the delivery of ETF Facts for subsequent purchases under a pre-authorized purchase plan or a portfolio rebalancing plan. This exemption is consistent with the exemption provided for the delivery of the Fund Facts for subsequent purchases under a pre-authorized purchase plan or a portfolio rebalancing plan in section 3.2.03 of NI 81-101.

2. Section 3C.2.3 was added to provide an exemption for delivery of ETF Facts for managed accounts and permitted clients. This exemption is consistent with the exemption provided for the delivery of Fund Facts for managed accounts and permitted clients in section 3.2.04 of NI 81-101.

3. Section 3C.2.4 was added to provide an exemption for the delivery of ETF Facts for automatic switch programs. This exemption is consistent with the exemption provided for the delivery of Fund Facts for automatic switch programs in section 3.2.05 of NI 81-101.

4. Section 3C.3 was amended to replace “3.C.2” with “3C.2, 3C.2.2 or 3C2.4” in subsection (1) to add reference to the exemptions for delivery of the ETF Facts in those sections.

5. Appendix F – ETF Facts Automatic Switch Program Information for section 3C.2.4 was added to NI 41-101. Appendix F is consistent with Appendix A to NI 81-101, with modifications made for the different form requirements for ETF Facts.

6. General Instruction (11) of Form 41-101F4 was amended to reference the section 3C.2.4 exemption. This amendment is consistent with the amendment to General Instruction (10) of Form 81-101F3.

Changes to NI 81-101

7. Paragraphs 3.2.01(4)(b) and (c) were amended to reflect the numbering of the final amendments to NI 81-101 that were published by the CSA on September 17, 2020.

8. Subparagraph 3.2.03(b)(i) was amended to remove “subject to paragraph (c)” to correct a technical drafting error.

9. Subparagraph 3.2.05(b)(i) was amended to remove “subject to paragraph (c)” to correct a technical drafting error.

10. The subparagraphs under paragraph 3.2.05(e) were reformatted and moved to Appendix A to NI 81-101 for ease of reference.

11. Subparagraph 3.2.05(e)(i) was deleted as it is redundant.

12. Subparagraph 3.2.05(e)(ix), now renumbered as subparagraph (h)(i) of Appendix A to NI 81-101, was amended to reference “highest management fees” rather than “highest fees” for clarification.

ANNEX B
SUMMARY OF PUBLIC COMMENTS AND CSA RESPONSES ON THE PROPOSED AMENDMENTS

BACKGROUND

This Annex is a summary of 22 comment letters received in respect of the September 12, 2019 publication for comment. A list of commenters is provided at the end of this Annex.

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GENERAL - SUPPORT

Issue	Comment	Response
CSA Burden Reduction Efforts Supported, Generally	Thirteen commenters support the CSA's efforts to reduce the regulatory burden on the investment fund industry. Several commenters identified the benefits of burden reduction initiatives and the detrimental impacts of undue regulatory burden: • One commenter noted that regulatory requirements that are no longer necessary or no longer serve their intended purpose impose compliance costs on firms and the economy in the form of reduced resources to allocate to growth opportunities, reduced competition and reduced efficiency. • One commenter noted that duplicative information requirements add cost and complexity, without corresponding value for investors and the market. • One commenter noted that regulatory requirements that no longer serve their intended purpose(s) or are no longer necessary, impose undue compliance costs on firms, waste resources and ultimately impact investors. • One commenter noted that the CSA's current focus on burden reduction presents the opportunity to provide streamlined, focused disclosure to investors as well as cost savings for investment fund managers and investment funds, that will ultimately lead to reduced costs for investors. • One commenter noted that mutual fund disclosure rules have grown into a complex framework, which includes certain duplicative items that add little value to retail investors who rely mainly on the advice of their dealer. • One commenter noted that the CSA's efforts will encourage lower cost investment options to be brought to the market • One commenter noted that research has demonstrated how difficult it can be for retail investors to interpret and understand the information they are given, and that it was pleased that CSA members are reviewing the disclosure regime to determine what information is most useful to investors. • One commenter noted that unnecessary burden not only adds operational and legal costs, but it also slows innovation within the fast-changing investment fund industry.	CSA Staff thank the commenters for supporting the CSA's decision to engage in burden reduction efforts.
Commenters Supportive of Proposal	Nine commenters expressed support for the Proposal: • One commenter noted that subject to the comments made in the body of this letter in respect of certain proposals, it believes that the Proposal would appropriately balance market efficiency with investor protection in a way that is	CSA Staff thank the commenters for their support. CSA Staff also note that revisions have been made to the Proposal to address commenter

	generally beneficial for the Canadian capital markets. • One commenter noted that it was generally supportive of the CSA's efforts to reduce burden via the Proposed Amendments. • One commenter noted that many of the workstreams set out in the Proposal represent a step forward in reducing regulatory burden for investment fund issuers and over time this should reduce regulatory compliance costs. • One commenter noted that while it generally supports the Proposed Amendments, it sees further opportunity to enhance the efficiency of the industry, while maintaining investor protection. • One commenter noted that it is very supportive of the Proposed Amendments and thanked the CSA for its hard work. • One commenter supports the Proposed Amendments but believes there are further changes that could be made to the listed workstreams, as well as additional areas that were not raised in the Proposal, that would benefit from a reduction of regulatory burden while maintaining investor protection. • One commenter noted that the Proposals are good first steps, but encouraged the CSA to streamline disclosure even further. • One commenter commended the CSA for the Proposal. • One commenter noted that while it was a lengthy wait for the Proposals, they are comprehensive and will be effective at reducing the regulatory burden for investment fund issuers which could result in cost savings for investors.	suggestions where appropriate, and that burden reduction efforts are underway with respect to distinct initiatives beyond those raised in the Proposal.
Support for Phased Approach	One commenter supported the CSA's desire to reduce regulatory burden through its phased approach.	CSA Staff thank the commenter for its support.
Support for Initiatives that will Reduce Burden for Financial Advisors and Clients	One commenter noted it was pleased to see that while the Proposed Amendments focus on reducing the burden for investment fund issuers, some of the Proposed Changes will also reduce the burden for financial advisors and their clients.	CSA Staff thank the commenter for its support.
Support for Harmonized Approach	Two commenters noted they were in favour of the harmonized approach the CSA has taken with respect to this consultation.	CSA Staff thank the commenter for its support.

GENERAL – QUESTION 1

Are there any areas that would benefit from a reduction of undue regulatory burden or streamlining of requirements, while preserving investor protection and market efficiency, which we should consider as part of Phase 2, Stage 2 (and onwards)? Please prioritize any suggestions you may have.

Issue	Comment	Response
Prospectus Documents		
Review Disclosure in Consolidated SP/AIF	One commenter suggested revisiting the content of the consolidated SP to assess the relevance of the disclosure to investors, registrants and regulators. One commenter suggested removing irrelevant or redundant disclosure in the consolidated SP.	The CSA reviewed the disclosure in the consolidated SP as part of its review of the comments received regarding Workstream One.
Long Form Prospectus Review	Six commenters suggested the CSA look at the long form prospectus requirements for ETF issuers to remove the duplication of information within that document.	CSA Staff note the suggestions.
Scholarship Plan Prospectus	One commenter suggested repealing requirements for disclosure in respect of Form 41-101F3, that are available in other regulatory documents.	CSA Staff note the suggestion.
Alternative Investment Fund Form of Prospectus	Three commenters suggested the CSA reconsider the requirement for alternative investment funds to be filed in a separate SP from conventional mutual funds. One of the commenters further noted that the point of sale disclosure document is the Fund Facts, which explicitly identifies alternative funds as such, and which has highlighted disclosure which describes how the investment strategies and asset classes utilized by an alternative fund differ from conventional mutual funds.	CSA Staff note the suggestions.
Base Shelf System	Two commenters noted the value of a base shelf system for investment fund prospectuses. • One commenter supported the OSC's consideration of options to adapt the shelf prospectus system to investment funds. • One commenter suggested that the prospectus filing system be changed to a regime similar to shelf prospectuses of public companies, and provided details on how such a system should function.	CSA Staff note the suggestions.
ETF Facts Review	One of the commenters suggested that the CSA re-assess the disclosure required in the ETF Facts and noted that the reassessment should focus both on the elimination of duplicative or unnecessary information within the long form prospectus itself and duplicative or unnecessary information contained across the various ETF disclosure documents.	CSA Staff note the suggestion.
Review of Fund Facts and ETF Facts Disclosure Regime	Several commenters suggested that the Fund Facts and ETF facts disclosure regimes be reviewed. • Two commenters suggested that the Fund Facts disclosure regime be reviewed as a whole, with one commenter suggesting that the ETF Facts disclosure regime be reviewed as well.	CSA Staff note the suggestions.

	• Three commenters suggested the CSA permit a fund to prepare a consolidated Fund Facts or ETF Facts that would include all series of that fund. • One commenter suggested that additional flexibility be built into the Fund Facts and ETF facts forms, with a view to allowing managers to remove information that is not applicable to a particular fund or series. • One commenter noted that investment holding information provided in Fund Facts documents are not current enough to aid in investor decision-making and should instead be provided through the designated website.	
Prospectus Filing Process		
Reduce Frequency of Prospectus Filings	Several commenters expressed support for less frequent prospectus filings, although one commenter suggested that regulators consider alternatives to less frequent renewals absent a concrete plan to ensure that the disclosure in the prospectus otherwise meets regulatory and investor expectations. Several different renewal periods were suggested should annual filings be eliminated. One commenter suggested 18 months; another commenter suggested two years; three commenters suggested two to three years; and one commenter suggested three years. Three commenters supported reducing the frequency of prospectus filings but did not suggest a specific renewal period length. Five commenters noted that the Fund Facts and ETF Facts should continue to be filed annually, even where the annual filing requirement is eliminated. Several commenters made suggestions regarding the placement of disclosure requirements needing frequent updating should annual filings be eliminated. Three commenters noted that that the continuous disclosure requirements in NI 81-106 could be relied upon with respect to timely amendments reflecting material changes. Two commenters noted that any information requiring annual updating could be moved to the designated website.	CSA Staff note the suggestions.
Prospectus Review Process	Several commenters suggested that the prospectus review process be improved: • One commenter suggested that staff should not raise substantive new requirements through guidance during the prospectus renewal process. • One commenter noted that the prospectus review process should be improved such that material comments should be provided as soon as possible in the process and be based on existing published regulatory positions. • One commenter suggested that when filing the simplified prospectus, if there are no comments	CSA Staff note the suggestions.

	on a filing, it would be preferable for the prospectus to be receipted immediately rather than the IFM receiving a "no-comment" letter and waiting 24 hours for a receipt. • One commenter suggested that the CSA adopt a service standard to complete their reviews of mutual fund prospectuses containing no novel issues within 30 calendar days. The commenter noted that the current OSC service standard is that OSC staff seek to complete their reviews of mutual fund prospectuses containing no novel issues within 40 working days 80% of the time. The commenter noted that this is approximately 60 calendar days, and that Form 81-101F3 and Form 41-101F4 currently require that prescribed time-sensitive information be not more than 60 days' old, which was determined to be achievable on the assumption that (i) mutual fund renewal prospectuses typically are filed slightly more than 30 calendar days' prior to their lapse dates in order to meet the deadlines set out in paragraphs 2.5(4)(a) of NI 81-101 and 62(2)(a) of the *Securities Act* (Ontario), and (ii) the review of those prospectuses by CSA staff typically do not require more than 30 calendar days to complete.	
Personal Information Forms		
Content of Personal Information Forms	Several commenters suggested examining the content of PIFs, including the method by which such content is updated. Two commenters suggested the CSA review the information collected through the PIF as part of its burden reduction work. Some commenters made specific suggestions in this regard. • One commenter recommended in particular that Item 9.C(ii) of the PIF be amended to only require an officer or director to disclose a settlement agreement entered into by an issuer if the officer or director was an officer or director of the issuer at the time the settlement was entered into. • Two commenters suggested implementing a method whereby updates applicable to various PIFs of a particular investment fund manager could be made at once without the need to file multiple PIFs containing the same update.	CSA Staff note the suggestions.
Reduce Frequency of PIF Filings	Several commenters made suggestions regarding the requirements around updating PIFs. • Two commenters suggested removing the requirement to refile a new PIF every 3 years. • One commenter suggested only requiring material updates be made to the original PIF that was filed.	CSA Staff note the suggestions.
Method of Filing PIFs	Three commenters suggested considering online filings for PIFs, with two commenters noting that it should be similar to the process for the Form 3 of the TSX. One commenter noted that the different	CSA Staff note the suggestions.

	methods of filing PIFs between exchanges and securities regulators exacerbates burden.	
Multi-Use PIFs	One commenter suggested unifying the forms of PIFs with the TSX PIF and the NEO Exchange PIF, so that there is only one document being used for the same individual regardless of where the documents are filed.	CSA Staff note the suggestion.
Continuous Disclosure		
Review of Investment Fund Continuous Disclosure Regime	Several commenters suggested that the investment fund continuous disclosure regime be reviewed: • Five commenters suggested reassessing the investment fund continuous disclosure regime generally. • Two commenters specifically identified quarterly portfolio disclosure, MRFPs and financial statements as needing review, with another commenter noting that the quarterly portfolio disclosure should be removed on the basis that it is redundant with the interim MRFP and monthly reports published by financial data providers. • One commenter noted that the review should seek to eliminate or reduce the extent and frequency of required financial disclosures. • One commenter supported removing duplicative requirements from all continuous disclosure documents and assessing the relevance of the disclosure to investors. • One commenter suggested considering whether continuous disclosure documents are still as beneficial to investors and advisors as they were previously, especially given reporting requirements under CRM2. Several commenters suggested that the investment fund offering document disclosure regime be reviewed, more generally: • Two commenters suggested removing duplicative information across documents (either as a general concept or specifically noting the prospectus and Fund Facts or ETF Facts) or within the same document. • One commenter suggested a focus on the key elements of disclosure that are meaningful to investors in investment funds, and the removal of any historic disclosure requirements that are not tailored to investment funds and were intended for other securities.	CSA Staff note the suggestions.
MRFP	Several commenters provided suggestions in respect of the MRFP: • One commenter suggested maintaining both the annual and interim MRFP but streamlining them. • Two commenters suggested eliminating the MRFP. One commenter suggested making changes to the investment fund continuous disclosure requirements to either eliminate the MRFP and interim financial statements or,	CSA Staff note the suggestions.

	alternatively, to eliminate the interim MRFP and financial statements, and streamline the annual MRFP. One commenter suggested eliminating the MRFP or alternatively permitting delivery of the MRFP through the designated website, replacing the annual MRFP with a streamlined version of the interim MRFP, and deleting the interim MRFP requirement. • Four commenters suggested deleting the interim MRFP requirement. One commenter added that the interim financial statement requirements should be eliminated, and another commenter added that the annual MRFP be streamlined as well. • One commenter suggested considering what changes could be made to the annual and interim MRFP to increase its relevance to investors. • Two commenters only noted that a review take place. One commenter noted that the extent and frequency of the information required to be disclosed by the MRFP and financial statements be reviewed, and another commenter noted that the MRFP should be rethought and streamlined. • One commenter noted that Item 2.1 (Investment Objectives and Strategies) should be deleted from the MRFP on the basis it is duplicated in other disclosure documents.	
Quarterly Portfolio Disclosure	One commenter suggested that investment fund issuers that provide portfolio transparency more frequently than quarterly should not also be required to publish the QPD.	CSA Staff note the suggestion.
Financial Reporting Requirements	One commenter suggested making certain changes to financial reporting requirements to align with the direction of the International Accounting Standards Board, including addressing regulatory overlap and inconsistencies.	CSA Staff note the suggestion.
Auditor Review of Interim Financial Statements	Two commenters suggested eliminating the requirement to have interim financial statements reviewed by the investment fund's auditor where they are incorporated by reference in the prospectus renewal after the filing of the interim MRFP.	CSA Staff note the suggestions.
Information Circular	Two commenters suggested creating a form of information circular that is tailored to investment fund issuers.	CSA Staff note the suggestions.
Exemptive Relief		
Codification of Relief	Several commenters made suggestions regarding the codification of relief. • Some commenters focused on the timeliness of codification. Seven commenters suggested the CSA improve its process to codify routinely granted relief more quickly. One commenter suggested that codification of routinely granted exemptive relief should be considered at regular intervals. One commenter noted that where	CSA Staff note the suggestions.

	codification takes place, the focused nature of any proposed amendment and the application history that led to the amendment should result in a quicker rulemaking process than usual. One commenter noted that the CSA should consider adopting, as an internal policy, a threshold number of applications that would trigger a review by the CSA as to whether codification of particular exemptive relief should be proposed. The commenter suggested the number be three or four applications where the same relief has been sought and been granted with the same or similar conditions. One commenter noted that where the CSA grants exemptive relief and anticipates other market participants will request it as well, it should extend the relief to other market participants as quickly as possible, whether through codification, a blanket exemption order, or some form of "no-action" letter equivalent to what was done in the context of OSC Staff Notice 91- 703. • Some commenters focused on the thresholds that should be applied when determining what relief to codify. One commenter noted that the CSA consider granting codified relief that has been provided to investment funds multiple times in a given period. One commenter suggested the CSA consider codifying sets of relief that have been provided multiple times recently. • Some commenters focused on the interaction between codified relief and previously granted relief. One commenter noted that the CSA should ensure the codification does not impose more stringent conditions than those imposed in the exemptive relief. One commenter noted that the CSA should always provide issuers the flexibility to rely on the codified relief or an issuer's existing relief, provided it does not contain a sunset provision. One commenter noted that where exemptive relief is codified but an applicant requires exemptive relief to modify one or two of the codified conditions, that such application be reviewed on an expedited basis. • Some commenters focused on the types of exemptive relief that should be codified. One commenter noted it is beneficial to codify common exemptive relief. One commenter suggested the CSA consider codifying other routinely granted exemptive relief [besides those addressed in the September 2019 publication for comment], such as those under National Instrument 81-105 *Mutual Fund Sales Practices*. One commenter recommended codifying relief that has not yet been widely obtained. One commenter suggested that codifying existing relief is not sufficient to reduce regulatory burden, as most registrants who require relief already have it. • Some commenters supported the use of codification rather than exemption precedents. One commenter noted that it was disappointed to see references in the OSC's Burden Reduction	

	report to the development of "exemption precedents", which will still require individual firms to apply for the relief, which will be granted in the ways consistent with the exemption precedents, and urged the CSA to continue to codify relief, as opposed to requiring funds and their managers to seek individual relief. • One commenter recommended adopting measures to prevent the codification from becoming obsolete, and adopting a principles-based approach to codification. • One commenter noted that the CSA may well find that it is preferable in some cases to continue to grant exemptions on an individual basis. Some commenters made suggestions regarding the exemptive relief process as a whole. • One commenter noted that the CSA should allow accelerated review and approval of an exemptive relief application that is substantially identical to two recent precedent applications for which an order granting the requested relief has been issued within two years of the application date. • One commenter suggested the CSA consider an expedited review process, provide industry relief more quickly, or consider an approach similar to the issuance of no action letters by the SEC as more effective alternatives to codification. • One commenter suggested that where relief is repeatedly given, the CSA should promptly communicate this to registrants.	
Blanket Relief	Six commenters suggested the CSA issue blanket industry relief for exemptive relief, and one commenter noted it was pleased that the Ontario government announced its support to an amendment to Ontario's *Securities Act* to grant the Ontario Securities Commission authority to issue blanket orders. Several commenters provided suggestions as to when blanket relief should be issued. • One commenter suggested it be granted where the same relief has been granted three or four times with the same or similar conditions. • Two commenters suggested it be granted where the same relief has been granted two or more times within a two-year period.	CSA Staff note the suggestions.
Delivery		
Access Equals Delivery	Several commenters suggested permitting access equals delivery, although they differed in respect of the types of documents that should be permitted to be delivered in this manner: • Ten commenters suggested permitting access equals delivery for continuous disclosure documents. • Three commenters suggested permitting access equals delivery for all regulatory documents	CSA Staff note the suggestions.

	including continuous disclosure documents and Fund Facts. One commenter suggested that the CSA continue to monitor whether access equals delivery for Fund Facts and ETF Facts is something that could be contemplated in the future. • One commenter suggested permitting access equals delivery for continuous disclosure documents and prospectuses. • Two commenters suggested permitting access equals delivery for the annual and interim MRFPs and financial statements, although one of those commenters only cited them as examples. • One commenter suggested explicitly allowing electronic delivery and electronic access to investors via the designated website, but suggested the CSA categorize or clarify which disclosure found on the website must be pushed to investors or potential investors and which information can be available only on demand from the designated website. • One commenter suggested eliminating the requirement to provide investors with financial statements or alternatively permitting access equals delivery for those financial statements. One commenter cautioned against moving towards an access equals delivery model. The commenter noted that while a change to an "access equals delivery" model may reduce costs by eliminating print and postage, it would also reduce investor engagement with disclosure communications. The commenter also noted that it may be a misconception that digital availability is a cost-cutting measure as there are costs associated with maintaining a website (infrastructure upgrades, usability updates, content maintenance, privacy and security protocols, etc.). The commenter noted that any proposed amendments should take the opportunity to increase investor engagement with disclosure communications and build on the principle of pushing the information directly to investors, not requiring investors to search for fund information. The commenter also noted that greater cost savings are available under current rules and guidance without a change in the delivery default simply by making it easier for investment funds to use targeted digital communications options that are currently available.	
Electronic Delivery	One commenter suggested the CSA permit the electronic delivery of the annual financial statements as well as annual management reports of fund performance.	CSA Staff note the suggestion.
Fund Facts and Trade Confirmation Delivery	One commenter suggested moving to a principles-based rule for exempting Fund Facts and trade confirmation delivery where the investor does not make the investment decision.	CSA Staff note the suggestion.

Annual Notices	Several commenters made suggestions regarding annual notices: • One commenter suggested eliminating the need for opt-in cards, annual instructions and annual reminder of standing instructions and redemption process. • Two commenters suggested replacing the existing regime that requires investment fund issuers to either mail materials to unitholders or to seek standing instructions or annual instructions from unitholders. • One commenter suggested that the annual reminders delivered under subsections 5.2(5) of NI 81-106 and 10.1(3) of NI 81-102 be permitted to be delivered via the designated website. • Two commenters suggested that if an access equals delivery regime were implemented, the need for opt-in cards, annual instructions or annual reminders of standing instructions would be eliminated.	CSA Staff note the suggestions.
Notice-and-Access	Two commenters suggested wider use of the notice-and-access approach to deliver documents, with one commenter specifically noting as an example, annual financial statements and MRFPs.	CSA Staff note the suggestions.
Guidance		
Review of CSA Staff Guidance	One commenter suggested reviewing, updating, rationalizing and, where appropriate, deleting guidance that is no longer relevant. The commenter also requested that the CSA put out harmonized guidance and engage in a discussion about what constitutes guidance. Another commenter suggested that all guidance be included only in either National Instruments or companion policies.	CSA Staff note the suggestions.
Rule-Making Outside the Formal Process	One commenter noted that the CSA is engaging in creating new requirements for the investment funds industry without using the rule-making process through means including: (a) comments made by CSA staff in the course of reviewing prospectuses; (b) comments made by CSA staff during or following desk and field audits of specific issues; (c) CSA staff notices; (d) informal publications such as the OSC's *Investment Funds Practitioner*; and (e) positions taken during enforcement proceedings. The commenter further noted that this results in negative consequences, and should be discontinued. The commenter also noted that any published guidance should only provide industry participants with confirmation when various practices are sufficient to meet the requirements of securities legislation, and should not preclude other possible interpretations of securities law requirements, nor trigger adverse consequences for industry participants that choose not to follow that guidance.	CSA Staff note the suggestion.

Focused Amendments to NI 81-102		
NI 81-102, Operational Requirements	One commenter suggested that operational requirements under NI 81-102 could be modernized, streamlined and updated to reduce needless impediments to smooth and efficient investment fund operations.	CSA Staff note the suggestion.
NI 81-102, Subscriptions and Redemptions	One commenter suggested that the rules in Parts 9 and 10 of NI 81-102 governing subscriptions and redemptions should be re-evaluated for ETFs, including with a view to a less rigid and more principles- and risk-based approach to settlement that will afford ETF managers a reasonable measure of discretion in the subscription and redemption process, in a manner that is consistent with their fiduciary obligations.	CSA Staff note the suggestion.
NI 81-102, Designated Ratings Framework	One commenter suggested that the "designated rating" framework under NI 81-102 is overly rigid, over-reliant on ratings agencies and extremely burdensome to comply with in practice, and that the designated ratings rules should be revised to adopt a more principles-based, and less of a prescriptive, approach to assessing risk.	CSA Staff note the suggestion.
NI 81-102, Single Custodian Requirement	One commenter suggested that the CSA reconsider the requirement in Part 6 of 81-102 for investment funds to appoint a single custodian for portfolio assets.	CSA Staff note the suggestion.
NI 81-102, Derivatives Rules	One commenter suggested that the derivatives rules in NI 81-102 are outdated and difficult to apply in practice, and should be reviewed in light of the proposed business conduct and registration regime applicable to over-the-counter (OTC) derivatives.	CSA Staff note the suggestion.
NI 81-102, Illiquid Asset Definition	One commenter suggested that the definition of "illiquid assets" in NI 81-102 would benefit from redrafting in order to clarify the amount of illiquid assets that can be held by a mutual fund, and to more appropriately capture OTC traded securities.	CSA Staff note the suggestion.
NI 81-102, Compliance Reports	One commenter suggested that the Compliance Reports required by Part 12 of NI 81-102 are an unnecessary burden that should be repealed.	CSA Staff note the suggestion.
NI 81-102, Sales Communications	One commenter suggested that several elements of Part 15, NI 81-102 be reviewed: • clarify expectations regarding section 15.3 and simplify its drafting; • simplify section 15.4 and adopt plain language wording; • clarify expectations regarding section 15.6; • incorporate CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers*; • include a new section on non-financial information, which would address concerns raised by ESG investment funds.	CSA Staff note the suggestions.

NI 81-102, Securityholder Approval for Pre-Approved Fund Mergers	One commenter suggested allowing pre-approved fund mergers to proceed without securityholder approval.	CSA Staff note the suggestion.
Focused Amendments to NI 81-107		
Interaction Between Securities Legislation and NI 81-107	One commenter suggested that provisions in securities legislation made redundant by NI 81-107 should be eliminated.	CSA Staff note the suggestion.
NI 81-107, IRC Framework	One commenter suggested that the CSA should review the IRC framework under NI 81-107.	CSA Staff note the suggestion.
Material Changes		
Risk Ratings	One commenter suggested that the CSA should reconsider its approach to the treatment of risk ratings under NI 81-106, and noted that at the very least, risk rating changes should no longer be treated as deemed material changes.	CSA Staff note the suggestion.
Requirement to file Material Change Report	Two commenters suggested eliminating the requirement to file a material change report, noting that information that is essential to an investor related to any material change of an investment fund, will be disclosed in the press release and prospectus amendment.	CSA Staff note the suggestions.
Other		
Coordinated Approach to Burden Reduction	Two commenters suggested that the CSA continue to work together on burden reduction initiatives, including those being investigated by the OSC as part of its work in response to the comments received on OSC Staff Notice 11-784 *Burden Reduction*.	CSA Staff note the suggestions.
Ongoing Policy Initiatives	One commenter noted that it had previously submitted comments in response to ongoing CSA initiatives and noted that it understood its prior submissions would be considered as part of the CSA's review of regulatory burden. One commenter noted that it looked forward to seeing the product of decisions and recommendations outlined in the OSC's November 2019 publication entitled *Reducing Regulatory Burden in Ontario Capital Markets*.	The CSA aims to consider in its burden reduction efforts, submissions made as part of other CSA initiatives, and as part of the burden reduction initiatives of individual CSA jurisdictions.
Title Regulation	One commenter stated that the CSA should consider lending support to government initiatives in Ontario and Saskatchewan that will restrict the titles of "financial advisor" and "financial planner".	CSA Staff note the suggestion.
Operational Efficiencies	One commenter suggested the CSA continue seeking opportunities to reduce regulatory burden through operational efficiencies in its processes.	CSA Staff note the suggestion.
SEDAR Form 6 Requirement	Four commenters suggested eliminating the SEDAR Form 6 requirement found in subsection 4.3(3) of National Instrument 13- 101 *System for Electronic Document Analysis and Retrieval (SEDAR)*. One of the commenters noted that if the CSA does not wish to eliminate the requirement altogether, it should consider accepting scanned copies or conformed signatures, instead of requiring couriered originals.	CSA Staff note the suggestions.

Separate Disclosure Regimes for ETFs and Conventional Mutual Funds	Two commenters suggested that there be consideration of whether it is necessary to maintain different disclosure regimes for ETFs and (conventional) mutual funds.	CSA Staff note the suggestions.
ETF Specific Burden Reduction Initiatives	Several commenters noted that the CSA should focus on the ETF regulatory regime in its future burden reduction efforts: • Two commenters suggested corresponding burden reduction changes to the regulatory regime applicable to ETFs, including the relevant forms, to reflect the proposals regarding mutual funds. • One commenter suggested that future stages of Phase 2 of the CSA's burden reduction initiative for investment funds include ETF-specific initiatives, including with respect to continuous disclosure obligations and prospectus regime provisions, among other proposals.	CSA Staff note the suggestions.
Financial Literacy	One commenter suggested that the CSA should enhance the regulatory framework in such a way that industry has the ability to improve consumers' financial literacy, whether through the use of technology or greater flexibility for plain language documents.	CSA Staff note the suggestion.

GENERAL – QUESTION 2

With the exception of Workstreams 1, 2 and 3, the Proposed Amendments and Proposed Changes do not introduce any new requirements for investment funds. Instead, we are either removing requirements or introducing exemptions that are permissive in nature. As a result, we do not contemplate any prolonged transition period following the in-force date of the proposals. Are there any specific elements of the Proposed Amendments and Proposed Changes which investment funds and their managers would require additional time to comply with? If so, please explain why and provide suggestions for an appropriate transition period.

Issue	Comment	Response
Quick Adoption Overall	Three commenters supported quick adoption of the Proposed Amendments and Proposed Changes. Two of those commenters added that they would exempt Workstream 1 from this statement, and one of the commenters noted that funds and their managers should be afforded adequate time to implement the changes. One commenter supported a six-month transition period for Workstreams besides Workstream 2.	CSA Staff agree with quick adoption of Workstreams 3-8. Regarding Workstreams 1 and 2, CSA Staff have set out that those Workstreams will come into effect shortly after Workstreams 3-8. However, in respect of Workstreams 1 and 2, the CSA are providing that before September 6, 2022, an investment fund is not required to comply with the amending instruments of those Workstreams, where certain conditions are met, as set out in the Coming into Force/ Exemption section of the Notice.
Workstream 1 Transition Periods	Commenters suggested several different transitional periods for Workstream 1: • Three commenters suggested a transition period of at least 12 to 18 months from final publication, with two of the commenters specifically noting that investment funds would thereafter adopt the changes in their next renewal. • Two commenters suggested a transition period of at least 8 months from final publication, with investment fund issuers adopting the consolidated SP at the next filing or regular renewal after that time. • Four commenters suggested a transition period of at least six months from final publication. • One commenter suggested that mutual funds whose lapse date is within 6 months of the final publication of the proposals be allowed to opt to move to the consolidated prospectus either at the next or subsequent renewal	See response above.
Workstreams Involving Codification of Exemptive Relief	Several commenters made specific suggestions regarding the implementation of Workstreams involving the codification of exemptive relief: • One commenter suggested that if grandfathering is not permitted, a 180-day transition period be	See response above.

	provided to assess the effect of the proposed codifications and to make the required changes in internal processes and controls. • Another commenter noted that the removal of regulatory requirements and the introduction of exemptions that are permissive in nature do not require a prolonged transition period following the in-force date of the proposals, assuming that for the codification of frequently granted exemptive relief, current relief will not immediately expire upon the in-force date of the new rule. • Another commenter noted that the issue had not been addressed in Workstream 5.	
Workstream 2 Transition Period	One commenter suggested a transition period of one year for Workstream 2.	See response above.

GENERAL - OTHER

Issue	Comment	Response
Move Forward on Initiatives Subject to a Consensus	One commenter suggested the CSA move forward as fast as possible on initiatives that are subject to a consensus.	CSA Staff agree.
Permit Reliance on Existing Exemptive Relief	Four commenters suggested the CSA "grandfather" or continue existing exemptive relief. The commenters noted several different reasons for this: • Two commenters noted that not permitting grandfathering will require registrants to incur time and expense in amending their processes to comply with the standardized relief that has been codified. • One commenter noted that relief orders are often fact specific, and requiring investment funds to go back and analyze past relief to ensure it falls within the parameters of the new codified version will create more burden, and not reduce burden for investment funds that have existing relief. • One commenter noted that there may be sections in certain relief documents that are not covered by the new rules contained in the Proposed Amendments.	The Amendments reflect the conditions of recently granted relief and will maintain a consistent standard across the industry for funds seeking to engage in the same activity. It remains open to investment fund managers to apply for exemptive relief where their particular circumstances may warrant doing so.
Proposal Should Have Focused on Other Areas	One commenter noted that the Proposal should have targeted several long-standing industry requests that would have minimal effect on investors but yield more significant industry savings.	CSA Staff appreciate the feedback and are targeting additional areas for burden reduction.
Improve Disclosure Such that it Better Distinguishes Between Dividends and Return of Capital	One commenter suggested that investors should receive clearer disclosure as to whether distributions received from investment funds are dividends or return of capital.	CSA Staff note the commenter's views.

WORKSTREAM ONE – SUPPORT

Issue	Comment	Response
Support for Consolidation of AIF into SP for Mutual Funds in Continuous Distribution	Eleven commenters supported consolidation of the AIF into the simplified prospectus for mutual funds in continuous distribution. Several commenters provided their rationale: • One commenter noted that the change is desirable given the overlap in disclosure between the simplified prospectus and AIF as well as the introduction of the Fund Facts and ETF Facts disclosure documents. • One commenter noted that some elements of disclosure required in an AIF do not provide incremental benefit to investors. • One commenter noted that investors may find greater utility in relying on the Fund Facts document.	CSA Staff thank the commenters for their support.

WORKSTREAM ONE – QUESTION 3

As described in footnotes 3 to 5 of the Notice, certain specific requirements from the existing Form 81-101F1 and Form 81-101F2 were not carried over into the proposed Form 81-101F1. Do you support or disagree with these changes? If so, please explain.

Issue	Comment	Response
Footnotes 3 to 5	Five commenters supported the changes noted in footnotes 3 to 5 of the Notice. One commenter agreed with removal of existing prescribed prospectus disclosure that was not included in the Consolidated SP. One commenter did not comment on footnote 3, but noted that in respect of footnote 4, the information from Form 81-101F2, Item 11.1 *Principal Holders of Securities*, subsections (3)-(4) was acceptable to delete but the information from subsections (5)-(6) should be reinserted. The commenter agreed with the changes noted in footnote 5.	CSA Staff thank the commenters for their support. Regarding one commenter's suggestion to reinsert information from Form 81-101F2, subsections 11.1(5)-(6), the CSA remains of the view that the information required by these subsections is not of sufficient benefit to justify the significant time and cost associated with producing it.
Part B Introduction	Two commenters suggested reinserting Form 81-101F1, Part A, Item 13, *Part B Introduction*. One commenter noted that this would enhance the ability to disclose common issues across the Part B sections.	CSA Staff prefer to maintain a single Part B Introduction section, and note that Amended Form 81-101F1, Part B, subsection 2(3) states for a multiple SP, at the option of the mutual fund, include any information that is applicable to more than one of the mutual funds.
Start Date of Mutual Fund and Type of Securities	One commenter believed that the start date of the mutual fund and type of securities were deleted (and was supportive of such a move).	CSA Staff note that Amended Form 81-101F1, Part B, subsection 8(2) requests the start date of the mutual fund and Amended Form 81-101F1, Part B, Item 7 requests a description of the securities offered by the mutual fund. CSA Staff also note that these were present in the Proposed Amendments as well.
Illustration of Fund Expenses Indirectly Borne by Investors	One commenter agreed with deletion of Form 81-101F1, Part B, Item 13.2, (Illustration of Fund Expenses Indirectly Borne by Investors).	CSA Staff thank the commenter for its support.
Transaction Price Based on Next Calculated NAV	One commenter noted that disclosure that the transaction price is based on the next calculated NAV of the fund was deleted and did not support such a change.	CSA Staff note that this disclosure is included in Amended Form 81-101F1, Part A, subsection 7(1), ("state that the issue and redemption price of those securities is based on the mutual fund's net asset value of a security of that

		class, or series of a class, next determined after the receipt by the mutual fund of the purchase order or redemption order”). CSA Staff also note that this was present in the Proposed Amendments as well.

WORKSTREAM ONE – QUESTION 4

Are there any disclosure requirements from the proposed Form 81-101F1 that are redundant or unnecessary and that can be removed or modified without impacting investor protection or market efficiency? If so, what are the reasons why the disclosure requirements should be removed or modified and how will investor protection and market efficiency be maintained? Are there any significant cost implications associated with sourcing the required disclosure? If so, please explain. Please comment in particular on the proposed Item 4.14 (Ownership of Securities of the Mutual Fund and the Manager) of Part A and whether it should be narrowed in scope or removed entirely.

Issue	Comment	Response
Further Reduction of Disclosure Requirements in Proposed SP Required	Eight commenters noted that there should be further reduction of disclosure requirements in the proposed Form 81-101F1 (**Proposed Form 81-101F1**). Several commenters provided specific areas of focus: • Two commenters noted that the document should be critically reassessed to determine which information is immaterial or irrelevant to an investor, a registrant or the regulator in the context of an investment fund. • Three commenters noted that where information is relevant only to the regulator, it should be provided through different means, and that with respect to relevant information that is provided as at a point in time, investment fund issuers should be given the flexibility to provide it through the designated website. • One commenter noted that repetitive and redundant disclosures should be eliminated. • One commenter noted that the Proposed Form 81-101F1 should be streamlined together with the disclosure provided in the Fund Facts to ensure that, to the greatest extent possible, the disclosure is meaningful, is not duplicative, is in a reasonable and appropriate order, is as simple as possible, and includes as few data points as possible that would need to be updated on a periodic basis. • One commenter noted that the content of the Proposed Form 81-101F1 should be revised in terms of necessity, materiality, and relevance to the investor. • One commenter noted that any disclosure that duplicates information found in other disclosure documents should be removed, as should any disclosure that is not relevant or meaningful to an investor's purchase decision. • One commenter noted that the Proposed Form 81-101F1 should not include any information which is of marginal use to investors or which is substantially repeated in other documents. The commenter also noted that remaining time-sensitive information in the Proposed Form 81-101F1 should instead be moved to the financial statements or MRFPs.	CSA Staff assessed each disclosure item on a case by case basis and considered, as appropriate, the commenters' views.
General Principles for Review of Proposed Form 81-101F1	Several commenters noted that the disclosure in the Proposed Form 81-101F1 should be reviewed with certain principles in mind: • One commenter suggested that irrelevant or redundant disclosure requirements need to be	CSA Staff assessed each disclosure item on a case by case basis and considered, as appropriate, the commenters' views.

	removed, and specifically suggested removal of requirements that are difficult to produce and generally not meaningful to an investor's decision to purchase, sell or hold securities of a fund. • One commenter suggested that the existing disclosure be reviewed from the perspective of what investors would find meaningful. • One commenter suggested removing information that is not material and pertinent to an investor's purchase decision. • Two commenters suggested removing disclosure that is duplicative in nature and already provided to investors in accordance with other regulatory disclosure requirements. • One commenter suggested the CSA prepare a mock simplified prospectus using the Proposed Form 81-101F1, and review it alongside a typical Fund Facts document to make sure that the disclosure items are as streamlined (non-duplicative), simplified, and evergreen as possible • Three commenters suggested that time-sensitive information not be included in the Proposed Form 81-101F1, with one of the commenters noting that such information rapidly becomes stale upon being made public.	
Proposed Form 81-101F1, Separate Part A and B Sections	One commenter questioned whether it was necessary to maintain separate Part B documents for each mutual fund, which will be bound separately with Part A disclosure. The commenter noted that the catalogue approach for Part B disclosure was to allow investors to easily consider the disclosure for each fund, which seems less important now that there are Fund Facts for each series of the fund. The commenter suggested instead introducing comprehensive tables of information covering all the applicable funds.	CSA Staff are of the view that the structure proposed by the commenter would likely be difficult for investors to navigate, read and understand, particularly where a simplified prospectus is drafted in respect of a large number of mutual funds.
Order of Disclosure	Two commenters suggested changes to the order of disclosure provided in the Proposed Form 81-101F1: • One commenter suggested that the order of the disclosure to be provided in the Proposed Form 81-101F1should not be dictated or mandated by the CSA. The commenter also noted that comparability between funds included in a simplified prospectus has become less important since the introduction of the Fund Facts regime and the shift of the simplified prospectus to a background document available to investors seeking more information about a fund they are considering investing in. • One commenter suggested the order of items in the Proposed Form 81-101F1be revised with a view to having the most relevant points at the front of Part A of the document.	CSA Staff are of the view that a consistent order should be maintained across the Part A and Part B sections of the Amended Form 81-101F1 to assist investors and other users in locating information in an efficient and predictable manner. CSA Staff are also of the view that the order of disclosure items in the Amended Form 81-101F1 is appropriate.
Relax Form Requirements	Four commenters noted that the stringent form requirements of the Proposed Form 81-101F1 should be relaxed. Several commenters provided their rationale:	CSA Staff are of the view that the existing Form requirements make it easier for investors to

	• One commenter noted that this should be the case given it is no longer the primary disclosure document for investors. • One commenter noted that this flexibility will permit an investment fund to provide investors with other information or disclosure it feels necessary, that is outside of the strict form requirements of the Proposed Form 81-101F1. One commenter suggested that the relaxation be achieved through the following means: removal of paragraph 4.1(2)(e) of NI 81-101 so that the Proposed Form 81-101F1 may include nonprescribed information; and modification of subsections (6) and (12) of the General Instructions to Proposed Form 81-101F1 such that they apply only to Items 3, 4, 5, 6 and 9 of Part B of the Proposed Form 81-101F1 so that the template of the Part B information currently included in the Proposed Form 81-101F1 is preserved.	compare simplified prospectus documents of different mutual funds and assist in the regulatory review process. CSA Staff note that Amended Form 81-101F1 permits the inclusion of additional information in Part A, Item 13 and Part B Item 11. CSA Staff do not agree that the requirement in NI 81-101, paragraph 4.1(2)(e) should be eliminated or revised to permit any disclosure deemed necessary by the investment fund, given concerns regarding the appropriateness, length and scope of information that might be included should limitations be eliminated.
Proposed Form 81-101F1, Part A, Items 4.1-4.20	One commenter suggested removing certain sections of Proposed Form 81-101F1, Part A, Items 4.1-4.20 (such as Items 4.2, 4.3, 4.6, 4.10, 4.13) and replacing it with an organization and management chart, that would provide an overview of the entities responsible for the management of a fund, on the basis that additional information is not material to investors.	CSA Staff reviewed the disclosure requirements contained in Proposed Form 81-101F1, Part A, Item 4 in conjunction with commenter suggestions and determined whether any requirements can be removed, on a case by case basis. CSA Staff note that the remaining information is material, and that the instructions to the Amended Form 81-101F1 do not prohibit the addition of a chart to improve investor understanding for this Item.
Proposed Form 81-101F1, Part A, Subsections 4.2(2), (3), (4) and Item 4.6	One commenter suggested that Proposed Form 81-101F1, Part A, subsections 4.2(2), (3), (4) and item 4.6 be removed for several reasons: the information is not relevant to the investment decision of mutual fund investors; the information requires, in some organizations, considerable effort to collect and maintain; the information may raise privacy concerns for some of the named individuals; and the information is available to the CSA through other means.	CSA Staff are of the view that this disclosure is valuable to investors but have streamlined the disclosure required.
Proposed Form 81-101F1, Part A, Item 4.3	Several commenters suggested removing all or specific parts of Proposed Form 81-101F1, Part A, Item 4.3:	CSA Staff are of the view that disclosure about the Portfolio Manager is

	• One commenter suggested that Proposed Form 81-101F1, Part A, Item 4.3 be removed as it does not provide relevant information to investors, unless the investment fund is managed by a high-profile adviser. The commenter also noted that if the requirement is maintained, whether the identity of the adviser is material should be determined in the IFM's discretion. The commenter also noted that the information could be posted to the proposed designated website. • One commenter suggested removing from the Proposed Form 81-101F1, Part A, paragraph 4.3(3)(b) on the basis that it is onerous to compile each year and transcribe into a mutual fund's simplified prospectus, information for all of the individual portfolio managers that may make investment decisions for the mutual fund. The commenter also noted that this information is not useful to investors. One commenter suggested removing Proposed Form 81-101F1, Part A, subsection 4.3(3) on the basis that information about the individual portfolio manager responsible for managing the portfolio of a fund is generally not meaningful to investors. The commenter also noted that to the extent investors find value in this information, it should be made electronically available on the investment fund manager's designated website.	valuable to investors, particularly those investing in actively managed products, and should remain in Amended Form 81-101F1, Item 4 given the specific purpose of that section to describe key entities with responsibility for a mutual fund's operation. CSA Staff, however, have removed Proposed Form 81-101F1, Part A, paragraph 4.3(3)(b) on the basis that the benefit of the disclosure is not justified by the significant effort required to assemble it. A requirement to name individuals referenced and provide their titles has, however, been added to the disclosure requirement that was in paragraph (a).
Proposed Form 81-101F1, Part A, Subsection 4.4(3)	One commenter suggested that Proposed Form 81-101F1, Part A, subsection 4.4(3) be deleted on the basis that the general disclosure regarding brokerage arrangements is sufficient.	CSA Staff are of the view that this disclosure requirement is not burdensome, as it is only required to be produced when specifically requested by investors, and because a mutual fund likely maintains records of the information in any event.
Proposed Form 81-101F1, Part A, Subsection 4.6(7)	One commenter noted that Part A, Subsection 4.6(7) of the Proposed Form 81-101F1 should refer to the ultimate designated person and chief compliance officer of the manager not the mutual fund.	CSA Staff agree.
Proposed Form 81-101F1, Part A, Item 4.9	Two commenters suggested that Proposed Form 81-101F1, Part A, Item 4.9 be removed on the basis that the information it requests is irrelevant now that records are generally electronic.	CSA Staff note that the requirement need only be completed if applicable.
Proposed Form 81-101F1, Part A, Item 4.13	Two commenters proposed changes to Proposed Form 81-101F1, Part A, Item 4.13: • One commenter suggested that Proposed Form 81-101F1, Part A, Item 4.13 be removed on the basis that section 4.4 of NI 81-107 already requires funds to file and post their IRC Report annually, which contains more comprehensive information. • One commenter noted that Part A, subsections 4.13(1) or 4.13(2) of the Proposed Form 81-	CSA Staff are of the view that Amended Form 81-101F1, Part A, Item 4.12 provides useful summary-level information for investors on governance practices of a mutual fund as well as on IRCs. CSA Staff are also of the view that the disclosure

	101F1 should be modified to include a brief description of the IRC, or a detailed description, but not both.	contextualizes related filings on SEDAR such as the IRC Report to Securityholders. CSA Staff have, however, consolidated Proposed Form 81-101F1, Part A, subsection 4.13(1) into Proposed Form 81-101F1, Part A, subsection 4.13(2).
Proposed Form 81-101F1, Part A, Subsection 4.14(2)	Several commenters suggested that Proposed Form 81-101F1, Part A, subsection 4.14(2) be deleted, for several different reasons: • Nine commenters suggested deletion on the basis that this information is not meaningful to investors in a mutual fund. • One commenter noted that the requirement would make the simplified prospectus significantly longer and more challenging to navigate. • Two commenters noted that the information is stale dated once available and obtaining the information for the disclosure requires a significant allocation of resources, particularly given it must be within 30 days of the date of the simplified prospectus. • One commenter noted that obtaining, processing and vetting the information is very time consuming. • One commenter noted that the information is made less useful because individual investors are anonymized. • One commenter noted that the information is burdensome to produce and is provided in the information circular when there is a meeting of securityholders, which is when this information would be relevant. Several commenters identified specific reasons why the disclosure regarding mutual fund ownership should be removed: • Five commenters noted that this disclosure alerts the investor to ownership concentration issues within the fund such that if there is a large holder and that holder redeems, that could have an adverse impact on the fund. The commenters noted, however that investors are already alerted to this risk through the disclosure required by Proposed Form 81-101F1, Part A, subsection 9(2). • One commenter noted that the disclosure raises investor privacy concerns. • One commenter noted that unlike a public company where a significant ownership position could influence the management of the public company and affect the outcome of a take-over bid, no such considerations apply in the mutual fund context. Another commenter also noted that there are no takeover threats in the mutual fund context.	CSA Staff note the commenters' views and have deleted the disclosure requirement.

	• Two commenters noted that class or series level information is only relevant if there is a vote to be conducted on a class or series level basis, but that this information would be disclosed on a class or series level basis in the information circular. • One commenter noted that if the requirement is maintained, it should be revised such that instead of listing every single person/company that holds 10 percent of a series or class, investment fund issuers be permitted to provide the information in aggregate as a summary table. Several commenters identified specific reasons why the disclosure regarding manager ownership should be removed: • One commenter noted that disclosing the ownership of the manager of a mutual fund may involve disclosing non-public proprietary information regarding the manager, with little associated benefit to investors. • One commenter noted that if there is a policy desire to require disclosure of real or perceived conflicts of interest or potential conflicts of interest, Item 4.14 of the Proposed Form 81-101F1 could be changed to require only such disclosure of 10% holders where more than 10% of any class or series of voting securities is held by the manager (including directors and officers of the manager) or its affiliates, or by any other investment fund managed by the manager.	
Proposed Form 81-101F1, Part A, Subsection 4.15(3)	Two commenters proposed changes to Proposed Form 81-101F1, Part A, Item 4.15: • One commenter suggested that Proposed Form 81-101F1, Part A, subsection 4.15(3) be deleted on the basis that the information requested is unnecessarily detailed. • One commenter noted that Part A, subsection 4.15(3) of the Proposed Form 81-101F1 should refer only to “executive officers”.	CSA Staff have deleted subsection (3) of the specified disclosure requirement on the basis that Amended Form 81-101F1, Part A, Item 4.13, subsections (1)-(2) provide sufficient disclosure for an investor to be able to assess the presence of a conflict without the need for more specific information.
Proposed Form 81-101F1, Part A, Subsection 4.17(5)	Two commenters suggested that Proposed Form 81-101F1, Part A, subsection 4.17(5) be removed. One of them noted it should be removed on the basis that proxy-voting details are disclosed pursuant to NI 81-106.	CSA Staff have removed the requirement on the basis that proxy-voting details are disclosed pursuant to Part 10, NI 81-106 and given the restrictions in subsection 2.5(6), NI 81-102.
Proposed Form 81-101F1, Part A, Subsection 4.17(6)	One commenter suggested removing Proposed Form 81-101F1, Part A, subsection 4.17(6) on the basis that it is not helpful to investors, especially in light of the requirement to provide copies of the complete proxy voting policies and procedures for the Funds upon request, and given the requirement to annually post proxy voting records for each of the Funds.	CSA Staff are of the view that the disclosure should be maintained, as policies and procedures on proxy voting are of interest to investors, particularly in the context of ESG mutual funds.

Proposed Form 81-101F1, Part A, Subsections 4.18(2) and (3)	One commenter suggested that information required by Proposed Form 81-101F1, Part A, subsections 4.18(2) and (3) be either deleted or moved to the annual financial statements (in the case of any amounts paid by the mutual fund to its directors) or annual IRC report (in the case of any amounts paid by the mutual fund to its IRC members).	CSA Staff are of the view that a prospective purchaser may find this information valuable. CSA Staff are also of the view that keeping the information intact, together and within Amended Form 81-101F1, Part A, Item 4 is appropriate.
Proposed Form 81-101F1, Part A, Subsection 4.20(3)	One commenter suggested removing Proposed Form 81-101F1, Part A, subsection 4.20(3) on the basis that it requires that if the manager receives a demand letter relating to the business or operations of a Fund, it needs to make a disclosure in its simplified prospectus. The commenter also noted that determining whether to include disclosure of a demand letter requires a detailed analysis of disclosure obligations which is a burden that should be relieved, as it adds expense and risk for the manager, and is not meaningful to investors.	CSA Staff are of the view that disclosure of this nature is valuable to a prospective purchaser but have added an explicit materiality threshold in Amended Form 81-101F1, Part A, subsection 4.18(3).
Proposed Form 81-101F1, Part A, Item 8 Instruction	One commenter noted that the Instruction to Part A, Item 8 of the Proposed Form 81-101F1 should remove references to “foreign content monitoring plans” (an irrelevant and outdated reference) and “U.S. dollar purchase plans” (which is a purchase feature described in Item 7).	CSA Staff have deleted the reference to foreign content monitoring plans. CSA Staff have also deleted the reference to U.S. dollar purchase plans on the basis that such disclosure can be captured in Amended Form 81-101F1, Part A, subsection 7(4) where all available purchase options are described. An instruction has been added to Amended Form 81-101F1, Part A, subsection 7(4) to confirm that disclosure regarding currency purchase plans can be made in that subsection.
Proposed Form 81-101F1, Part A, Item 14; Part B, Subsection 5(7); and Part B, Item 6	Several commenters suggested changes to disclosure requirements having to do with exemptive relief: • One commenter suggested that Proposed Form 81-101F1, Part A, Item 14 be revised to mirror the more narrow requirement in Proposed Form 81-101F1, Part B, subsection 6(2) on the basis that the broader requirement requests disclosure that is not relevant to an investor’s purchase decision and is broader than the disclosure requirement under the current Form 81-101F2, subsection 4(2).	CSA Staff note that Amended Form 81-101F1, Part A, Item 14 is consistent with the disclosure requirement in the current Form 81-101F2, Item 23. CSA Staff are also of the view that an investor may wish to know about exemptions from, or approvals under, securities requirements beyond just those having to do with investment restrictions.

	• One commenter noted that Part A, Item 14 and Part B, subsection 6(2) of the Proposed Form 81-101F1 should be harmonized to ensure that only one requires a mutual fund to disclose the exemptive relief the mutual fund has obtained from investment restrictions in NI 81-102. • One commenter suggested rationalizing the following sections of the Proposed Form 81-101F1 that concern investment restrictions: Part A, Item 14; Part B, subsection 5(7); and Part B, Item 6.	Amended Form 81-101F1, Part A, Item 14 is intended to capture disclosure common across all funds in the simplified prospectus. Amended Form 81-101F1, Part B, subsection 6(2) remains in place for disclosure specific to a particular mutual fund. CSA Staff have moved Proposed Form 81-101F1, Part B, subsection 5(7) (restrictions on investments adopted by a mutual fund beyond what is required under securities legislation) to follow Amended Form 81-101F1, Part B, subsection 6(2) (approvals to vary restrictions and practices in securities legislation). CSA Staff maintained Proposed Form 81-101F1, Part A, Item 14.
Proposed Form 81-101F1, Part B, Subsections 2(3) and (4)	One commenter noted that Proposed Form 81-101F1, Part B, subsection 2(4) of the be deleted, and subsection 2(3) be expanded to include any information that would be repeated by more than one mutual fund in its Part B.	CSA Staff agree and have consolidated the two subsections.
Proposed Form 81-101F1, Part B, Item 3, Instruction 1	One commenter suggested that Proposed Form 81-101F1, Part B, Item 3, Instruction 1 should be removed as the requirement to provide the date on which the mutual fund started is no longer required.	CSA Staff note that the date on which the mutual fund started was required in Proposed Form 81-101F1, Part B, subsection 8(2) and is still required in Amended Form 81-101F1, Part B, subsection 8(2). Accordingly, the instruction has been moved to that section.
Proposed Form 81-101F1, Part B, Item 4	One commenter noted that Proposed Form 81-101F1, Part B, Item 4 should remove reference to “securities of another mutual fund” in Instruction (1) and reference to “primarily through the use of derivatives” in Instruction (3) on the basis both are immaterial to an investor and may create an unnecessary regulatory burden for a mutual fund to obtain securityholder approval to change its investment objectives if its approach to investing in other mutual funds or using derivatives changes in the future.	CSA Staff disagree and are of the view that where a mutual fund intends to achieve its investment objectives by investing in other investment funds or derivatives, such information should form part of the investment objectives.
Proposed Form 81-101F1, Part B, Subsection 5(5)	One commenter suggested that information required by Proposed Form 81-101F1, Part B, subsection 5(5) be removed on the basis that current disclosure of a portfolio turnover rate exceeding 70% is potentially misleading because it can be due, in whole or in part,	CSA Staff deleted the requirement on the basis that Form 81-106F1, Part B, Item 3.1 (Financial Highlights) requests data

	to the mutual fund experiencing significant net purchases or net redemptions of its securities, rather than any particular investment strategy involving a high rate of portfolio turnover. The commenter also noted that the principal consequence of a high portfolio turnover rate is that the mutual fund's portfolio trading costs may be greater than that of another mutual fund with a lower portfolio turnover rate, and that consequence is reflected in the trading expense ratio included in the mutual fund's Fund Facts. The commenter also noted that higher portfolio turnover rate does not change how the mutual fund or its securityholders are taxed, and does not change the mutual fund's distribution policy.	on portfolio turnover rate in a table that must be accompanied by explanatory information regarding the significance of that data. CSA Staff also deleted the requirement on the basis that Form 81-101F3, Part II, subsection 1.3(2) requests data about the trading expense ratio which in part reflects the portfolio turnover rate, since a higher portfolio turnover rate increases trading costs payable by a mutual fund.
Proposed Form 81-101F1, Part B, Subsection 6(2)	One commenter suggested that Proposed Form 81-101F1, Part B, subsection 6(2) be relocated to Part A or Part B, Item 2.	Amended Form 81-101F1, Part A, Item 14 is intended to capture exemptions and approvals disclosure common across all mutual funds in the simplified prospectus. CSA Staff maintained Proposed Form 81-101F1, Part B, subsection 6(2) for disclosure specific to a particular mutual fund.
Proposed Form 81-101F1, Part B, Item 8	Two commenters suggested that Proposed Form 81-101F1, Part B, Item 8 be deleted either in whole or in part. • One commenter recommended that Proposed Form 81-101F1, Part B, Item 8 be removed in its entirety on the basis that it is not material to an investor's purchase decision and the majority of the information is available on an investment fund's SEDAR profile. • One commenter suggested that information required by Proposed Form 81-101F1, Part B, subsections 8(4) and 8(5) be deleted on the basis that the information required by such items is historical in nature, can often run many pages in length, is of minimal relevance to investors in a mutual fund, and is available in the mutual fund's continuous disclosure record.	CSA Staff are of the view that this disclosure is of significance to an investor and that it would be unreasonable to expect an investor to piece it together through a detailed review of a mutual fund's SEDAR filings.
Proposed Form 81-101F1, Part B, Subsection 9(2)	Three commenters suggested that Proposed Form 81-101F1, Part B, subsection 9(2) be removed, though for different reasons: • One commenter suggested the removal on the basis that it is adequately addressed through risk factor disclosure related to large investors, and also because the quantification is generally not relevant to the mutual fund investor and is stale dated by the time it is published. • One commenter suggested removal on the basis that the disclosure is difficult to compile and transcribe into the prospectus and is of minimal use to investors. That commenter also noted that	CSA Staff are of the view that this disclosure should remain, as it provides valuable information to an investor on sources of liquidity risk, which as noted in *CSA Staff Notice 81-333 Guidance on Effective Liquidity Risk Management for Investment Funds*, is an issue of key importance to the CSA and

	it understood that the CSA have required this disclosure in the past to alert investors of the potential risk of a large redemption order by a large securityholder, but the commenter was of the view such a risk is minimal because securities legislation already requires mutual funds to invest at least 85% of their assets at all times in liquid investments in order to ensure its ability to fund large redemptions should they occur, and many mutual fund companies have implemented procedures requiring additional notice from investors seeking to request a large redemption so as to provide the mutual fund with additional time to liquidate assets in an orderly manner. The commenter also noted that a mutual fund also can experience a large volume of redemptions at any time from smaller securityholders. The commenter noted that it would be sufficient if the Proposed Form 81-101F1 merely included a general risk factor that large redemptions can occur at any time. • One commenter suggested removal on the basis that the information is difficult to produce, not meaningful to investors, and stale dated when an investor has access to it. The commenter also noted that the purpose of this disclosure can be more appropriately achieved in the specific risk disclosure.	other financial industry regulators.
Proposed Form 81-101F1, Part B, Subsection 9(7)	Four commenters suggested that Proposed Form 81-101F1, Part B, subsection 9(7) be removed, though for different reasons: • Two commenters noted that the information is adequately addressed through disclosure of a concentration risk factor, is generally not relevant to the mutual fund investor, and is stale dated by the time it is published. • One commenter noted that the information requested is onerous to compile and transcribe, and is of marginal use to investors because NI 81-102 already regulates the circumstances in which the CSA permit a mutual fund to hold securities of an issuer representing more than 10% of the mutual fund's net asset value and the information also is potentially misleading since it is backward-looking. The commenter suggested that the required disclosure be replaced with generic disclosure that any mutual fund may, from time to time in the certain circumstances permitted under Canadian securities legislation, have more than 10% of its assets invested in a single issuer, together with the risks associated with such concentrated investments. • One commenter suggested removal on the basis that the information is difficult to produce, not meaningful to investors, and stale dated when an investor has access to it. The commenter also noted that the purpose of this disclosure can be more appropriately achieved in the specific risk disclosure.	See above.

Proposed Form 81-101F1, Part B, Item 11	Four commenters suggested that Proposed Form 81-101F1, Part B, Item 11 be removed on the basis that it duplicates disclosure also found in the Fund Facts and ETF Facts.	CSA Staff have removed the requirement and note that Proposed Form 81-101F1, Part B, Item 11, Instructions (1) and (2) are not duplicated in Form 81-101F3, Part I, Item 7 (Suitability), but all other elements are. Regarding Instructions (1) and (2), CSA Staff note that risk rating information provided pursuant to Form 81-101F3, Part I, subsection 4(2) is an acceptable substitute.

WORKSTREAM ONE – QUESTION 5

As an alternative to complete removal, are there any disclosure requirements from the proposed Form 81-101F1 that could be relocated to another required disclosure document or to the proposed "designated website" for investment funds, while still maintaining investor protection and market efficiency? If so, why should these disclosure requirements be relocated and where should they be relocated to? Please comment in particular on any of the following proposed Items:

a. Part A, Item 4 (Responsibility for Mutual Fund Operations);
b. Part A, Item 7 (Purchases, Switches and Redemptions);
c. Part A, Item 8 (Optional Services Provided by the Mutual Fund Organization);
d. Part B, Item 8 (Name, Formation and History of the Mutual Fund).

Issue	Comment	Response
Disclosure Standard to All Investment Funds	One commenter suggested that disclosure that is standard to all investment funds and not specific to the investment fund being contemplated for purchase by an investor (e.g. valuation of portfolio securities) could be moved to the designated website.	CSA Staff disagree.
Point-in-Time Disclosure	One commenter suggested that disclosure provided at a point-in-time could be moved to the designated website.	CSA Staff will investigate migration of prospectus disclosure to the designated website as part of a separate stage of the current burden reduction initiative and will consider the commenter's views at that time.
Non-Material Disclosure	One commenter suggested that that non-material disclosure could be moved to the designated website.	CSA Staff have aimed to remove all non-material disclosure in its entirely from Amended Form 81-101F1.
Disclosure not Necessary or Helpful to Making an Investment Decision	One commenter suggested that any disclosure not necessary or helpful to making an investment decision be either removed or relocated to the designated website.	CSA Staff have sought to remove unhelpful disclosure in its entirety from Amended Form 81-101F1.
Proposed Form 81-101F1, Part A, Item 4	Several commenters suggested relocating Proposed Form 81-101F1, Part A, Item 4 to the designated website either in whole or in part: • One commenter suggested moving Proposed Form 81-101F1, Part A, Item 4 to the designated website in its entirety. • One commenter noted that certain disclosure from this Item (such as Items 4.2, 4.3, 4.6, 4.10, 4.13, and 4.14) be relocated to the designated website if not deleted entirely. • One commenter suggested that the disclosure in Proposed Form 81-101F1, Part A, Items 4.2 to 4.13, 4.14 and 4.17 be relocated to the designated website. • One commenter suggested that if disclosure from the Proposed Form 81-101F1, Part A, Items 4.3 and 4.14(2) are not removed entirely, they could be posted to the designated website.	CSA Staff will investigate migration of prospectus disclosure to the designated website as part of a separate stage of the current burden reduction initiative and will consider the commenters' views at that time.

	• One commenter suggested that the following requirements of Proposed Form 81-101F1, Part A, Item 4 be relocated to the website: item 4.1, item 4.2, paragraph 4.3(1)(2)(3)(a), and items 4.6, 4.8, 4.9, 4.11, 4.13, 4.14, 4.17, 4.18 and 4.20.	
Proposed Form 81-101F1, Part A, Item 7	One commenter suggested that disclosure from the Proposed Form 81-101F1, Part A, Item 7 be relocated to the designated website. Another commenter suggested that it remain in the Proposed Form 81-101F1.	CSA Staff are of the view that the prospectus document remains the most appropriate location for this key operational disclosure.
Proposed Form 81-101F1, Part A, Item 8	One commenter suggested that disclosure from the Proposed Form 81-101F1, Part A, Item 8 be relocated to the designated website. Another commenter suggested that it remain in the Proposed Form 81-101F1.	See above.
Proposed Form 81-101F1, Part B, Item 8	Four commenters suggested that disclosure from the Proposed Form 81-101F1, Part B, Item 8 be relocated to the designated website, although one of the commenters noted that this should occur only if the disclosure is not deleted entirely.	CSA Staff are of the view this disclosure should be maintained and will investigate migration of prospectus disclosure to the designated website as part of a separate stage of the current burden reduction initiative. CSA Staff will consider the commenters' views at that time.
Proposed Form 81-101F1, Part B, Item 11	One commenter suggested that Proposed Form 81-101F1, Part B, Item 11 be relocated to the designated website if not removed entirely.	CSA Staff deleted the requirement, as noted in the responses to Consultation Question 4.
Relocating Disclosure to the Proposed Designated Website Will Increase Burden	One commenter noted that relocating disclosure to another document or to the proposed designated website will not reduce burden for investment fund managers. The commenter noted that burden would be increased by investment fund managers having to create a new process to review both prospectus and website disclosure when going through an annual renewal project or relevant amendment. The commenter also noted that it did not generally believe that it is a good idea to split out disclosure relating to key features of a fund, as disclosure in these sections can be important to understanding the products offered by a manager, and therefore, it would not be appropriate to remove the disclosure from the prospectus. The commenter also noted that moving language over from the prospectus would also result in some duplication, since the website disclosure would require some context before disclosing, for example, optional services offered by the manager.	CSA Staff will investigate the migration of prospectus disclosure requirements to the designated website as part of a separate stage of the current burden reduction initiative and will consider the commenters' views at that time.

WORKSTREAM ONE – QUESTION 6

The proposed Item 7(2) of Part A of Form 81-101F1 requires a description of the circumstances when the suspension of redemption rights could occur. We are considering, however, whether to require specific disclosure in the prospectus regarding any liquidity risk management policies that have been put in place for the investment fund. This would include a list of any liquidity risk management tools that have been adopted as permitted by securities regulations, along with a brief description of how and when they will be employed and the effect of their use on redemption rights. Would the prospectus be the most appropriate place for this type of disclosure, or are there other alternatives that we should consider?

Issue	Comment	Response
Important Disclosure to Include	Two commenters appeared to support disclosure regarding liquidity risk management. • One commenter noted that liquidity management is a critical component of the investment management services offered by investment funds that are offered for sale to the retail public, and that thought should be given to how to make associated disclosure helpful and relevant for an investor so that it does not simply summarize policies and procedures. • One commenter noted that a fund's liquidity is a vital part of the investment decision, and that it is important for an investor to understand what tools may be employed by the manager, (as well as when and how), as that has a direct bearing on an assessment of liquidity risk.	CSA Staff note the importance of liquidity risk management to mutual fund operations and consequently to investors. CSA Staff are not proposing to implement any associated disclosure requirements at present but will review the need for additional disclosure as part of a distinct initiative.
Possible Placement on Designated Website	One commenter suggested that the disclosure could be placed on the designated website.	CSA Staff note the commenter's suggestion. CSA Staff are not proposing to implement any associated disclosure requirements at present but will review the need for additional disclosure as part of a distinct initiative
Any Required Disclosure Should be High Level and Permit Confidentiality	One commenter suggested that to the extent that the disclosure is required, it should be permitted to be high-level and allow the portfolio manager to maintain the confidentiality of strategic portfolio management decisions and the conditions according to which those decisions could be triggered.	See above.
Any Disclosure Premature	One commenter suggested that it may be premature to consider such disclosure as discussions continue regarding liquidity risk management practices.	See above.
Not Aligned with Burden Reduction Mandate	Two commenters suggested that adding a new requirement to describe liquidity risk management policies would not reduce regulatory burden and therefore should not be pursued as part of the Proposed Amendments and Proposed Changes.	See above.
Consultation Required	Two commenters noted that introduction of a new requirement to describe liquidity risk management policies should be preceded by a comprehensive public consultation.	See above.

WORKSTREAM ONE – QUESTION 7

The current prospectus disclosure rules were drafted at a time when inventories of physically printed prospectuses were required to satisfy prospectus delivery requirements. In recognition of this, flexibility exists in terms of how to deal with amendments to avoid significant costs that might be associated with having to reprint large quantities of commercially prepared copies of the prospectus. With the transition to delivery of the Fund Facts and the ETF Facts documents in place of the prospectus, along with the advent of print-on-demand technology and electronic delivery, is it still necessary to maintain this flexibility? Would it be less burdensome for investment funds and investment fund managers to follow the approach taken with the Fund Facts document and ETF Facts document by requiring that all amendments be in the form of an amended and restated prospectus, prepared in accordance with the proposed Form 81-101F1? Why or why not?

Issue	Comment	Response
Opposition to Requirement	Several commenters were opposed to requiring that all amendments to the Proposed Form 81-101F1 be in the form of an amended and restated simplified prospectus, for a number of different reasons: • Six commenters noted it would increase regulatory burden. • Three commenters noted it would be costly and one of those commenters noted it would be difficult. • One commenter noted that it would be time consuming. • Two commenters noted that there would be no corresponding investor benefit. • One commenter noted that the proposal would be akin to triggering a prospectus renewal process every time a material change occurs. • One commenter noted that simple amendments are often easier for investors to read and are more efficient and cost effective for investment funds. • One commenter noted it was not aware of investor confusion over the way prospectuses are amended, and did not believe this is an area of concern where there is a problem to fix. • One commenter suggested the proposal might risk pushing investment fund managers to interpret material changes very narrowly, contrary to the best interests of the investing public.	CSA Staff note the commenters' views and are not pursuing a change to the format of amendments at this time.
Provide Flexibility	Five commenters noted that the investment fund issuer should have the flexibility to determine which approach works best in the specific context of the amendments required.	See above.
Standalone Amendments Valuable	One commenter noted that it is easier for investors to spot the changes to their fund or funds in a standalone amendment, as opposed to an amended and restated document. Another commenter expressed similar views. One commenter noted that some amendments can be described in only a few lines.	See above.
Situation not Comparable to that Involving Fund Facts	One commenter noted that the effort and costs expended to create an amended and restated Fund Facts with each amendment cannot be compared to	See above.

	the effort and costs required to create an amended and restated simplified prospectus. Another commenter noted that the requirement to only amend and restate a Fund Facts (as opposed to merely amend the Fund Facts) makes sense because Fund Facts are purposefully compact, with very tight space limitations. The commenter further noted that allowing investment fund managers to amend those documents would necessitate a separate page of disclosure, which wouldn't make any sense relative to the alternative of simply amending and restating.	
Expedited Amendment Review Process	One commenter suggested that the CSA consider implementing an expedited review process for amendments to aid investment fund issuers to obtain a receipt for these filings more quickly.	CSA Staff note that an expedited timeline (including a shorter comment period) currently exists for prospectus amendment reviews. There is no proposal to further expedite the timeline at the moment.
Conditional Support	One commenter noted that it would only support the proposal if its other comments on Workstream One were adopted. Otherwise, it would oppose the proposal on the basis that it would require that mutual funds update a significant amount of time-sensitive information each time simplified prospectus is amended and restated, which would be more burdensome than current securities legislation.	See above.

WORKSTREAM ONE – QUESTION 8

Item 11.2 (Publication of Material Change) of NI 81-106 sets out requirements that an investment fund must satisfy where a material change occurs in its affairs. Can these requirements be streamlined or modified in any way while maintaining investor protection and market efficiency?

Issue	Comment	Response
Delete Material Change Report Requirement	Eleven commenters suggested that the requirement to prepare and file a material change report be deleted, for several different reasons: • Five commenters noted that the prescribed information for a material change report is the same as its related press release and one noted it is similar. • Two commenters noted that for a prospectus-qualified investment fund, the material change will be reflected in an amendment to the prospectus. • One commenter noted that the material change report does not add any information that the press release and prospectus amendment do not already disclose. • One commenter noted that press releases are filed on SEDAR, and another commenter suggested that the press release could be posted to the designated website. • One commenter noted that eliminating the material change report requirement would serve to reduce costs to funds and their managers, as some CSA members charge a filing fee for material change reports. • One commenter noted that material change reports are irrelevant in the context of mutual funds and that unlike a public company that files a short form prospectus and incorporates by reference its material change reports into its short form prospectus, there is no equivalent incorporation by reference in a mutual fund prospectus since the mutual fund prospectus is, instead, amended following each material change.	CSA Staff will investigate material change reporting requirements as part of a separate stage of the current burden reduction initiative and will consider the commenters' views at that time.
CSA Positions on Scope of Material Change Need Revision, Generally	One commenter noted that certain positions stated by the CSA regarding the scope of a material change for an investment fund are incorrect and should be changed.	See above.
CSA Position on Portfolio Adviser Change as Material Change Needs Revision	One commenter noted that a change to the portfolio adviser of an investment fund is not material to investors unless the investment fund represented that the portfolio adviser is uniquely qualified to achieve the investment fund's objective, and that the CSA defer to the manager on whether a change of the portfolio adviser to a mutual fund is considered to be material in the circumstances.	See above.

CSA Position on Risk Rating Change as Material Change Needs Revision	Two commenters also noted that a change to a mutual fund's risk rating, by itself, should not constitute a material change. One of the commenters noted that risk ratings are generally prominently reflected on the website for a given fund, and are included in the ETF Facts, and that this disclosure ought to be sufficient. The other commenter suggested that the CSA (i) delete the reference to risk ratings currently in subsection 2.7(2) of 81- 101CP, and (ii) add to NI 81-101 and Form 81-101F3 a requirement to disclose in the Fund Facts a change that the manager anticipates will occur to the mutual fund's risk rating in the future as a result of a recent material change to the mutual fund. The commenter noted that in this way, when a manager makes a material change to a mutual fund, the amendment to its Fund Facts would include the anticipated impact of that change on the mutual fund's risk rating in the future.	See above.
Retain Material Change Reports	One commenter noted that material change reports are still helpful and should be retained as a requirement. The commenter added that it was not aware of any significant burdens imposed by the requirements in section 11.2 of NI 81-106.	See above.

WORKSTREAM ONE – QUESTION 9

Will any exemptive relief decisions be rendered ineffective as a result of the repeal of Form 81-101F2? If so, are there any transitional issues that need to be considered? Please explain.

Issue	Comment	Response
Unknown Without Further Investigation	Three commenters noted that each relief order must be reviewed by the recipient of the relief to determine whether there are transitional issues to be considered. Another commenter noted it was pursuing such an analysis but had not noted anything yet.	CSA Staff have no intention of negating a market participant's ability to rely on exemptive relief that includes a representation or condition that certain disclosure be included in the AIF, by implementing Workstream 1. CSA Staff are of the view that any such requirements could generally be satisfied by making the necessary disclosure in the Amended Form 81-101F1. Subsection 2.2(4) has been added to 81-101CP to express this view.
Suggested Format for Disclosure of Positive Findings Regarding Exemptive Relief Rendered Ineffective as a result of the repeal of Form 81-101F2	One commenter suggested that positive findings be disclosed via an additional paragraph in Item 13 of Part A or Item 12 of Part B.	See above.
Extension of Current Exemptions	One commenter suggested that the final version of the Proposals include confirmation that (i) any exemptive relief previously granted from a requirement prescribed by Form 81-101F1 or Form 81-101F2 continues to apply to any substantively similar requirement prescribed in the Amended Form 81-101F1, and (ii) any exemptive relief previously granted from a requirement in securities legislation that is subject to a condition prescribing disclosure in the AIF continues to be available if that disclosure is contained in the Amended SP, and (iii) any exemptive relief previously granted to a mutual fund under NI 41-101 that is subject to a condition that the mutual fund files a simplified prospectus and AIF continues to be available if the mutual fund files an SP in accordance with the Amended Form 81-101F1.	CSA Staff agree and have inserted subsections 2.2(3) and 2.2(4) into 81-101CP, and section 5B.1 into 41-101CP to provide reassurance regarding these issues.
Not Aware of Impact	One commenter noted that it was not aware of exemptive relief decisions impacting it, or its funds, that would be rendered ineffective as a result of the repeal of Form 81-101F2.	CSA Staff note the comment.

WORKSTREAM ONE – QUESTION 10

Are there any disclosure requirements in the proposed Form 81-101F1 that require additional guidance or clarity?

Issue	Comment	Response
Additional Guidance May be Needed, Suggested Format	Two commenters noted that additional guidance or clarity may be required as firms seek to implement the Proposed Form 81-101F1. One commenter suggested that the CSA continue past practices of publishing Frequently Asked Questions, holding "town hall" type sessions and publishing contact person information to aid in any transition.	CSA Staff will monitor any requests for additional guidance as the in-force date for Workstream 1 approaches.
No Additional Guidance Needed	Three commenters noted that additional guidance or clarity are not required, as most of the requirements are not new.	See above.

WORKSTREAM ONE – QUESTION 11

Currently a final prospectus must be filed within 90 days of receiving a receipt for a preliminary prospectus. We are of the view that this requirement is more relevant to non-investment fund issuers and is not necessarily applicable to investment funds, particularly to investment funds in continuous distribution. As a result, we are currently considering whether to either extend the final filing deadline or remove this requirement entirely. Do you have any views on the applicability of this provision to investment fund issuers? If you agree that the provision is not required, please explain whether it would be preferable to extend or eliminate the filing deadline, including the reason for your preference. If an extension is preferred, would 180 days be sufficient?

Issue	Comment	Response
Eliminate 90-day Deadline	Seven commenters suggested eliminating the 90-day deadline. Several commenters provided explanations for why they were of this view: • One commenter noted that the cost of applying for exemptive relief to extend the deadline often exceeds the cost to file the original preliminary prospectus. • One commenter noted investment fund issuers do not typically market the fund using the preliminary prospectus. • One commenter noted that since the preliminary prospectus does not contain any material financial information that would be considered stale after 90 days, there is no known investor protection rationale for requiring the 90-day deadline. • One commenter noted that sometimes issues arise after the preliminary filing, and oftentimes 90 days is not sufficient to fully address these issues. • Two commenters noted that it may be determined that exemptive relief is required after filing of the preliminary prospectus, which must be obtained and applied for within the 90-day period. One of the commenters noted that if this is not done, the preliminary prospectus would need to be refiled • Two commenters noted that the requirement was applied to mutual funds in the past because a similar requirement applies to public companies making a public offering through underwriters where expressions of interest are solicited during the "waiting period" between the preliminary and final prospectus filings, and noted that mutual funds do not use a similar approach to a public distribution of securities, and therefore there is no need for a similar time constraint on the "waiting period". • One commenter noted that for investment funds investing in international markets, foreign countries often require submission of a preliminary prospectus that has been receipted as part of the application process to trade in those markets. In some instances, long lead times are required to gain access to those	CSA Staff will investigate the 90-day filing requirement as part of a separate stage of the current burden reduction initiative, and will consider the commenters' views at that time.

	markets, which requires filing the preliminary prospectus and obtaining a receipt well in advance of the final prospectus filing. One commenter suggested that for new funds, the 90 days may represent a burden in the sense that the issuer may simply need more time to address regulatory concerns expressed during the review or a change in market or economic conditions that may impact some element of the structuring of the fund.	
180-Day Deadline Less Preferable Alternative to Elimination	Three commenters noted that absent eliminating a deadline altogether, a 180-day deadline would be more workable.	See above.
180-Day Deadline More Preferable than Elimination	One commenter suggested that the deadline be extended to 180 days, rather than eliminated. It did not agree that shelf prospectuses open indefinitely for investment funds that are intended to be sold in the retail market are in the best interests of investors. It noted that there could be a host of unintended consequences of fully eliminating this rule, and therefore, to alleviate burden, an extension of the timeframe should be more than adequate.	See above.
Focus on Flexibility in Processes	One commenter suggested that extending or eliminating the 90-day requirement was less helpful than flexibility and streamlined processes in circumstances where lapse dates or 90-day deadlines are looming.	See above.

WORKSTREAM ONE – QUESTION 12

Should investment funds not in continuous distribution that have already prepared and filed an AIF using Form 81-101F2 be permitted to continue using that Form? If so, why?

Issue	Comment	Response
Permit Continued Use of Form 81-101F2	Five commenters noted that investment funds not in continuous distribution should be permitted to continue to use Form 81- 101F2. Five commenters noted that allowing this would minimize the regulatory burden on these funds that arises from having to prepare a new document under Proposed Form 81-101F1. One commenter noted that changing forms would add significant work initially and the Proposed Form 81-101F1 would likely require more updating than the current AIF.	CSA Staff will permit investment funds to prepare an AIF using Form 81-101F2. CSA Staff will also permit the preparation of an AIF using Form 41-101F2 where an investment fund last distributed securities in accordance with that form, and Form 81-101F1 where a mutual fund last distributed securities in accordance with that form. Modifications required in these circumstances have been set out as well.
Do Not Permit Continued Use of Form 81-101F2 Provided Certain Changes Made to Elements Required to be Completed in Proposed Form 81-101F2 and Form 41-101F2	One commenter noted that the proposals in respect of investment funds not in continuous distribution would increase regulatory burden and suggested several revisions to the proposals, while noting that if the recommended changes were not made, then Form 81-101F2 should be preserved solely for its existing purpose in subsection 9.4(2) of NI 81-106. The commenter noted that the following Items in Proposed Form 81-101F1 should be added to proposed paragraph 9.4(2.1)(h) as they are not relevant to a mutual fund not currently distributing its securities: • Part A, paragraph 4.1(1)(d), Item 4.5 and paragraph 4.19(1)(e) as mutual funds not currently distributing their securities do not have a principal distributor. • Part A, subsections 7(3) and 7(4) as the issue price, purchase options and dealer compensation are not relevant to a mutual fund that no longer is offering its securities. • Part A, subsection 11.2(3) as when a mutual fund ceases to offer its securities, there no	CSA Staff have incorporated as many suggested changes as possible and will also retain the ability to use Form 81-101F2 in the circumstances identified above. CSA Staff have considered the commenter's suggestions and note the following: • CSA Staff note that Proposed Form 81-101F1, Part A, paragraph 4.1(1)(d) has not been migrated to the Amended Form 81-101F1. CSA Staff have made the suggested changes in respect of Amended Form 81-101F1 Part A, Item 4.4 and paragraph 4.17(1)(e), which correspond to Proposed Form 81-101F1, Item 4.5 and paragraph 4.19(1)(e). • CSA Staff have made the suggested changes in respect of Amended Form 81-101F1, Part A, subsections 7(3) and 7(4). • CSA Staff are of the view that Proposed

	longer is a concern about investors purchasing units near the end of the mutual fund's taxation year.	Form 81-101F1, Part A, subsection 11.2(3) should remain in place as investors can still purchase units of the investment fund on the secondary market near the end of the mutual fund's taxation year.
	The commenter noted that the following Items in Proposed Form 41-101F2 should be added to proposed paragraph 9.4(2.1)(b) as they are not relevant to a NRIF not currently distributing its securities:	CSA Staff have considered the commenter's suggestions and note the following:
	• Items 1 and 3 as Form 41-101F2 repurposed for use as an AIF will be a background document only and the current Form 81-101F2 does not contain face page disclosure or a summary portion. The commenter noted that these items should be replaced simply with cover page disclosure of the name and securities of the NRIF and the date of the document.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 1 (except Items 1.2 and 1.3). CSA Staff are of the view that Item 3 should remain except for paragraph 3.3(1)(b), paragraph 3.3(1)(f), Item 3.5 and paragraph 3.6(3)(a).
	• Item 7.1 as this information is not necessary when securities are not being offered and is not contained in the current Form 81-101F2. The commenter noted that commentary on fund performance is provided in the management reports of fund performance of the NRIF.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 7.1.
	• Item 9.1 as management's discussion of fund performance is provided in the NRIF's MRFPs and is not contained in the current Form 81-101F2.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 9.1.
	• Item 11 as the information is contained in the financial statements and MRFPs of the NRIF and is not contained in the current Form 81-101F2.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 11.
	• Item 16 as this information is irrelevant when the NRIF is not offering securities and is not contained in the current Form 81-101F2.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 16.
	• Item 17.2 as this Item will be a new ongoing requirement for NRIFs, is not contained in the current Form 81-101F2, is available through the websites of the stock exchanges, and will quickly become stale.	• CSA Staff have made the suggested changes in respect of Form 41-101F2, Item 17.2.
	• Item 33 as this disclosure is irrelevant when the NRIF is not offering securities and is not contained in the current Form 81-101F2.	• CSA Staff are of the view that Item 33 should remain on the basis that it is only required to be completed where relevant.
	• General Instruction (7) to Form 41-101F2 which requires that all information be disclosed in the prescribed order under the prescribed headings.	• CSA Staff are of the view that General Instruction (7) should remain as it maintains comparability between long form prospectuses which is of use for both

		investors and regulatory staff. CSA Staff also clarified that in respect of the Amended Form 81-101F1 and Form 41-101F2, items that are applicable to distributions of securities only and are inapplicable to any other case, do not apply.

WORKSTREAM ONE – QUESTION 13

Should investment funds not in continuous distribution be relieved entirely of the requirement to file an AIF? If so, what impact would this have on an investor's ability to access an up-to-date consolidated disclosure record for an investment fund not in continuous distribution? Alternatively, please comment on whether elements from the current Form 81-101F2 should be incorporated into any of the following:

a. Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance;
b. a designated website;
c. other forms of disclosure (please specify).

Issue	Comment	Response
Eliminate AIF Requirement for Investment Funds Not in Continuous Distribution	Six commenters suggested investment funds not in continuous distribution should be relieved of the requirement to file an AIF. One commenter noted that its support for eliminating the AIF was contingent on a requirement that, to the extent that any change occurs to the business or operations of the fund that could cause a reasonable investor to redeem out of the fund, the requirement still exists to issue a press release and material change report in respect of such a change.	CSA Staff are of the view that the AIF requirement for investment funds not in continuous distribution should be maintained as it provides a consolidated source of information on investment funds not in continuous distribution. Investors may require such information when making determinations as to whether to purchase securities of the investment fund on the secondary market or maintain their existing holdings.
Move Some AIF Disclosure to Designated Website	Five commenters noted that elements of the information contained in the AIF can be provided through the investment fund's designated website, with one commenter noting that it should consist of material information and another commenter noting that it should be information the commenter identified in its response to Question 5.	CSA Staff have determined that any movement of disclosure in the AIF produced under NI 81-106 to the designated website will be considered as part of a separate review of the continuous disclosure regime undertaken by the CSA.

WORKSTREAM ONE – OTHER

Issue	Comment	Response
Adopt Base Shelf Prospectus System	One commenter noted that the process for filing prospectuses by mutual funds should be streamlined to a process similar to the shelf prospectus system used by public companies.	CSA Staff will investigate a shelf prospectus system for investment funds as part of a separate stage of the current burden reduction initiative and will consider the commenter's views at that time.

WORKSTREAM TWO – SUPPORT

Issue	Comment	Response
Support for Designated Website Requirement	Several commenters expressed support for the designated website proposal: • Three commenters supported requiring reporting investment funds to designate a qualifying website on which the fund must post regulatory disclosure documents. • Three commenters agreed that providing access to regulatory disclosure in this manner is a common existing industry practice. • Three commenters noted that a designated website requirement has merit of its own accord, even without accompanying burden reduction initiatives immediately and directly integrating with the designated website: o One commenter noted that while the proposed change does not displace existing disclosure delivery requirements, the ability to reliably access accurate and up-to-date disclosure documents online will help financial advisors ensure that the disclosure provided to their clients reflects the most current information available. o One commenter noted that the designated website requirement would improve the accessibility of disclosure to investors. o One commenter noted that it is unfair to the investors in investment funds who currently do not have websites to not have the same access to information about their funds that others have.	CSA Staff thank the commenters for their support. CSA Staff agree. CSA Staff agree, thank the commenters for their support, and note that this is part of the reason why the designated website proposal is being pursued.
Conditional Support for Designated Website Requirement	Several commenters stated that the designated website proposal should only be implemented on certain conditions being satisfied: • Two commenters noted that their support for the designated website proposal was contingent on the proposal being followed by related burden reduction initiatives that would enable delivery through the designated website. One commenter also noted that it expected existing disclosure requirements should be eliminated or reduced as well. • One commenter noted that the designated website requirement not be made mandatory until the CSA extends the notice-and-access approach to provide an offsetting reduction of regulatory burden to counteract the requirement for a website. • Two commenters noted that it assumed that introduction of this requirement is a precursor to permitting investment fund issuers to provide certain regulatory disclosures through the designated website such that disclosure and/or delivery is not required by other means. Of note is that one commenter supported the proposed Part 16.1 to NI 81-106 requiring reporting	CSA Staff view the designated website as a potential launch point for other burden reduction initiatives, which could potentially include modifications to the acceptable means of delivery of offering and continuous disclosure documents. CSA Staff do note, however, that there can be no guarantee that such initiatives will be realized. CSA Staff note that any changes to the delivery options available to investment funds will be considered as part of a distinct workstream.

	investment funds to designate a qualifying website on which the investment fund intends to post regulatory disclosure but cautioned against moving towards an "access equals delivery" model.	
Uncertainty Regarding Need for Designated Website	Two commenters expressed uncertainty regarding whether a designated website concept should be pursued at all: • One commenter noted that if sedar.com had a robust search capability and provided a user-friendly experience, the rationale behind the proposal to post materials on a designated website would be significantly negated.	CSA Staff note the commenter's view but are of the view that designated websites could offer more flexibility in how information can be disclosed compared to what we anticipate through SEDAR+ and can be tailored to meet the specific needs of different IFMs.
	• One commenter noted that given the prevalence of websites for fund managers and their funds, it is not necessary for the CSA to mandate this requirement in ways proposed, and instead of a requirement to maintain a "designated" website, there should simply be SP disclosure of the website where fund disclosure documents are posted.	CSA Staff note that designation will simply involve referencing of a website in the fund's prospectus or, if the fund does not have a prospectus, its AIF. CSA Staff further note that no additional requirements are created by a website being "designated" in the prospectus or AIF as compared to simply being referred to without the "designated" descriptor.
	• Four commenters noted that introducing a mandatory website in and of itself will not reduce the regulatory burden.	CSA Staff agree and are exploring ways to leverage the designated website for this purpose.

WORKSTREAM TWO – QUESTION 14

The proposed Part 16.1 of NI 81-106 requires reporting investment funds to designate a qualifying website on which the investment fund must post regulatory disclosure documents. This proposal represents the first stage of a broader initiative to both improve the accessibility of disclosure to investors and enhance the efficiency with which investment funds can meet their disclosure obligations. The CSA, however, recognize that electronic methods of providing access to information and documents besides websites may be used to provide information regarding investment funds. As a result, we ask for specific feedback on the following questions related to the issue of making the proposed Part 16.1 more technologically neutral:

a. Should the proposed Part 16.1 be revised to provide investment funds with the option to designate other technological means of providing public access to regulatory disclosure besides websites? In your response, please comment on the following issues: any potential investor protection concerns, consistency with securities instruments outside of the investment fund regime, and the benefits of making such a change.

b. What other technological means of providing public access to regulatory disclosure should be captured by the proposed amendments? Please be specific. Of these means, please identify which are currently in use and which are expected to be used in the future.

c. Should any parameters (e.g. free to access, accessible to the public) be applied to limit which technological means of providing public access to regulatory disclosure besides websites should be included in the proposed Part 16.1? If so, please state which parameters should apply and why.

d. If you agree that technological means of providing public access to regulatory disclosure besides websites should be included in the proposed Part 16.1, what terms could be used to refer to these means? What are the benefits and drawbacks of each possible option? Some examples include "digital platform", "electronic platform", and "online platform".

e. Are there any elements of the current proposed amendments and proposed changes under Workstream Two that would not work if an investment fund could designate other technological means of providing public access to regulatory disclosure besides websites?

Issue	Comment	Response
Question 14(a) - Regulations Should be Technologically Neutral, Focus on Technologies that Push Information to Investors	Several commenters provided views on the drafting of regulations involving technology: • Two commenters noted that regulations should be technologically neutral, with one commenter adding that they should facilitate innovation whenever possible, and another adding that they should not be too granular with respect to format or delivery requirements for disclosure documents. • One commenter noted regulations should be flexible and adaptable to both technological and behavioural change. Another commenter expressed similar views. • One commenter noted that it would not necessarily be averse to allowing access to disclosure through technological means other than designated websites. • One commenter suggested that Part 16.1 should be drafted to focus on supporting current and future technologies that build on the fundamental principle of pushing the information directly to investors and not on the notion that investors will search for fund information.	Regarding the issue of technological neutrality, CSA Staff note the commenters' views and have considered alternative drafting. However, considering that we, as well as commenters, have not specifically identified any other technological means of providing public access to regulatory disclosure besides websites, the CSA will limit the medium to websites but remain open to including other technologies in the future. Regarding the issue of drafting around the principle of pushing information directly to investors, CSA Staff will consider the commenter's views in the context of any

		reconsideration of delivery methods.
Question 14(b) – Not Aware of Technology Besides Websites for Providing Regulatory Disclosure, Designated Website Could Refer to Secure Database, Shift Focus from Specific Technologies to Key Principles those Technologies will Have	Several commenters provided their views on non-website technology: • One commenter noted that public websites are the most common and effective way of providing public access to regulatory disclosure today, but as technology evolves there may be more effective ways to communicate with investors. The commenter also noted that it was not currently aware of other technological means of providing effective public access to regulatory disclosure. • One commenter suggested that rather than specifying other technologies, the regulation should provide for the inclusion of future technologies that meet the objectives of the proposed amendment. The commenter noted examples where delivery notifications are customized to point an investor to information specific to them, including regulatory documents, transaction information, research or marketing content. • One commenter suggested that the designated website could refer investors and prospective investors to a secure database.	CSA Staff are not currently aware of other technological means of providing effective public access to regulatory disclosure and that public websites are the most common and effective way of providing public access to regulatory disclosure today.
Question 14(c) – Several Parameters Should be Applied	Several commenters provided views on parameters that should be applied: • One commenter noted that regulatory disclosure should be facilitated through technology that is broadly available to an average investor and free to access but noted that without a sense of what technology may be available in the future, it is difficult to provide any additional parameters that should apply. • One commenter noted that potential barriers to consumer access should be contemplated when considering other proposed access methods, and that nonconfidential information should be available in a manner that is clear, accessible and readily comparable. • One commenter suggested that the guiding principle for technological communication should be that the medium must be reasonably accessible to all investors, and further noted that a designated website satisfies that principle. • One commenter suggested that guidance should be applied to all regulatory disclosure regimes to ensure they meet basic usability thresholds and referred to guidance contained in notice and access rules and in NI 54-101 regarding the posting of proxy-related materials.	CSA Staff note the commenters' views.

	• One commenter noted that the technology used should be free and easily accessible.	
Question 14(d) – Electronic Platform, Digital Platform	Two commenters provided views on terminology: • One commenter noted that digital or online platforms are types of "electronic platforms", and as such, "electronic platform" may be the more appropriate terminology to use. • One commenter suggested that of the examples given, "digital platform" is the most appropriate in this context, as it does not limit the inclusion of future technologies. • One commenter suggested use of the term "technological means".	CSA Staff note the commenters' views.
Question 14(e) – Challenging to Respond, Focus on Principles-Based Regulation	One commenter noted that it is difficult to provide constructive feedback on evolving or future technology. Another commenter reiterated its view that amendments should be principle-based rather than technology-specific thereby eliminating the unintentional consequence of precluding future technology solutions not envisioned today. The commenter further noted that the fundamental principle should be that investors receive investment information that is relevant to that individual in a manner that employs sending or delivering a pertinent customized communication.	CSA Staff note the commenters' views and note again that consideration can be given to other technologies at a later point if they become available.

WORKSTREAM TWO – QUESTION 15

Are there unintended consequences arising from the proposed section 16.1.2 of NI 81-106 that we should consider? For example, under the proposed section, an investment fund may designate a website that is maintained by a Related Person. We are of the view that this would avoid circumstances where an investment fund would have to create an entirely new and separate website, where to do so would not be desirable. Are there any practical issues associated with this that we should consider?

Issue	Comment	Response
Support for Permitting Maintenance by Related Person	One commenter supported allowing a website that is maintained by a Related Person.	CSA Staff thank the commenter for its support.
Confirm Third Party Maintenance Acceptable	Several commenters made suggestions in respect of the maintenance of the designated website: • Two commenters noted more generally that allowing the fund a range of options to meet this requirement is a sound approach. • Five commenters suggested drafting amendments to ensure that the proposed amendment cannot be interpreted to restrict an investment fund's ability to outsource the maintenance of its website to a third party. • Two commenters noted that allowing operation and maintenance of the website by a third-party service provider should be subject to the investment fund manager having appropriate oversight measures in place.	We thank the commenters and have made changes in order to clarify that managers will be able to delegate the maintenance of the website to a third-party. However, the IFM should remain ultimately responsible for the website and the accuracy of the information it contains.
Confirm Separately Branded or Cobranded Websites Acceptable	One commenter requested confirmation that it is equally acceptable for an investment fund manager with multiple brands to have either separately branded websites or a cobranded website.	CSA Staff confirm that it is acceptable for an investment fund manager with multiple brands to have either separately branded websites or a cobranded website and will add language in the Companion Policy in order to reflect that. CSA Staff are of the view that any co-branded websites should provide a user interface that makes it clear to investors where information relating to their particular investment can be located.
Avoid Overly Prescriptive Rules Regarding Content and Management	One commenter suggested the CSA avoid overly prescriptive rules with respect to the content and management of the website.	CSA Staff note the commenter's view. We also note that we have been mindful to avoid overly prescriptive rules or guidance with respect to the content and management of the website.

Protocol Where Discrepancies Between Designated Website and SEDAR	One commenter noted where information posted to both SEDAR and the designated website differ, consideration should be given to which should take precedence.	The IFM is responsible for the accuracy of information posted to both SEDAR and the designated website. The document filed on SEDAR should be filed on the designated website.
No Unintended Consequences, Current Market Practice	One commenter noted that it did not anticipate unintended consequences arising from the proposed section 16.1.2 of NI 81-106, and that it understood that it is current market practice for funds or fund managers to maintain a publicly accessible website.	CSA Staff agree.

WORKSTREAM TWO – QUESTION 16

Are there any aspects of the proposed guidance provided in 81-106CP that are impractical or misaligned with current market practices?

Issue	Comment	Response
Clarify How a Website is Designated, and Potential Solution	Three commenters requested clarification regarding the meaning of the term "designated" and the means by which a website would be "designated". Two commenters provided suggestions in this regard: • One commenter noted that 81-106CP should clarify that a fund manager "designates" a website through disclosure of the website in the investment fund issuer's regulatory disclosure such as the prospectus. • One commenter suggested that statement of the website address in a fund's prospectus would meet the designation requirement.	The CSA agree and will clarify the process by which the website is designated by adding guidance in 81-106CP, stating that the designated website is designated by being referenced in the simplified prospectus (and the website noted in the Fund Facts should reference the same website).
Clarify How Changes to Designated Website are Communicated, and Potential Solution	Two commenters requested clarification on how designated website changes are expected to be communicated. One commenter also noted that the guidance should also clarify that if there is a change to the website, it would be sufficient for the old website to redirect the investor to the new website, without requiring an amendment in the prospectus, and that the new designated website could be updated upon the next prospectus renewal.	CSA Staff agree that a change to the address of a designated website can be managed by the previous address redirecting visitors to the new address, with a corresponding update to the simplified prospectus and Fund Facts occurring at the time of the next renewal, or an update to its next AIF, in the case where the fund is required under section 9.2 of NI 81-106 to file an AIF. CSA Staff will modify the proposed guidance to reflect this.
Remove Suggestion to Follow Regulatory Guidance	One commenter noted that the final sentence of subsection 11.1(6) of the Proposed Changes to 81-106CP be deleted, as suggesting that investment funds and their managers follow regulatory guidance effectively turns the regulatory guidance into an obligation when it should be just guidance.	CSA Staff will revise the proposed language to state that investment funds and their managers should consider regulatory guidance.
Differing Views on CSA Oversight and Proposed Guidance	Several commenters provided their views on compliance obligations arising from a designated website requirement. Two commenters that existing compliance and regulatory obligations addressed investment fund issuer websites: • One commenter noted the general obligations of investment fund managers to oversee service providers are set out in section 11 of 31-103 and in Companion Policy 31-103 CP *Registration*	CSA Staff are of the view that websites are covered under existing regulatory obligations and have sought to convey this view in proposed subsection 11.1(6) of 81-106CP.

	Requirements, Exemptions and Ongoing Registrant Obligations. • One commenter noted that it agreed with the clarification that supervision of the website and its content should be taken into account in the existing compliance systems of the investment fund and investment fund manager. One commenter expressed a divergent view and noted it was concerned about the CSA's oversight of designated websites, and suggested the following: • The CSA should not expand its regulatory oversight to the design and maintenance of websites. (Another commenter noted that CSA oversight of designated websites should be limited to ensuring regulatory requirements to provide access to certain information are complied with.) • Exposing investment funds and their managers to potential regulatory sanctions for the design of their websites and all the content thereon is unnecessarily burdensome. • The proposed guidance should be limited to pointing out that the manager's policies maintained under section 11.1 of NI 31-103 will need to ensure that regulatory disclosures required to be posted on a website are made. • Confirmation should be provided that the branches of the CSA which regulate registrants will have no additional expectations for how registered firms meet their obligations under section 11.1 of NI 31-103 with respect to their websites.	
Proposed Guidance Acceptable	Three commenters noted that the proposed guidance was acceptable, with some commenters providing more specific responses: • One commenter noted that the proposed guidance provided in 81-106CP affords adequate flexibility to funds and reflects current market practices. • One commenter noted it was not aware of any aspects of the guidance that are impractical or misaligned with current market practices.	CSA Staff thank the commenters for their support.
Ensure Consistency with 81-106CP	One commenter noted that the new designated website guidance should be consistent with previous guidance in 81-106CP and apply on a go forward basis.	CSA Staff agree.
Remove Guidance Around Investor Understanding	One commenter suggested that proposed paragraph 11.1(5)(a) be revised to remove the term "understand" as it is not clear how a designated website that can be accessed and read can do anything more to help the investor understand the information.	The CSA agree and will make the suggested change.

Additional Guidance Needed	One commenter noted that additional CSA guidance on the designated website requirement is required, and should cover issues such as what will happen where a designated website is unavailable or a link directs an investor to the wrong document.	The CSA believe that it's the IFM's responsibility to ensure that the designated website is adequately maintained and contains accurate information. We refer you to subsection 11.1(6) of 81-106CP for more details

WORKSTREAM TWO – QUESTION 17

Some investment funds may maintain a website that is accessible only by securityholders with an access code and a password (i.e. a private website). Would an investment fund currently maintaining a private website accessible only to its securityholders encounter any issues with the proposed requirement to post regulatory disclosure required by securities legislation on a designated website that is publicly accessible?

Issue	Comment	Response
Website that is Freely Available and Secure Not an Issue	Two commenters suggested that there would not be difficulty with maintaining a designated website that is freely available to the public and maintaining a secure website.	CSA Staff note the commenters' views.
Explanation for Private Portions of Websites	One commenter suggested that maintenance of private portions of websites where access is limited to existing securityholders or dealing representatives is for purposes of complying with the requirements of section 15 of NI 81-102 relating to sales communications, and it did not see the maintenance of public portions of websites as changing that approach.	CSA Staff note the commenter's view.

WORKSTREAM TWO – OTHER

Issue	Comment	Response
Designated Website Documents Should Not be Archived Long-Term	One commenter noted that any new regulatory documents added to the website should stay on the website for reasonable length of time (1-2 years), and this should not turn towards being a longer-term archiving project for previously filed documents. Another commenter noted more broadly that the issue of how long to archive documents should be considered.	CSA Staff note that proposed subsection 11.1(7) of 81-106CP sets out expectations regarding the archiving of documents. It specifically notes that information should remain on a designated website for a reasonable length of time but does not specify an exact time period. CSA Staff will consider imposing more specific archiving requirements as part of a future phase exploring the migration of disclosure to the designated website.
Provide Clarity with Respect to Communication of Changes or Updates to Disclosure on Designated Website	One commenter noted that clarity could be helpful with respect to regulators' expectations on how a change or update to the posted disclosure should be communicated to investors.	CSA Staff note the commenter's desire for clarity. At this time, we are not imposing any specific requirements on funds regarding the communication of changes or updates to disclosure on the designated website. Investment funds and their IFMs should ensure that the disclosure posted to the designated website is accurate and that changes are communicated clearly and promptly so that the website does not contain misleading disclosure. CSA Staff will assess whether any further requirement or guidance is necessary to clarify regulators' expectations when we are developing any rules that are necessary as part of a future phase of the project concerning the proposal to migrate disclosure to the website.
Permit Flexibility in Operation of Designated Website and Align Expectations with Registrant Regulation Groups	One commenter noted that the requirement to have a designated website must provide for flexibility in design, building and maintenance of the website, and that there should be alignment of compliance expectations between the investment funds group and registrant regulation groups that is consistent across the CSA members. Another commenter noted that regulatory oversight of websites be limited to	CSA Staff note the commenters' views. We have implemented the requirement to have a designated website while keeping in mind the need to provide flexibility in the design, building and maintenance of the website. We have sought to align our

	ensuring that information is posted to the website when required.	expectations so that they are consistent between investment funds and registrant regulation groups.
Divergent Views on Migration of Disclosure to Designated Website	Some commenters provided differing views on the issue of migration of disclosure to the designated website: • One commenter suggested that as the CSA considers which disclosures are appropriate to provide through the designated website, the CSA also consider which disclosure must be "pushed" to the investor and which disclosure can be available for investors to "pull" from the designated website. One commenter specifically noted that the CSA move to the website financial statements, MRFPs and other standard annual reminders to investors. • One commenter cautioned against taking required disclosure out of the simplified prospectus and placing it onto a separate page on an investment fund's website, as it would increase the burden on investment fund managers, may be confusing to investors and necessitate duplicative disclosure.	The CSA will explore this suggestion as part of a future stage of phase 2 of the project. CSA Staff note the commenter' view and before permitting a fund to migrate disclosure to the designated websites only, we will assess if an investor's understanding of the simplified prospectus disclosure might be impaired by the movement.
Designated Website Requirement Not Burdensome for Investment Fund Managers with Websites, Burdensome for those Without	One commenter noted that most managers have websites, and the proposed requirement adds no incremental burden to them, but for those that do not, they will be required to create and maintain a website, post regulatory documents to the website, and create a system of supervision and controls over the website to ensure compliance with laws and regulations.	CSA Staff generally agree with the commenter's assessment but note that the vast majority of investment fund managers with prospectus qualified investment funds appear to already have a website. We note that no requirements have been mandated as part of the current set of proposed amendments that would require anything beyond what would be expected if an investment fund already had a website.

WORKSTREAM THREE – SUPPORT

Issue	Comment	Response
Support for Codification of Notice-and-Access Relief	Three commenters supported codification of notice-and-access relief. One commenter noted that obtaining notice-and-access relief via an application resulted in improvements to its document management efforts.	CSA Staff thank the commenters for their support.
No Regulatory Burden Reduction	One commenter noted that the codification of notice-and-access relief is a housekeeping matter that does not change regulatory burden.	As noted in the quantitative cost-benefit analysis of the CSA Notice and Request for Comment dated September 12, 2019, approximately 48 investment fund managers in Ontario have obtained exemptive relief to use notice-and-access out of approximately 145 investment fund managers in Ontario that had prospectus-qualified investment funds at the end of 2017. As a result, codification of the relief would result in approximately 97 investment fund managers not having to apply to obtain the relief in Ontario alone.

WORKSTREAM THREE – QUESTION 18

Will participation rates for investment fund securityholder meetings change under the notice-and-access system? In particular, is it anticipated that participation rates would change? Please provide an explanation for your answer.

Issue	Comment	Response
No Expectation of Change in Participation Rates	No commenters suggested that they expected participation rates to change under the notice-and-access system. Several commenters provided views on the issue: • Three commenters suggested that participation rates are not low because of the method of communication of investment fund securityholder meetings, and one commenter noted that participation rate is generally driven by investor interest. • Two commenters did not expect that a change in how information is communicated, or otherwise made available, to securityholders will result in a change in participation rates. • Four commenters noted that unitholder participation rates would be unaffected by a transition to notice-and-access, and two commenters had observed this firsthand.	CSA Staff note the commenters' views.
Notice-and-Access Would Not Change Reaction to Any Proposed Changes	One commenter noted that investors who do not agree with a change proposed by an investment fund are more likely to redeem their investment rather than vote against it, and that it did not believe that the notice and access regime would change securityholder reaction to proposed changes.	CSA Staff note the commenter's views.
If Notice-and-Access Causes Reduced Participation Rates, Investment Fund Managers May Solicit Proxies Using Another Method to Meet Quorum Requirements	One commenter noted that if, as a result of notice-and-access, it becomes increasingly difficult to meet quorum requirements, investment fund managers may determine that some form of overt proxy solicitation is appropriate, which could lead to an increase in participation.	CSA Staff note the commenter's views.

WORKSTREAM THREE – OTHER

Issue	Comment	Response
Proposed Conditions Appropriate	One commenter noted that the those who have obtained notice-and-access relief have found the conditions to be workable, and thus the proposed codification makes sense.	CSA Staff thank the commenter for its support.
Remove One-Year Posting and Provision of Paper Copies Requirement	Two commenters suggested removing the requirement to maintain material for one year on the designated website and provide paper copies upon request, and provided their rationale: • One commenter noted that it seems unnecessary and may be confusing to investors. • One commenter noted that this feature of the regime is outdated and unnecessary, and that historical meeting documents can be obtained through SEDAR.	CSA Staff are of the view that a one-year posting and provision of paper copies requirement should remain, and note that the one-year time period is consistent with requirements for non-investment fund issuers.
Remove or Revise Requirement to Consider Implications of Notice-and-Access Use on Participation Rate	Several commenters expressed concern regarding proposed subsection 8.2(1) of 81-106CP with respect to considering the use of notice-and-access in the context of a meeting of investment fund securityholders: • One commenter noted that 81-106CP, subsection 8.2(1) seems to unnecessarily constrain an issuer's ability to use notice-and-access, and should be revisited. • One commenter noted that it is not appropriate or meaningful for investment funds and their managers to consider the policy issues raised in this subsection, and that they should be removed. • One commenter noted that having to analyze whether it is appropriate or not to use notice-and-access seems like an odd requirement and will not reduce burden for investment fund managers, and expressed particular concern with the third bullet point which suggests that if there are material declines in beneficial owner voting rates, it may be inappropriate to use notice-and-access. We also, however, heard from one commenter that, if as a result of notice-and-access it becomes increasingly difficult to meet the quorum requirements, investment fund managers may determine that some form of overt proxy solicitation is appropriate, which could lead to an increase in participation.	CSA Staff note that the guidance referred to by the commenter is consistent with existing guidance in Companion Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, subsection 5.4(1), and previously granted relief sought by investment fund managers to use notice-and-access. Moreover, in our view, given that the use of notice-and-access is permissive, using it would depend on at least a determination that doing so would not be inappropriate or inconsistent with its purposes. The factors set out are examples of considerations. We have modified the guidance as follows (see text in italics): "We expect that persons or companies that solicit proxies will only use notice-and-access for a particular meeting *where they have no reason to believe it is inappropriate or inconsistent* with the purposes of notice-and access to do so, taking into account factors such as […]".

Permit Supplementary Communications to be Sent with Notice-and-Access Materials	Three commenters suggested that supplementary materials should be permitted to be sent with notice-and-access materials: • One commenter noted that the restriction in paragraph 12.2.1(k) of NI 81-106 prohibits including an investor friendly communication with the notice, which may create unnecessary barriers to investor understanding and industry adoption. • Two commenters suggested cover letters should be permitted, and one commenter noted that such letters can assist the investor in understanding the enclosed documents.	CSA Staff view the restriction on including supplementary material as consistent with similar restrictions for non-investment fund issuers. CSA Staff are of the view that permitting additional materials to be included in the notice-and-access package without any prescribed rules around type, tone, content and purpose could contribute to investor confusion. Furthermore, CSA Staff are concerned that providing such additional materials without the information circular encourages shareholders to not review the information circular.
Revise or Delete Restrictions on Information Gathering Provision	One commenter noted that new section 12.2.2 “Restrictions on Information Gathering” of NI 81-106 introduces duplicative and potentially conflicting privacy restrictions into securities legislation and therefore should be revisited. Another commenter suggested that paragraph 12.2.2(1)(b) should be deleted or, alternatively, qualified to allow disclosure and use of the information where otherwise required or permitted by law.	CSA Staff note that Amended section 12.2.2 mirrors existing requirements for non-investment fund issuers in section 2.7.3 of NI 54-101, and that these restrictions are intended to maintain the anonymity of objecting beneficial owners. CSA Staff also note that inclusion of these restrictions ensures a harmonized approach across the CSA’s member jurisdictions.
Discourage Investor Requests of Paper Copies	One commenter noted that the CSA should make greater efforts to encourage investors to locate electronic copies of documents on the internet, rather than request paper copies of those documents. The commenter made several specific suggestions in this regard: • Revise paragraph 12.2.1(m) such that the manager of an investment fund not be required to pay the cost of sending paper copies of documents to registered and beneficial owners requesting them. • Revise section 12.2.6 to provide investment funds with an ability to override the standing instructions of an investor under NI 54-101 if the investment fund or its manager has obtained a standing instruction from the securityholder to not deliver paper copies of documents. • Make it possible for a new investment fund, or new class or series of securities of an existing investment fund, to require that its securityholders not request paper copies of any documents.	CSA Staff note that requiring paper copies of the relevant documents upon request at no cost is consistent with the approach adopted elsewhere in the investment fund regulatory regime. As such, CSA Staff do not propose any changes in this regard.

Modify Proposed Requirements if Workstream 2 Not Implemented Concurrently	One commenter noted that if Workstream 2 is delayed or abandoned, clause 12.2.1(g)(ii)(A) should be revised to refer to a website of the investment fund or its manager and not a designated website.	CSA Staff note that Workstream 2 is not being delayed or abandoned.
Permit Use of Notice-and-Access Regime for Other Documents	One commenter suggested that Workstream Three be modified to expressly permit annual and interim financial statements and MRFPs to be delivered to securityholders using the notice-and-access regime. Another commenter supports initiatives that allow reliance on the notice-and-access regime for delivery of other documents.	CSA Staff will investigate securityholder delivery methods as part of a later stage of the current burden reduction initiative and will consider the commenters' views at that time.

WORKSTREAM FOUR – SUPPORT

Issue	Comment	Response
Support for Proposal	Eleven commenters supported the proposal to eliminate the duplicative PIF requirements for the specified individuals who are already registrants or permitted individuals.	CSA Staff thank the commenters for their support.

WORKSTREAM FOUR – NO CONSULTATION QUESTIONS

WORKSTREAM FOUR - OTHER

Issue	Comment	Response
Coordinate with Exchanges	Eight commenters suggested the CSA coordinate with exchanges on which ETFs are listed to reduce eliminate the requirement to file PIFs with both the exchange and with securities regulators. One commenter added that at a minimum, the timing requirements for updated PIFs be consistent between the stock exchanges and the securities regulators.	One commenter noted that it had substantially addressed and mitigated this issue of duplication of filings with exchanges since, as of December 2018, as the TSX now treats each ETF fund manager as a new issuer, rather than treating each ETF as a new issuer, for the purposes of filing a PIF. This means that when an ETF fund manager launches a new ETF, the TSX does not require individuals who have previously submitted a PIF to the Exchange to file either a PIF or declaration form with the TSX. Similar changes were made by the TSX in respect of Non-Corporate Issuers and are reflected in the TSX's publication dated December 12, 2019. Our view is that these changes collectively will significantly contribute to burden reduction on investment fund issuers. Further, the CSA proposal to eliminate duplication of PIF requirements will mitigate timing discrepancies with the exchanges as it is expected that a vast majority of individuals will no longer be required to file any PIFs with securities regulators. Noting the above, we are open further discussion with the exchanges on further streamlining information requirements concerning PIFs. CSA Staff also acknowledge the commenter's request for the CSA to strive for consistency with the five-year PIF exchange filing requirement. We will

		consider this request for a future initiative.

WORKSTREAM FIVE - SUPPORT

Issue	Comment	Response
Workstream 5: Effective at Reducing Burden	Two commenters supported the codifications in Workstream 5, with one of the commenters explicitly noting that it would be effective at reducing regulatory burden). The other commenter noted that grandfathering of previously obtained relief should be permitted.	CSA Staff thank the commenter for the support of our efforts to codify frequently granted relief. We also acknowledge the request to allow grandfathering of previously obtained relief. Our view is that the Amendments reflect the conditions of previously granted relief and will maintain a consistent standard across fund complexes who have determined to enter into related party transactions. Noting this, however, we have determined to permit existing relief decisions to remain in place and to not be revoked due to the Amendments. Filers that have obtained prior relief may continue to rely on that relief going forward or rely on the codified exemptions in the Final Amendments. Filers that have not previously obtained relief for transactions permitted by the codified exemptions may rely on the codified exemptions.
Workstream 5: Not Effective at Reducing Burden	One commenter noted that Workstream 5 does not reduce regulatory burden because issuers that might benefit from the relief would have already obtained it. Another commenter noted that it was a housekeeping matter that did not reduce burden, and that due to the scope of the codification, many industry participants may need to continue relying on their current exemptive relief.	The Amendments respond to comments requesting that we codify frequently granted relief. We remind the commenter that not all investment funds or their managers have obtained this relief. Codification of the relief will benefit these issuers and also serve to establish consistency in how applicable related party transactions are conducted across fund complexes. Further to our response under *Workstream 5: Effective at Reducing Burden,* we have determined to allow filers with current exemptive relief to continue to rely on such relief or to rely on the codified exemptions.

Workstream 5: Permit Grandfathering of Prior Conflicts Relief	Four commenters noted that registrants that already have relief should be entitled to continue to rely on the relief despite the codification. Several commenters provided their rationale: • One commenter noted that requiring funds to change structures to comply with the codified relief would cause undue harm and noted that unique provisions may be included in prior relief orders. • One commenter noted that the proposed codification may be more restrictive than the exemptive relief that many investment fund issuers have previously obtained; that the time and expense required to evaluate all affected relief, and to update internal processes to ensure compliance with the newly-proposed codified rules, will be significant; and that non-reporting issuer master funds currently holding non-Canadian underlying funds to achieve their investment objective in reliance on the relief may face undue disruption to their investment strategies in order to align with the newly-proposed codified rules which could trigger unnecessary portfolio turnover and attendant potential tax implications. • One commenter noted that previously granted relief may have specifically addressed the firm's conflict issues at the time the relief was requested.	CSA Staff refer the commenter to our response above under *Workstream 5: Effective at Reducing Burden.*
Workstream 5: If Grandfathering of Prior Conflicts Relief Not Permitted, CSA Should Undertake Certain Actions	Two commenters noted that if grandfathering of prior relief is not permitted, the CSA should undertake certain actions: • One commenter noted that if this is not permitted, a detailed cost/benefit analysis of this decision should be published, and a lengthy transition period be permitted for firms to comply with any new requirements. • One commenter noted that if this was not permitted, securities regulators should clarify on what provision of securities legislation they are relying to make the decision, and provide comfort to managers and to IRCs of funds about the expectations, if any, on essentially redoing referrals to IRCs and reconsideration by IRCs of previously granted approvals, if the previously granted relief cannot be relied upon or is different from the exemptions provided in NI 81- 102. • One commenter also noted that if prior relief is not grandfathered, the CSA should create industry guidance as to reobtaining IRC approval for previously granted relief.	CSA Staff refer the commenter to our response above under *Workstream 5: Effective at Reducing Burden* but further note that we do not consider a cost-benefit analysis necessary to codify the terms of frequently granted routine relief granted since NI 81-107 was published in 2006.
Workstream 5: Eliminate or Streamline Conflict of Interest Prohibitions; Alternatively, Focus Conflict of Interest Prohibitions Dealing with Investment Decisions on Registered Advisers	One commenter noted that the CSA should eliminate or, at a minimum, streamline conflict of interest prohibitions set out in securities legislation of some jurisdictions, NI 81-102 and NI 31-103. The commenter noted that with the proposed addition of a clear duty for registered firms to avoid material conflicts of interest when	CSA Staff maintain that the oversight structure established for investment funds under NI 81-107 should be maintained. This oversight structure exists in addition to the established

	they cannot be addressed in the best interest of the clients, prescriptive conflict of interest prohibitions are no longer warranted and should be eliminated. The commenter further noted that if the suggested proposal could not be implemented, any conflict of interest prohibition dealing with investment decisions only be applicable to registered advisers, as in the commenter's view there should not be an additional layer of conflict of interest prohibitions if the adviser's client happens to be an investment fund. The commenter provided additional details regarding its views: • The commenter noted that if the CSA are of the view that certain advisers that currently benefit from a registration exemption should be bound by a conflict of interest prohibition, such a requirement can be imposed as a condition of the exemption. • The commenter further added that in its view, a sufficiently detailed code of restrictions for investments by investment funds in other investment funds now exists such that the conflict of interest prohibitions in securities legislation of some jurisdictions, NI 81-102 and NI 31-103 can be deleted. • The commenter also added that section 111 of the *Securities Act* (Ontario) and other similar provisions of the securities legislation of other jurisdictions were not intended to be the framework for regulating investments by investments funds in other investment funds, but instead to prevent mutual funds from exercising control over public companies, and that paragraph 13.5(2)(a) of NI 31-103 was not designed specifically to prohibit investment funds from investing in other investment funds. • The commenter recommended, at a minimum, these prohibitions be further clarified to specifically exclude situations where an adviser is deciding, for a client (including an investment fund) to invest in securities of another investment fund, if in the adviser's opinion, the investment is suitable for the client (including the investment fund) and the adviser has complied with its new duty to avoid material conflicts of interest when they cannot be addressed in the best interest of the client.	regime for how registered firms must address and avoid material conflicts of interest under NI 31-103. Substantive changes to streamline the current conflict of interest prohibitions in NI 81-102, NI 31-103 and the securities legislation of certain jurisdictions are outside the mandate of this initiative which is focused on codification of routinely granted relief.
Workstream 5: Adopt Principles Based Approach to Codification	One commenter noted that certain aspects of Workstream Five are very prescriptive, which is an approach that fails to reflect the complexity of the capital markets and anticipate future changes to the operations of the capital markets. Another commenter noted in respect of Workstream 5 that the CSA should adopt a principles-based approach rather than prescriptive requirements.	CSA Staff refer the commenter to our response below under *Adopt Principles Based Pricing Conditions*.

WORKSTREAM FIVE – QUESTION 19

The Proposed Amendments include new exemptions in sections 6.3 and 6.5 of NI 81-107 to permit secondary market trades in debt securities of related issuers and secondary market trades in debt securities with a related dealer, respectively. The exemptions are based on discretionary relief granted to date that includes pricing conditions. The pricing conditions are not the same under each exemption and also differ from what is currently codified under section 6.1 of NI 81-107.

• In accordance with subsection 6.1(2) of NI 81-107, for inter-fund trades of portfolio securities between related reporting investment funds, non-reporting investment funds and managed accounts, the portfolio manager may purchase or sell a debt security if, among other conditions, all of the following apply:

o the bid and ask price of the security is readily available as provided under paragraph 6.1(2)(c);
o the transaction is executed at a price, which is the average of the highest current bid and lowest current ask determined on the basis of reasonable inquiry as provided under paragraph 6.1(2)(e) and subparagraph 6.1(1)(a)(ii).

• In accordance with the proposed paragraph 6.3(1)(d) of NI 81-107, reporting and non-reporting investment funds would be able to invest in non-exchange traded debt securities of a related issuer in the secondary market if, among other conditions, all of the following apply:

o where the purchase occurs on a marketplace, the price is determined in accordance with the requirements of that marketplace as provided under the proposed subparagraph 6.3(1)(d)(i) of NI 81-107;
o where the purchase does not occur on a marketplace, as provided under the proposed subparagraph 6.3(1)(d)(ii), the price is either of the following:

♣ the price at which an arm's length seller is willing to sell the security;
♣ not more than the price quoted publicly by an independent marketplace or the price quoted, immediately before the purchase, by an arm's length purchaser or seller.

• In accordance with the proposed subsection 6.5(1), reporting investment funds, non-reporting investment funds and managed accounts, may trade debt securities with a related dealer if, at the time of the transaction, among other conditions, all of the following apply:

o the bid and ask price of the security transacted is readily available as provided under the proposed paragraph 6.5(1)(d);
o the purchase is not executed at a price which is higher than the available ask price and the sale is not executed at a price which is lower than the available bid price, as provided in the proposed paragraph 6.5(1)(e).

Should these pricing conditions be revised? Should they be more harmonized? Are there any self-regulatory organization rules or guidance for pricing methods that we should consider in such cases?

Issue	Comment	Response
Adopt Principles-Based Pricing Conditions	Three commenters noted that principles-based pricing conditions be adopted: • One commenter noted that the commentary can provide additional guidance on possible fair valuation methods and the criteria that an investment fund manager may consider. • One commenter suggested the portfolio manager should be able to (a) prove that the price paid or received by the fund was fair and (b) document that the price was fair by using third party quotes. • One commenter suggested that the trade occur at a fair price, with a related expectation that the manager have adequate policies and procedures under section 11.1 of NI 31-103 for establishing such a fair price which takes into account criteria such as (i) the type of security, (ii) the market on which such securities trade, (iii) the liquidity of that market, (iv) pricing transparency, and (v) the	The Amendments reflect pricing conditions that have been incorporated into decisions granting routine relief from the conflict prohibitions in securities legislation for several years. Accordingly, these pricing conditions are known and familiar to fund managers and portfolio managers which have relied upon them to date to mitigate the inherent conflicts in related party transactions. To create new, principles-based conditions which have not been previously incorporated in exemptive

	nature of the relationship between the parties to the trade.	relief, have not been tested and which when applied, will vary between fund managers, is outside the mandate of this project and inconsistent with our goal of codification of frequently granted relief. Accordingly, we have determined to not make changes to the pricing conditions reflected in the Amendments.
Provide Guidance If Using Prescriptive Rules	One commenter suggested that if the CSA were to maintain prescriptive rules rather than principles-based rules, the pricing conditions for a related issuer provide some guidance.	CSA Staff have determined not to change the current pricing conditions reflected in the Amendments for the reasons set out in our above response under *Adopt Principles-Based Pricing Conditions*.
Replace Pricing Conditions in Proposed NI 81-107, Subsection 6.5(1) with those from Proposed NI 81-107, Paragraph 6.3(1)(d)	One commenter suggested that the pricing conditions in the proposed subsection 6.5(1) of NI 81-107 be replaced with those in paragraph 6.3(1)(d) of NI 81-107.	CSA Staff have determined to not make the change reflected by the commenter as the conditions reflected in sections 6.5 and 6.3 of the Amendments are consistent with the conditions of frequently granted relief being codified.
Proposed Pricing Conditions Consistent with Relief	Two commenters noted that the conditions are generally consistent with previously granted relief, and one of the commenters did not have any major issues or concerns with them.	CSA Staff thank the commenter for the response and agree that it is appropriate to codify conditions that are in use today and working effectively to ensure objective pricing in related party transactions.
Do Not Revise Pricing Conditions	One commenter noted that the pricing conditions should neither be revised nor further harmonized, that many funds have been operating under these conditions for years without incident, and that a change to the conditions would be disruptive as new processes and controls may have to be considered to meet any additional or different requirements.	CSA Staff thank the commenter for the response. We agree that it is appropriate to codify conditions that are in use today, known and working effectively to ensure objective pricing in related party transactions.

WORKSTREAM FIVE - OTHER

Issue	Comment	Response
Workstream 5: Codified Conditions Consistent with Prior Relief	One commenter noted that the eight exemptions that would be codified under the Proposed Amendments are exemptions that have been granted by CSA members repeatedly over the years, all with the same conditions	CSA Staff agree and thank the commenter for recognizing this fact.
Workstream 5: Requirements for Investment Funds that are not Reporting Issuers Exceed Exemptive Relief	One commenter noted that the Proposed Amendments for Workstream 5 could create new requirements for pooled funds by imposing requirements that may not currently be included in exemptive relief.	The Amendments introduce exemptions only for related party transactions that are otherwise prohibited by the conflict prohibitions in securities legislation. Further, the exemptions incorporate conditions that have been reflected in prior relief to permit the same transactions and accordingly, are not new. We highlight that, to the extent that a related party transaction is not prohibited by the conflict prohibitions in securities legislation, reliance on the exemption is not needed nor required. Noting this, we also refer the commenter to our above response under *Workstream 5: Effective at Reducing Burden.*
Workstream 5: Review Comparability of Requirements for Investment Funds that are Not Reporting Issuers as Against Reporting Issuers	One commenter noted that given that pooled funds do not give rise to the same investor protection concerns as retail mutual funds, they should not be subject to the same conditions.	CSA Staff agree that the type of investor in private funds versus public funds is or may be different. However, we believe that a decision to engage in the same type of related party transaction should subject the same transaction to the same conditions and level of oversight, despite the type of fund involved in the transaction. Accordingly, we propose no change.
Workstream 5: Extend Codification to Include International Funds or Permit Existing Relevant Exemptive Relief to Continue	One commenter noted that certain types of funds such as U.S., U.K., E.U. and other international funds or those managed by an affiliate of the fund manager, are not expressly included in the proposals and should be. The commenter noted that alternatively, existing exemptive relief with respect to such funds should be continued.	Where appropriate and consistent with our goal to codify routinely granted relief, we have revised the conflict exemptions in the Amendments to capture non-Canadian funds managed by an affiliate of the fund manager. For example, we have revised the pooled fund on fund exemption to permit

		investment in related non-Canadian underlying funds, as contemplated by the prior decisions, provided that the underlying fund prepares audited annual financial statements and interim financial statements. Where non-Canadian funds have not been reflected in routinely granted relief from other conflict prohibitions in securities legislation, codification of the relief in the Amendments has not included non-Canadian funds.
Workstream 5: Replace Reporting Requirements with Requirement to Maintain Records for Five Years	One commenter suggested that any reporting requirements in the Proposed Amendments under Workstream 5 such as those in proposed paragraphs 6.3(1)(f) and 6.4(1)(i) of NI 81- 107, be replaced with a requirement to maintain appropriate records of the transactions for a period of five years.	No change. The reporting requirements in sections 6.3 and 6.4 of NI 81-107 are consistent with prior relief and existing exemptions for the same types of transactions. These requirements also mandate reports to be filed which ensures they are made publicly available and transparent on SEDAR.
Workstream 5: Delete Clause 6.1(1)(b)(i)(A) of NI 81-107	One commenter suggested that clause 6.1(1)(b)(i)(A) of NI 81-107 be deleted, as the commenter stated it precludes certain types of cross-trades, and results in these types of transactions incurring more cost than necessary. The commenter saw no benefit of reporting such trades to the relevant marketplace since the trades occur at a priced determined by the marketplace rather than the portfolio manager deciding to execute the trade.	No change. This condition ensures appropriate transparency concerning the securities that are the subject of an interfund trade in a manner consistent with applicable trading rules.
Workstreams 5(a), 5(c) and 5(d): Do Not Include Exemptions from NI 31-103 in NI 81-102 for Investment Funds that are Not Reporting Issuers	One commenter noted in respect of Workstreams 5(a), (c) and (d) that amendments to NI 31-103 should not be made through amendments to NI 81-102, as private funds are not subject to NI 81-102. The commenter noted that it would cause inconvenience and added expense for such investment funds to suddenly be required to look to NI 81-102 for any reason, and cause confusion in interpreting existing references to “NI 81-102 funds”, “funds to which NI 81-102 applies”, etc. in existing exemptive relief orders and elsewhere. Another commenter noted more generally that to the extent conflict of interest prohibitions in NI 31-103 and securities legislation are not eliminated, relief from these prohibitions be included in NI 31-103.	CSA Staff do not agree that there is an additional cost to a filer from having to review NI 81-102 to rely on a new exemption from what are currently prohibitions in securities legislation. The new exemption placed in NI 81-102 involving private funds has been placed in its respective section to coincide with similar exemptions for public funds which address the same type of transaction. For example, new section 2.5.1 of NI 81-102 provides an exemption for private fund on fund arrangements, right

		after section 2.5 of NI 81-102 which does the same for public fund on fund arrangements. We agree with the commenter's view on the relevance of NI 31-103 to the exemptions in Workstreams 5(a), 5(c) and 5(d), however, given its focus on registrant activity, our view is that NI 31-103 is not the most appropriate place to codify exemptions which concern fund operations, fund activity and the terms of the funds investment restrictions. Accordingly, we propose no change. We have, however, removed from NI 81-102 the exemption previously proposed to permit in-species transactions among private funds, public funds and managed accounts for reasons set out in the CSA Notice.
Workstream 5(a), 5(c), 5(d): Registrant Prohibitions Still in Place	One commenter noted in respect of Workstream 5(a), (c) and (d) that as drafted, it appears that the funds themselves will be able to effect the transactions that were previously prohibited, however nothing in the amendments provides relief to registrants that are prohibited from causing the funds they manage to carry out those same transactions.	Relief has been provided to the applicable registrant, namely, the registered adviser for the noted transactions, as a result of Appendix D to NI 81-102 which contemplates the inclusion of paragraphs 13.5(2)(a) and 13.5(2)(b) of NI 31-103 in the definition of *"investment fund conflict of interest investment restrictions securities legislation*" wherever it appears in the exemptions contemplated by the Amendments, for example, in new subsection 6.3(4) of NI 81-107 as set out in the Amendments.
Workstream 5(a), 5(c), 5(d): Include Certain Exemptions to subsection 13.5(2) of NI 31-103	One commenter noted in respect of Workstream 5(a), (c) and (d) that it would be supportive of amendments to section 13.5 of NI 31-103 to codify exemptive relief for inter-fund trades by non-reporting funds and managed accounts on similar terms as those established for publicly offered investment funds, but that the prohibition in subsection 13.5(2) should include exemptions if such trade (i) is executed at the last sale price; (ii) is completed following procedures approved by the Board of the fund or IFM/PM; and (iii) reported at	The proposed exemption for inter-fund trading in the Amendments codifies the conditions on which this relief has been frequently granted to both public and private funds. One of these conditions permits inter-fund trades to occur at the last sale price. We do not propose to make the

	least annually to the Board.	additional change requested by the commenter to mandate Board approval of procedures or annual reporting to the Board. Currently, inter-fund trades are subject to the oversight of a fund's IRC and cannot proceed without IRC approval. In such context, it remains open to the IRC to add additional conditions to its approval or standing approval of the transaction if the IRC considers them appropriate.
Workstreams 5(a) and 5(d): Imposition of IRC Requirement Adds Burden to Investment Funds that are not Reporting Issuers	One commenter noted that the proposals extend the exemption from the inter-fund self-dealing investment prohibitions in subsection 6.1(2) of NI 81-107 for public investment funds so that it will apply to inter-fund trades involving related investment funds that are not reporting issuers, and amend section 6.1 of NI 81-107 so that all inter-fund trades of exchange-traded securities may occur at last sale price. The commenter noted that the imposition of requirements under NI 81-102 and NI 81-107 would add to the burden and cost to registrants and investors, as an IRC would have to be established for the private funds and infrastructure would need to be developed to support the IRC.	The Amendments reflected in Workstreams 5(a) and 5(d): (i) codify the terms of existing relief, which currently require IRC oversight for certain prohibited, conflicted transactions, including those which involve private funds, and (ii) maintain a consistent standard of oversight for public and private funds that seek to engage in the same type of transaction prohibited by the same prohibitions in securities legislation. Both considerations are relevant and, in our view, are not dependent on the type of investor in the fund nor the type of fund. It is open to a fund manager to decide, based on the best interests of the fund, not to engage in related party transactions such as interfund trades, and to therefore, not rely on the codified exemptions.
Workstreams 5(a) and 5(d): Address Conflicts Issues of these Workstreams in NI 31-103	One commenter suggested that the conflicts issues in this workstream be addressed in NI 31-103 (including inter-fund trades for private funds) instead of making these funds and their managers subject to NI 81-102 and NI 81-107.	CSA Staff disagree with the commenter. We refer the commenter to our response above under *Workstreams 5(a), 5(c) and 5(d): Do Not Include Exemptions from NI 31-103 in NI 81-102 for Investment Funds that are Not Reporting Issuers.*
Workstreams 5(a) and 5(d): Establish Internal Committees to Review and Assess Conflicts	One commenter suggested that registered firms establish an internal committee made up of various senior individuals with objective oversight, to review and assess conflicts (similar to the way private fund managers establish internal valuation committees).	NI 81-107 reflects the CSA's determination that oversight of the fund manager's handling of conflicts should be in the form of the IRC. The extension of this view is

		found in exemptive relief decisions involving private funds which have mandated IRC oversight for private funds seeking to engage in the same related party transactions as public funds. Variations in this oversight structure in the form suggested by the commenter, will not provide a consistent standard of oversight and have been rejected by the CSA since NI 81-107 became effective in 2006. Accordingly, we have not made this change but note that it is open to a fund manager to establish a separate committee, for example, an advisory committee at the fund level, to assess conflict of interest matters, in addition to the current requirement in NI 81-107 for an investment fund establish an IRC.
Workstreams 5(a) and 5(d): Establish Alternative to IRC	One commenter suggested that rather than having an IRC assess conflicts and the registered firm report to the IRC, have the CCO report to the board of directors as to compliance with the requirements of NI 31-103 (including inter-fund trades at last sale price). The commenter added that if the regulations state how a conflict matter should be addressed then the requirement can be addressed via policies and procedures and controls without an IRC.	CSA Staff refer the commenter to our response above under *Establish Internal Committees to Review and Assess Conflicts*.
Workstreams 5(a) and 5(d): Consider Approaches in Other Jurisdictions	One commenter suggested considering the approach taken in other jurisdictions – such as the anti-fraud provisions in the US under the *Advisors Act* where conflicts management is not prescribed but rather a requirement of the registrant along with initial and ongoing disclosures regarding conflicts.	Approaches to conflict management in other jurisdictions were considered in the course of developing NI 81-107. NI 81-107 reflects the CSA's determination that the IRC is an appropriate mechanism to oversee the fund manager's handling of conflict of interest matters. Accordingly, we have not made the commenter's suggested change to this established and known framework for oversight of fund manager handling of conflict of interest matters.
Workstream 5(a): Maintain Provisions of Paragraph 13.5(2)(a) of NI 31-103, Codify Exemptive Relief Granted Where Notice Not	One commenter noted that given paragraph 13.5(2)(a) permits a related party investment in certain circumstances, imposing any further conditions under the Proposed Amendments in such circumstances would increase regulatory	CSA Staff are unclear what is meant by the commenter. The exemption now provided by the Amendments from paragraph 13.5(2)(a) in NI

Provided and Consent not Received; Permit Non-Reporting Issuer Mutual Fund to Invest in Related Issuer	burden. The commenter suggested maintaining the provisions of paragraph 13.5(2)(a) and codifying the situation where a manager did not provide notice nor obtain consent as required under paragraph 13.5(2)(a), and permitting a mutual fund that is not a reporting issuer to invest in a related issuer, which is prohibited in certain circumstances as described in section 111 of the *Securities Act* (Ontario).	31-103 permits a related party transaction where a portfolio manager cannot otherwise comply with the exceptions provided in subparagraphs 13.5(2)(a)(i) and 13.5(2)(a)(ii). Relief has been previously granted when an investment fund or the portfolio manager cannot, or is unable to, comply with the requirements of paragraph 13.5(2)(a). Such relief has been granted to permit related party transactions based on established conditions now reflected in the Amendments. It is unclear which aspect of these conditions is burdensome to the commenter.
Workstream 5(a): Revise Drafting to Avoid Inadvertently Subjecting Investment Funds that are not Reporting Issuers to Restrictions they are not Currently Subject to	(1) Two commenters noted in respect of Workstream 5(a) that as currently drafted, this codification may result in investment funds that are not reporting issuers being subject to restrictions they are not otherwise subject to today. The commenter offered drafting suggestions to address the issue, including: (2) Revise proposed paragraph 1.2(2.1)(a) to denote section 2.5.1. Another commenter agreed with this suggestion. (3) Revise the wording of proposed paragraphs 1.2(2.1)(b) and (c) of NI 81-102 to specify that subsections 9.4(7) and (8), and 10.4(6) and (7) should apply in respect of investment funds that are not reporting issuers, and only to trades done in accordance with those subsections. Another commenter also noted that the references to sections 9.4 and 10.4 should be narrowed in scope. Another commenter agreed that the references should be to subsections 9.4(7) and (8) and 10.4(6) and (7). (4) Revise the wording of proposed subsection 2.5.1(2) of NI 81-102 to specify that the investment	(1) CSA Staff have revised the pooled fund on fund exemption in section 2.5.1 of NI 81-102 to remove the obligation for the underlying fund to comply with the requirements of NI 81-106. This has been replaced with the requirement for the underlying fund to prepare audited annual financial statements and interim financial statements. We anticipate that this change provides greater clarity around the parameters of the pooled fund on fund exemption in section 2.5.1 of NI 81-102. (2) CSA Staff agree and have made the suggested change. (3) CSA Staff have removed the proposed exemption to permit in-species transactions between private funds, public funds and managed accounts for the reasons set out in the CSA Notice. (4) This is currently specified in subsection 2.5.1(3).

	fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to the purchase or holding of securities of another investment fund by an investment fund that is not a reporting issuer, subject to certain provisions.	
	(5) Delete proposed paragraph 2.5.1(2)(a) of NI 81-102.	(5) No change.
	(6) Exempt non-reporting issuer funds from proposed paragraph 2.5.1(2)(c) of NI 81-102 on the basis that it is adding a limitation that has not been included in recent relief applicable to fund on fund investments where both the top and underlying funds are not reporting issuers. Another commenter noted that it is not clear why the CSA propose this restriction, which it noted was an increase in the regulatory burden and not a reduction. Another commenter noted that this condition was a departure from previous pooled fund on pooled fund conflict relief.	(6) Section 2.5.1 is intended to permit pooled fund on fund arrangements. Recent prior decisions granting relief to permit pooled fund on fund arrangements have included a condition limiting the extent to which the underlying fund may invest in or hold illiquid securities, the purpose of such condition being to ensure the ability of investors in a top fund to redeem on demand. We propose no change as inclusion of this term is consistent with recent granted relief to permit pooled fund on fund transactions. We also refer the commenters to our response above under "*Workstream 5: Effective at Reducing Burden"* which confirms that prior exemptive relief decisions concerning the transactions now codified in the Amendments will be permitted to remain in place.
	(7) Amend proposed paragraph 2.5.1(2)(d) of NI 81-102 to clarify that the other fund must only comply with NI 81-106 to the extent applicable, as non-reporting issuer investment funds are not subject to NI 81-106 in its entirety. Another commenter noted that this condition cannot be met by "other funds" in those provinces where it was determined NI 81-106 should not apply to certain non-public funds. Another commenter noted that this condition was a departure from previous pooled fund on pooled fund conflict relief.	(7) CSA Staff have removed the requirement for the underlying fund to comply with NI 81-106 and replaced it with the condition reflected in recent relief permitting pooled funds to invest only in underlying funds which prepare audited annual financial statements and interim financial statements and make them available upon request to an investor in a top fund.
	(8) Amend proposed paragraph 2.5.1(2)(f) of NI 81-102 to clarify that the investment in the other fund be effected at an objective price, but that the price need not necessarily be calculated in accordance with section 14.2 of NI 81-106, as that provision does not apply to non-reporting issuer investment	(8) In response to the comment, we have revised the wording of the noted paragraph (now paragraph 2.5.1(2)(i)) to provide greater clarity on how the price of

	funds, and is not a requirement of current exemptive relief. Another commenter noted that "objective price" is not defined in NI 81-102. Another commenter noted that it should be clarified whether all subsections of section 14.2 of NI 81-106 must be complied with or only subsections (1) through (1.4), and that it should be the latter as the commenter saw no policy reason to force Pooled Funds who wish to rely on this relief to comply with frequency, currency and publication requirements. Another commenter noted that this condition was a departure from previous pooled fund on pooled fund conflict relief.	investment in the underlying fund should be determined.
	(9) Amend proposed subparagraphs 2.5.1(2)(g)(iii)-(v) of NI 81-102 to reference fund(s) instead of a single fund.	(9) No change. This disclosure is to be provided on a per fund basis consistent with prior relief now being codified.
	(10) Amend proposed subparagraph 2.5.1(2)(g)(vi) of NI 81-102 to delete the requirement to disclose, for the officers and directors and substantial securityholders who together in aggregate hold a significant interest in the other fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable other fund's net asset value. Another commenter also agreed with this suggestion.	(10) No change. This disclosure requirement is consistent with the conditions of prior relief now being codified.
	(11) Delete proposed paragraph 2.5.1(2)(h) of NI 81-102, as it is an additional requirement that is not included in previously granted relief and creates additional regulatory burden, and investors generally will make this request of their advisor should they want to obtain a copy of the documents referred to. Another commenter also agreed with this suggestion.	(11) No change. This disclosure requirement is consistent with the conditions of prior relief now being codified.
	(12) One commenter also noted that NI 81-102, NI 81-106 and NI 81-107 should only apply to pooled funds for the purpose of benefiting from the exemptions, and noted that many of the conditions included in the proposed section 2.5.1 should not be applicable to investments in underlying funds that are non-reporting issuers. The commenter added that funds not currently subject to these conditions would have to change their operations midstream to comply.	(12) The Amendments incorporate exemptions to permit pooled funds to engage in conflict transactions that are currently prohibited by securities legislation. In this context, the exemptions do not impose additional conditions on pooled funds, but they do establish a framework for such funds to engage in prohibited transactions on terms reflected in previously granted relief. Noting the comment, however, we have removed the requirement for the underlying fund in a pooled fund on fund transaction to comply with NI 81-106. We also refer the

		commenter to our response above under *Workstream 5: Effective at Reducing Burden.*
Workstream 5(a): Disclosure Document Requirements New	Another commenter noted that the disclosure requirements in proposed paragraph 2.5.1(2)(g) of NI 81-102 are new.	The disclosure requirements in now paragraph 2.5.1(2)(j) are not new as they are reflected in prior relief to permit pooled fund on fund arrangements. As such, they have been included in the exemption in section 2.5.1 to permit the same.
Workstream 5(a): Clarify Whether Disclosure Document Requirement Applies Where Relief Previously Granted	One commenter noted that clarification should be provided as to whether the disclosure document applies to investors in funds where previously granted relief has been provided.	The disclosure requirement in what is now section 2.5.1 applies to all investors in a top pooled fund *before an investor purchases securities of the investment fund*. In our view, this requirement is a prospective requirement applicable to investors in top funds seeking to rely on the exemption going forward, not to investors in funds relying on previously granted relief.
Workstream 5(a): Review Disclosure Document Requirements to Avoid Unduly Narrowing Scope of Codified Relief	One commenter noted that proposed subparagraphs 2.5.1(2)(g)(i)-(ii) of NI 81-102 raised questions about whether the relief only applies when the top fund is investing in related funds, which would be an unduly narrow scope of the relief.	This exemption codifies pooled fund on fund relief previously granted to permit pooled funds to invest in related funds where such transactions would otherwise be prohibited by securities legislation. We do not view this as narrow since absent this exemption, filers are required to otherwise apply for this relief from applicable prohibitions in securities legislation to engage in pooled fund on related fund transactions.
Workstream 5(a): Streamline Disclosure Document Requirements	One commenter noted that proposed paragraph 2.5.1(2)(g) of NI 81-102 should be reviewed to determine whether each item of disclosure is necessary, and that at a minimum the words “if applicable” should be included to permit the manager flexibility in determining which requirements are relevant in the circumstances.	CSA Staff have not made this change. The disclosure requirements in proposed paragraph 2.5.1(2)(g) of NI 81-102 (now paragraph 2.5.1(2)(j) of NI 81-102) are consistent with relief previously granted and, in our view, are necessary to mitigate and to provide sufficient transparency around the inherent conflict in pooled fund on fund transactions involving related funds.

Workstream 5(a): Delete Paragraph 2.5.1(2)(b) of NI 81-102	One commenter noted that proposed paragraph 2.5.1(2)(b) of NI 81-102 should be deleted and paragraph (b.1) should apply to both types of underlying investment funds, as it is irrelevant for a pooled fund to determine whether it is a mutual fund, an alternative mutual fund or a non-redeemable investment fund and have its investments in investment funds constrained to the same type of investment fund.	CSA Staff have not made the changes requested by the commenter. The exemption in section 2.5.1 requires only that a determination be made as to whether the underlying fund is or is not a reporting issuer. If is it a reporting issuer, a determination would need to be made in any event as to whether the underlying fund is a mutual fund or a non-redeemable investment fund as it would, in accordance with section 2.5, if the top fund were a public fund.
Workstream 5(a): Modify Paragraph 2.5.1(2)(b.1) of NI 81-102 to Permit Three-Tier Investing	One commenter noted that proposed paragraph 2.5.1(2)(b.1) of NI 81-102 should be amended such that three-tier investing is not prohibited so long as there are no duplication of fees.	CSA Staff do not propose to make this change as it is not consistent with prior routine relief being codified by the Amendments.
Workstream 5(a): Delete Paragraph 2.5.1(2)(c) of NI 81-102	One commenter noted that proposed paragraph 2.5.1(2)(c) of NI 81-102 should be deleted, as the underlying investment fund should not have to comply with section 2.4 of NI 81-102 so long as the manager has adequate measures to ensure that its net asset value determination is fair and reasonable at all relevant times and it can satisfy any redemption request in accordance with the redemption rights it has given its security holders under all reasonable circumstances.	CSA Staff disagree. The requirement on the underlying fund to comply with section 2.4 of NI 81-102 is consistent with the conditions of prior relief granted and exists for the purpose of ensuring that sufficient liquidity exists at the lower level of a fund on fund arrangement. Accordingly, we have not made this change.
Workstream 5(a): Review Paragraph 2.5.1(2)(e)	One commenter noted that proposed paragraph 2.5.1(2)(e) will require the underlying fund to have the same redemption and valuation dates.	This is correct and consistent with the conditions of prior exemptive relief now codified by the Amendments.
Workstream 5(a): Review Impact of Provisions on Ability to Invest in Non-Canadian Underlying Funds Managed by an Affiliate of the Fund Manager of the Top Fund	One commenter noted that the proposed amendments create a circumstance where investing in non-Canadian underlying funds managed by an affiliate of the fund manager of the top fund will no longer be permissible, which is a departure from existing fund on fund conflict relief.	CSA Staff have revised the pooled fund on fund exemption to permit investment by a Canadian pooled fund in related non-Canadian underlying funds provided that the underlying fund prepares audited annual financial statements and interim financial statements. We also refer the commenter to our response above under *Workstream 5: Effective at Reducing Burden.*
Workstream 5(a): Review Differences in	One commenter also noted that the proposed section 2.5.1 of NI 81-102 imposed requirements in	The commenter is correct. The added disclosure

Requirements as Against Fund-on-Fund Investments by Reporting Issuers	the pooled fund on pooled fund context that are not present for fund-on-fund investments by reporting issuer funds pursuant to section 2.5 of NI 81-102, including the disclosure obligations in proposed paragraph 2.5.1(2)(g).	requirements are consistent with prior relief and have been incorporated into section 2.5.1 in recognition of the absence of a regular public disclosure document for private funds that regularly provides disclosure and transparency concerning related party transactions.
Workstream 5(b): Broaden Scope of Codification by Amending Proposed Paragraph 4.1(4)(b) to Capture Distributions in Other Jurisdictions	One commenter suggested in respect of Workstream 5(b) that the CSA broaden the scope of this codification to permit dealer managed investment funds to also invest in securities issued in a related underwriting in other jurisdictions in which the dealer manager or an associate or affiliate of the dealer manager acts as underwriter. The commenter suggested this be achieved by having the proposed paragraph 4.1(4)(b) be amended to capture distributions in other jurisdictions.	We note the comment, however, codification of an exemption to permit dealer managed investment funds to invest in securities issued in a related underwriting in other jurisdictions is outside of our current goal of codifying routinely granted exemptive relief. Accordingly, at this time, we have not made the change requested by the commenter.
Workstream 5(b): Permit a Dealer Managed Investment Fund to Invest in Offerings of Debt Securities of Non-Reporting Issuers Without an approved rating	One commenter suggested that proposed subsection 4.1(4) of NI 81-102 delete the proposed addition of the term “reporting” next to “issuer” in the first sentence, as this was not a condition to previous exemptive relief granted in similar circumstances and there is in existence high-quality debt securities issued by non-reporting issuers.	The Amendments permit fund investment in related party underwritings of a reporting issuer, whether the offering of those securities occurs by prospectus or under an exemption from the prospectus requirement. This is consistent with routinely granted prior relief. To date, relief to permit public fund investment in related party underwritings in debt of non-reporting issuers has not been frequently granted. Accordingly, we have not codified such relief as part of this initiative. The CSA will continue to consider such relief on a case-by-case basis.
Workstream 5(c): Provide Guidance Rather than Codify Exemption	One commenter noted that rather than codifying an exemption to paragraph 13.5(2)(b) that likely does not impose any restriction on *in-specie* subscriptions and redemptions for mutual funds and other investment funds that are not reporting issuers, the CSA should clarify the interpretation of those provisions.	CSA Staff have removed the proposed exemption for in-species subscriptions and redemptions between related public funds, pooled funds and managed accounts for the reasons set out in the CSA Notice.
Workstream 5(c): Review Illiquid Asset Transfer Requirements	Two commenters noted in respect of Workstream 5(c) that it questioned the need for paragraphs 9.4(7)(c), 9.4(8)(d), 10.4(6)(d) and 10.4(7)(d) given the same registrant is on both sides of the transaction. The commenters noted that the	CSA Staff refer the commenter to our response above under *Workstream 5(c): Provide Guidance Rather than Codify*

	registrant owes a duty of care to each investment fund, and one of the commenters noted the duty applies to managed accounts as well. That commenter also noted that the registrant has an obligation to act fairly in determining the amount of the illiquid asset to be transferred from one to the other and the price at which it should be transferred, and that a registrant has an obligation to fairly value the portfolio holdings. The commenter also noted that depending on the nature of the illiquid asset, it may be difficult to obtain such a price quote.	*Exemption.*
Workstream 5(c): Drafting Amendments to Proposed Subsections 9.4(7), 9.4(8), 10.4(6) and 10.4(7) of NI 81-102	One commenter noted in respect of Workstream 5(c) that while it was pleased to see the codified exemptions provided for in new subsections 9.4(7) and (8), it had several comments on the proposed provisions, and that these comments applied equally to subsections 10.4(6) and (7): • Amend paragraph (7)(a) to allow each fund manager to make a determination as to whether the transaction is a conflict of interest matter that should be referred to the IRC. The commenter noted that it is not clear why this is assumed to be such a matter that should be referred to the IRC, given the parameters of paragraph 9.4(2)(b) and the balance of subsection (7), and that such a requirement does not apply if the second fund is a reporting issuer. • Regarding subsection (8), consider whether the CSA has authority to make this rule in respect of managed accounts, and amend section 1.2 to resolve such concerns using a method similar to that in proposed subsection 1.2(2.1). • Regarding subsection (8), refer to either “portfolio manager” (preferred) or “portfolio adviser”, but not both. • Amend paragraph (8)(a) to allow each fund manager to make a determination as to whether the transaction is a conflict of interest matter that should be referred to the IRC. The commenter noted that it is not clear why this is assumed to be such a matter that should be referred to the IRC, given the parameters of paragraph 9.4(2)(b) and the balance of subsection (8) (and the fact this is not the case for subsection (7). • Delete paragraph (8)(b) to remove the requirement for “prior written consent” of the managed account client, in light of the conditions to the relief and the discretionary authority of portfolio managers over managed accounts. • Amending paragraphs (7)(e) and (8)(g) as the trade may not be completed through a dealer at all, and if it is, the custodian may still charge a fee.	CSA Staff thank the commenter for its support for the exemptions but refer the commenter to our response above under *Workstream 5(c): Provide Guidance Rather than Codify Exemption.*

Workstream 5(c): Do Not Restrict Relief to Mutual Funds	One commenter noted that the relief should not be limited to mutual funds, as there is no policy reason why investment funds that do not offer redemption rights would not be permitted to rely on this relief for subscriptions.	CSA Staff refer the commenter to our response above under *Workstream 5(c): Provide Guidance Rather than Codify Exemption*.
Workstream 5(c): Remove Requirement for Compliance with Section 2.4 of NI 81-102	One commenter noted that investment funds carrying out *in specie* subscriptions or redemptions should not have to comply with section 2.4 of NI 81- 102 (unless they are investment funds to which NI 81-102 applies) so long as the manager for the underlying fund has adequate measures to ensure that its net asset value determination is fair and reasonable at all relevant times.	CSA Staff refer the commenter to our response above under *Workstream 5(c): Provide Guidance Rather than Codify Exemption.*
Workstream 5(c): Review Pro-Rata Transfer Requirements for *In-Specie* Subscriptions and Redemptions	One commenter noted illiquid assets included in the payment for securities of an investment fund (or in the payment of redemption proceeds) should not be required to be transferred on a pro-rata basis. The commenter noted that the only criteria that is relevant is that the assets are acceptable to the receiving fund's portfolio manager (or for the receiving managed account) and consistent with the receiving fund's investment objectives (or the investment policy applicable to the receiving managed account). The commenter also noted that if it remains within the target allocation for that asset class, the portfolio manager should be allowed to accept the subscription (or redemption). In addition, forcing the portfolio manager to breakup an illiquid asset in two (i.e. keep a portion for the fund and transfer the ownership of another portion to the unitholder, or vice versa may prove to be too difficult and render the relief useless when illiquid assets are involved in *in specie* transactions.	CSA Staff refer the commenter to our response above under *Workstream 5(c): Provide Guidance Rather than Codify Exemption.*
Workstream 5(d): Support for Amendment to Definition of Current Market Price of the Security	One commenter noted the expansion of the "inter-fund trading" relief provided for in NI 81-107 with the Proposed Amendments to section 6.1, and was appreciative of the correction to the definition of "current market price of the security" provided for with these revisions.	CSA Staff thank the commenter for the support.
Workstream 5(d): Permit Inter-Fund Trade between two Investment Funds Managed by Different IFMS but Common PM, with IRC Approval	One commenter noted that Workstream 5(d) should be revised to permit an inter-fund trade between two investment funds managed by different investment fund managers but with a common portfolio manager, so long as the IRC of each investment fund involved in the trade has approved the trade.	CSA Staff disagree. The inter-fund trading exemption was initially established in NI 81-107 to permit interfund trades between funds managed by the same fund manager (or affiliated fund managers) with IRC approval. NI 81-107 established this concept by highlighting that the funds overseen by the IRC in an interfund trade should be part of the same fund family, not across different fund families of different fund managers. Permitting this

		oversight to occur between non-related funds would not result in consistent oversight of conflict matters at the fund manager level. Accordingly, we have not made the change suggested by the commenter.
Workstream 5(e): Support for Codification	One commenter supported the proposed codification.	CSA Staff thank the commenter for its support.
Workstream 5(e): Amend Commentary to NI 81-107	One commenter noted that in NI 81-107, references to “inter-fund trades” in Commentary 2 to section 6.2, the commentary following new section 6.3 and new section 6.4 will need to be amended to reference “transactions in securities of related issuers”, “transactions in securities of related issuers in the secondary market” and “transactions in securities of related issuers in primary offerings”, respectively.	No change.
Workstream 5(f): Support for Codification	Two commenters supported the proposed codification.	CSA Staff thank the commenters for their support.
Workstream 5(g): Support for Codification	One commenter supported the proposed codification.	CSA Staff thank the commenter for its support.
Workstream 5(g): Extend Codification to All Debt	One commenter noted in respect of Workstream 5(g) that the relief be extended to all debt, not just long-term debt.	No change. The exemption codifies routinely granted relief to permit fund purchases of long-term debt in the primary market.
Workstream 5(h): Support for Codification	Two commenters supported the proposed codification.	CSA Staff thank the commenters for their support.

WORKSTREAM SIX - SUPPORT

Issue	Comment	Response
Support for Workstream	Seven commenters supported codification of relief that has been routinely granted, to broaden the pre-approval criteria for investment fund mergers contained in section 5.6 of NI 81-102.	CSA Staff thank the commenters for their support.

WORKSTREAM SIX - QUESTION 20

We propose to mandate new disclosure requirements in the Information Circular in subparagraph 5.6(1)(a)(ii) and paragraph 5.6(1)(b) of NI 81-102 as pre-approval criteria for investment fund mergers. Are there any additional disclosure elements that we should require beyond what has been proposed? If so, please provide details.

Issue	Comment	Response
Remove Subparagraph (i) of Proposed Paragraph 5.6(1)(b) and Apply Clause (ii)(A) to all Mergers	One commenter noted that a better approach to disclosure would be to remove subparagraph (i) of proposed paragraph 5.6(1)(b) and apply clause (ii)(A) to all mergers, thereby giving investors an explanation as to why a particular course of action was taken from a tax perspective and why that action is in the best interests of securityholders of the fund. The commenter noted that a qualifying exchange is not an innocuous event, and that it is important that investors understand the consequences when considering a fund merger.	CSA Staff note the commenter's suggestion but are of the view that such a proposed expansion of disclosure obligations would require additional investigation that would be outside the scope of this Workstream. CSA Staff also note that to the extent a qualifying exchange or tax deferred transaction has a material, negative impact on a securityholder, such information should be disclosed in the information circular.

WORKSTREAM SIX - OTHER

Issue	Comment	Response
Revise "Best Interests of Securityholders" Standard	Five commenters noted that both proposed clause 5.6(1)(a)(ii)(B) and proposed clause 5.6(1)(b)(ii)(C) of NI 81-106 include a requirement that the disclosure explain the investment fund manager's belief that the transaction is in the "best interests of securityholders", and that to remain consistent with the relief granted, "best interests of securityholders" should be changed to "beneficial to securityholders".	CSA Staff have replaced the phrase "best interests of securityholders" with "best interests of the investment fund" to more closely align with the language used in statutory descriptions of investment fund managers' standard of care.
Clarify in Regulations that Securityholder Approval Still Required	One commenter noted that subparagraph 5.3(2)(a)(iii) of NI 81-102 should be amended to refer to "the investment fund complies with the criteria in paragraphs 5.6(1)(a)**(i) and (ii)(A)**, (b)**(i)**, (c),", as securityholder approval will continue to be required even though approval of the securities regulatory authority is no longer required for these investment fund mergers.	CSA Staff agree with the change except that the revision to subparagraph 5.3(2)(a)(iii) of NI 81-102 should be amended to refer to the investment fund complying with the criteria in subparagraph 5.6(1)(a)(i), clause 5.6(1)(a)(ii)(A), subparagraph 5.6(1)(a)(iii) and subparagraph 5.6(1)(a)(iv); subparagraph 5.6(1)(b)(i); paragraph 5.6(1)(c)…".
Eliminate Securityholder Approval Requirement	Two commenters suggested that the requirement for securityholder approval of fund mergers addressed in this Workstream be eliminated by adding them to subsection 5.3(2) of NI 81-102 as further circumstances where securityholder approval is not required. The commenters noted that securityholders remain adequately protected by the fact that: • the manager must conclude that the merger is beneficial to securityholders; • the IRC of the relevant fund must approve the merger under subsection 5.2(2) of NI 81-107; and • securityholders must be given at least 60 days' advance notice of the merger, which will provide securityholders with ample time to redeem their investments should they not wish to participate in the upcoming merger.	CSA Staff will investigate the possibility of minimizing the list of items for which securityholder votes are required by NI 81-102, section 5.1 in future stages of the current burden reduction initiative and will consider the commenters' views at that time.
Securityholder Approval Requirement Already Eliminated	Another commenter noted that the impact of the Proposed Amendments is to not only remove regulatory approval but to allow these mergers to be approved by the IRC in lieu of securityholders. The commenter noted that this is an appropriate result as securityholder engagement is low, the IRC can ensure that the proposal is uninfluenced by entities related to the manager or considerations other than the best interests of the fund, and the proposal achieves a fair and reasonable result for the investment fund.	CSA Staff note that there was no intention for the Proposed Amendments to eliminate the requirement for securityholder approval for mergers in a way that would go beyond what is currently permitted by securities regulations. CSA Staff are proposing revisions to subparagraph 5.3(2)(a)(iii) of NI 81-102 (as noted above) to address any confusion on this issue. Please also see above

		for information on CSA Staff's review of circumstances requiring securityholder votes.
Provide Confirmation Regarding Notice-and-Access	One commenter suggested that the CSA amend 81-102CP to expressly confirm that reliance on notice-and-access is sufficient for satisfying the condition in subparagraph 5.6(1)(f)(ii) of NI 81-102.	Consistent with recent merger approval decisions, CSA Staff are not stating that reliance on notice-and-access is sufficient for sending the Fund Facts of the continuing fund, pursuant to the requirement in subparagraph 5.6(1)(f)(ii) of NI 81-102. CSA Staff will investigate alternative securityholder delivery methods as part of a future stage of the current burden reduction initiative, and consider the commenter's views at that time.
Delete Subsection 7.3(2) of 81-102CP	One commenter suggested that subsection 7.3(2) of 81-102CP be deleted on the basis that merging a bigger terminating fund into a smaller continuing fund generally should not be considered a material change for the smaller continuing fund, as the relative sizes of the merging funds is irrelevant since all the assets received by the continuing fund will be suitable for it.	CSA Staff will investigate guidance and regulatory requirements regarding material changes in future stages of the current burden reduction initiative and will consider the commenter's views at that time.

WORKSTREAM SEVEN - SUPPORT

Issue	Comment	Response
Support for Workstream	Four commenters supported a repeal of the requirement to obtain regulatory approval for a change of manager, a change of control of manager and a change of custodian that occurs in connection with a change of manager.	CSA Staff thank the commenters for their support.

WORKSTREAM SEVEN - QUESTION 21

Given the oversight regime in place for investment fund managers, we are proposing to repeal the requirement for regulatory approval of a change of manager or a change of control of a manager under Part 5 (Fundamental Changes) of NI 81-102. Does this proposal raise any investor protection issues? If so, explain what measures, if any, securities regulators should consider in order to mitigate such issues. Alternatively, should we maintain the requirements for regulatory approval of these matters and seek to streamline the approval process by eliminating certain requirements in subsection 5.7(1) of NI 81-102? If so, please comment on whether such an approach would be preferable to the existing proposal, which has been put forward with consideration given to the presence of the investment fund manager registration regime.

Issue	Comment	Response
No Investor Protection Concerns in Eliminating Change of Manager and Change of Control of Manager Approval Requirements	Five commenters noted that repealing the requirements for regulatory approval of a change of manager or a change of control of a manager under Part 5 of NI 81-102 does not raise any investor protection concerns.	CSA Staff agree.
Other Safeguards in Place	Several commenters noted that even with the removal of the requirements, there still exist safeguards to ensure investor protection in the context: • One commenter noted that oversight of the transaction will continue to be exercised under sections 11.9 and 11.10 of NI 31-103, any conflict of interest matter will be subject to the oversight of the fund's IRC, and securityholders will have the opportunity to vote on any changes included in section 5.1 of NI 81-102. • Another commenter noted that the IFM is a registrant registered and regulated pursuant to NI 31-103, registrants owe duties to the funds, and firms are subject to significant due diligence. Another commenter noted that removal of the change of manager approval requirement was appropriate given the regulatory regime for investment fund managers. • Three commenters noted that approval from the manager's principal regulator is still required under sections 11.9 and 11.10 of NI 31-103.	CSA Staff agree.
No Investor Protection Concerns in Eliminating Approval Requirement for Change of Custodian That Occurs in Connection with Change of Manager	Two commenters also noted that repealing the requirement for a change of custodian that occurs in connection with a change of manager does not raise investor protection concerns. One of the commenters noted that NI 81-102 prescribes the categories of companies qualified to act as the custodian of an investment fund's assets and limits the options to large Canadian financial institutions, and changing the selected Canadian financial institution following a change of control of a manager will not prejudice investors. The commenter also noted that in almost all cases, the custodian of Canadian investment funds is independent from the manager of those funds.	CSA Staff agree.
Enhanced Information Circular Disclosure Requirements Provide	One commenter noted that the enhanced disclosure requirements for the information circular as set out in proposed NI 81-102, paragraph 5.4(2)(a.2) will provide investors with information equivalent to what	CSA Staff agree that the enhanced disclosure requirements for the information circular are

Investors with Information Previously in Application	was provided in applications as required by NI 81-102, paragraph 5.7(1)(a).	generally equivalent, with some required modifications.
Add Pre-Notice Safeguard	One commenter noted that while an approval requirement is unnecessary with the implementation of the investment fund manager registration category, a regulatory pre-notice requirement would be desirable as it would give the regulators an opportunity to intervene if there is a regulatory issue with the proposed new IFM.	CSA Staff are not proposing to implement a regulatory pre-notice requirement. CSA Staff also note that investment fund managers are subject to a registration regime which includes detailed information filing requirements pursuant to Form 33-109F6 *Firm Registration* such as firm history, registration history, and financial condition. CSA Staff also note that changes to this information are provided pursuant to Form 33-109F5 *Change of Registration Information*.

WORKSTREAM SEVEN - QUESTION 22

When there is a change of manager or a change of control of a manager, should securityholders have the right to redeem their securities without paying any redemption fees before the change? If so, what should be the period after the announcement of the change during which securityholders should be allowed to redeem their securities without having to pay any redemption fees?

Issue	Comment	Response
Do Not Permit Securityholder Redemption Without Payment of Redemption Fees	Six commenters noted that securityholders should not be allowed to redeem their securities without the payment of any redemption fees before any change, when there is a change of manager or a change of control of a manager. Several commenters provided their rationale for this position: • Two commenters noted that such a right does not exist for any other fundamental changes set out in section 5.1 of NI 81-102, and that such a requirement may not be workable for ETFs. • One commenter noted that provided the disclosure that goes to investors about these events clearly states what charges will be payable, the CSA should not mandate a right to redeem their securities without paying any redemption fees before the change. • One commenter noted that redemption charge securities were created at a time when investors paid upfront commissions for mutual fund subscriptions, and the DSC was effectively a pre-payment penalty on a loan from the manager to the investor to fund that upfront commission. The commenter noted that in a standard loan, there would never be loan forgiveness on a change of control of the lender and this situation is directly analogous. • One commenter noted that investor protection is achieved in these instances by the right to vote, the disclosure required to implement such a change, and the IFM registration regime. • One commenter noted that the right could be used by investors that wish to withdraw cash from the investment fund, regardless of whether they agree or disagree with the proposed change. One commenter noted that the right would place managers in a conflict of interest since the manager may be forced to choose between (i) recommending a change to securityholders that the manager believes is in the best interests of the fund, and (ii) avoiding the potential financial consequences of recouping upfront distribution costs through ongoing management fees and redemption fees.	CSA Staff note the commenters' views and will not require, as part of the Amendments and Related Changes, that securityholders be given a right to redeem their securities without paying any redemption fees before the change, consistent with recent change of manager and change of control of manager approval decisions.

WORKSTREAM SEVEN - QUESTION 23

We propose to add to subsection 5.4(2) of NI 81-102 certain disclosure requirements in the Information Circular regarding a change of manager. Is there any other disclosure in the Information Circular that we should mandate, beyond what has been proposed? If so, please provide details.

Issue	Comment	Response
Add Materiality Threshold	Two commenters suggested adding a materiality threshold to proposed subparagraphs 5.4(2)(a.2)(ii) and one commenter suggested adding a materiality threshold to proposed subparagraph 5.4(2)(a.2)(iii).	CSA Staff agree and also added a materiality threshold in respect of information regarding the business, management and operations of the new investment fund manager.
Limit Information Required on Business, Management and Operations of New Investment Fund Manager	One commenter suggested limiting the application of proposed subparagraph 5.4(2)(a.2)(i) to executive officers and directors within the five years preceding the date of the notice or statement.	CSA Staff agree and have made the change.
No Additional Disclosure	Four commenters suggested that no additional disclosure be mandated.	CSA Staff note the commenters' views.

WORKSTREAM SEVEN - QUESTION 24

When a change of manager is planned, we are considering requiring that the related draft Information Circular be sent to securities regulators for approval before it is sent to securityholders in accordance with subsection 5.4(1) of NI 81-102. What concerns, if any, would arise from introducing this requirement? We expect that securities regulators would establish a process to review the Information Circular. If securities regulators took 10 business days to approve the Information Circular as part of the review process, would that create any issues with respect to the organization of the securityholder meeting?

Issue	Comment	Response
Do Not Introduce Requirement	Seven commenters noted that a requirement to obtain regulatory approval before the information circular is sent to securityholders should not be implemented. Several commenters provided their rationale for this view: • Two commenters noted that the proposed requirement is unduly burdensome, will require the investment fund manager to build in additional time to obtain approval, and will also need to be coordinated with timing requirements set out in NI 54-101. • One commenter noted that the requirement would create timing issues that could complicate the transition, and would increase the burden on registrants. • One commenter questioned the purpose of the regulatory approval given that the disclosure in the information circular remains the obligation of the investment fund issuer. • One commenter noted that the scope and rationale for the review is not clear, which would create additional burden for the securities regulator. • One commenter noted that timing is tight given the requirements in NI 54-101, and given that service providers typically request final versions of the meeting materials that are to be printed and delivered approximately 7 to 10 business days in advance of the delivery date. The commenter noted that adding 10 additional business days to allow the CSA to approve the information circular would mean that the final meeting materials would need to be ready up to 20 days prior to the delivery date (and potentially even earlier than that if there is some back and forth with the CSA on the content of the information circular). The commenter also noted that it is not a useful practice for the CSA to comment on the information circular, and that in the commenter's experience, the CSA have had immaterial drafting changes to the information circular when provided in the context of the NI 81-102 application. • One commenter noted that the requirement would likely to lead to the creation of new substantive requirements by the CSA outside the rule-making process and that the CSA should expect that managers will prepare information circulars in compliance with securities legislation, failing which securityholders will have recourse	CSA Staff note the commenters' views and have determined, at this time, to not implement any regulatory review of the information circular in the context of a change of manager, as part of the Amendments and Related Changes.

	against the manager and the CSA will have an opportunity for disciplinary action. • One commenter noted that it would be helpful to understand the rationale behind why the CSA believe that information circular approval is necessary for investor protection, and that without further information, considering the increased burden and resultant potential slow down of such transactions, the requirement should not be implemented.	
If Implemented, No Longer than Five Business Days for Review and Approval	Two commenters suggested that if the proposal were implemented, securities regulators should adopt a review period of five days. One of the commenters specifically added that it was uncertain whether the proposal reduced burden.	See above.
Adopt Review Process	One commenter noted that information circulars carry prospectus-level liability, and while mandatory review of them is an additional burden, it is one that will enhance investor protection and should be adopted.	CSA Staff note the commenter's view.

WORKSTREAM SEVEN - QUESTION 25

Investment funds currently rely on the form of Information Circular provided for in Form 51-102F5 Information Circular of NI 51-102, which was developed primarily for non-investment fund issuers.

a. Should Form 51-102F5 of NI 51-102 be replaced with an Information Circular form that is tailored to investment funds?

b. If investment funds had their own form of Information Circular, would this reduce costs or make it easier to comply with requirements to produce an Information Circular?

c. If investment funds had their own form of Information Circular, are there certain form requirements that should be added which would provide investors with useful disclosure that is not currently required by Form 51-102F5? Alternatively, are there disclosure requirements that could be removed? Please provide details.

d. Should investors receive additional tailored disclosure adapted to their needs? Would investors benefit from receiving a summary of key information from the Information Circular in a simple and comparable format, in addition to the Information Circular itself or as a distinctive part of the Information Circular (e.g. as a summary appearing at the front of the document)?

Issue	Comment	Response
Q25(a) - Replace Form 51-102F5 with Investment Fund Specific Information Circular Form	Five commenters noted that Form 51-102F5 of NI 51-102 should be replaced with an information circular form that is tailored to investment funds. Several commenters provided their rationale for this view: • One commenter noted that many of the requirements of Form 51-102F5 are not applicable to investment funds generally, and in particular, to investment funds in the context of a meeting of securityholders to approve a fundamental change. • One commenter noted that a tailored information circular would reduce the regulatory burden of attempting to adapt the current form to the particularities of the change and improve consistency, to the benefit of investors. • One commenter noted that the benefits of a form designed to address the specific circumstances of investment funds would outweigh the upfront burden associated with migrating to new form requirements.	CSA Staff will investigate the request for an information circular form tailored to investment funds as part of future stages of the current burden reduction initiative, and will consider the commenters' views at that time.
Q25(a) - Value of New Investment Fund Information Circular Form Unclear	Two commenters suggested that there was a lack of clarity about whether a new information circular form would add value. • One commenter noted that it was not aware of investment fund managers being unable to meet their disclosure obligations under the current form, and questioned the value of a new form, even though it may be slightly easier for investment fund managers over the longer term. • The other commenter noted that there have been no real complaints about use of the form such that a change of form is warranted at this time.	See above.
Q25(a) - Provide Flexibility Regarding Which Form to Use	One commenter noted that to the extent an alternative form is available to investment funds, it should be up to the investment fund manager to decide which form to use.	See above.

Q25(b) – New Information Circular Form for Investment Funds Beneficial	Three commenters noted that a new form of information circular for investment funds would reduce burden, and provided their rationale: • One commenter noted that while the introduction of a new form of information circular would require the expenditure of some time and effort to become familiar with the form requirements and creation of the initial document, there would be a benefit to investment fund issuers and their investors over the long-term. • One commenter noted that a new form would reduce costs of preparation, enhance compliance, and provide investors with salient information with respect to the change. • One commenter noted that a form tailored to funds will make it easier to comply with requirements to produce an information circular and will result in more meaningful disclosure to securityholders of funds.	See above.
Q25(b) – New Information Circular Form for Investment Funds Likely Not Easier to Use	One commenter noted that it is not particularly difficult to comply with the information circular requirements today and it is difficult to imagine that a new form would make it easier.	See above.
Q25(c) – Suggestions for Form 51-1012F5 Modifications Not Available	One commenter noted that it did not have the time to consider this issue but would be pleased to collaborate with the CSA on this work.	See above.
Q25(c) – No Information Missing in Form 51-1012F5 but Opportunity to Improve Readability	One commenter noted that it could not identify any specific information missing from the form, and would not want to see additions to the form that would increase costs to complete it. The commenter noted that a change would be an opportunity to improve its readability in the investment funds context.	See above.
Q25(c) – Remove Information Not Relevant to Investment Funds, Create new Workstream, No Requirement for Comparability	One commenter noted that a number of items currently prescribed in Form 51-102F5 are irrelevant to investment funds. The commenter also noted that designing a new form of information circular should be a new initiative. The commenter also noted that a format creating comparability between information circulars is not required.	See above.
Q25(c) – No New Form Required but If Created, Remove Information Not Relevant to Investment Funds	Two commenters did not think a new form was required, but noted that if one was created, certain items should be removed. One commenter suggested that items not relevant to investment funds, such as details regarding compensation of directors, could be removed. One commenter provided a more detailed list of Items from Form 51-102F5 that could be removed or streamlined: • Item 5 (Interest of Certain Persons or Companies in Matters to be Acted Upon), which is not necessary in the investment fund context. • Item 7 (Election of Directors) which is not applicable in the investment fund context. • Item 8 (Executive Compensation) which is not applicable in the investment fund context (and how the investment fund manager is compensated is already provided for in other	See above.

	continuous disclosure documents applicable to investment funds). • Item 9 (Securities Authorized for Issuance Under Equity Compensation Plan) which is not applicable in the investment fund context. • Item 10 (Indebtedness of Directors and Executive Officers) which is not applicable in the investment fund context as an investment fund cannot lend money. • Item 15 (Restricted Securities) which is not applicable in the investment fund context.	
Q25(d) – Additional Tailored Disclosure Beneficial if Optional	Three commenters suggested that investment funds should have the flexibility to provide additional tailored disclosure. Two of those commenters suggested or appeared to suggest that additional tailored disclosure might benefit investors, with one of those commenters specifying that it should be optional where an issuer believes it will assist investors in understanding the matters to be voted on and thus, encourage participation in the process.	See above.
Q25(d) – Additional Tailored Disclosure and Comparability Not Necessary	One commenter noted that additional tailored disclosure is not necessary, and that the concept of comparability does not apply to information circulars in the same manner as Fund Facts or simplified prospectuses.	See above.
Q25(d) – Summary of Key Information Desirable If Optional	One commenter noted that while a summary page may be beneficial to investors, mandating it would not reduce regulatory burden.	See above.
Q25(d) – Summary of Key Information Not Desirable	Three commenters were not of the view that a summary document was desirable. • One commenter noted that often the particulars of a fundamental change are complex and not easily summarized, which would lead to significant duplication of disclosure. • One commenter noted that summary information is typically included in the management letter that accompanies the information circular, and that a requirement to prepare a summary would increase repetition and do little to facilitate investor understanding. • One commenter noted that it is unnecessary to prescribe a summary or use other plain language objectives since the number of information circulars requested by investors under the notice-and-access regime is extremely low, and that as an alternative, in such a future project, the CSA may consider slightly expanding the disclosure contained in the notice sent pursuant to proposed paragraph 12.2.1(a) of NI 81-106.	See above.

WORKSTREAM SEVEN - OTHER

Issue	Comment	Response
Confirm Scope of Registration Review Unchanged	Two commenters noted that it would be useful for investment fund managers to understand whether the scope of review under NI 31-103 will be the same, or if that review will be expanded to include a review of matters relating to NI 81-102.	CSA Staff are not seeking to relocate approval requirements removed as part of Workstream 7 into NI 31-103.
Repeal OSC Staff Notice 81-710	Two commenters suggested the OSC repeal OSC Staff Notice 81-710 *Approvals for Change in Control of a Mutual Fund Manager and Change of a Mutual Fund Manager under National Instrument 81-102 Mutual Fund.* The commenters noted this has resulted in many changes of control of manager being treated in practice as a change of manager that requires securityholder approval under paragraph 5.1(1)(b) of NI 81-102.	OSC Staff will investigate a repeal of the notice in a future stage of the current burden reduction initiative and consider the commenters' views at that time.

WORKSTREAM EIGHT - SUPPORT

Issue	Comment	Response
Support for Workstream	Six commenters supported codification of exemptive relief granted in respect of Fund Facts delivery for managed accounts, portfolio rebalancing plans and automatic switch programs. Some commenters supported certain specific elements of Workstream 8: • One commenter supported codification in the context of permitted clients that are not individuals. • Two commenters supported codification in the context of managed accounts and permitted clients that are not individuals. • Two commenters supported the CSA's proposed amendments to Form 81-101F3 to conform with certain disclosure requirements in Form 41-101F4.	CSA Staff thank the commenters for their support.
Workstream Does Not Reduce Regulatory Burden	One commenter noted that codification of various prospectus delivery relief is a housekeeping matter that does not change regulatory burden.	CSA Staff are of the view that the anticipated benefits of providing an exemption from the Fund Facts delivery requirement for mutual fund purchases made in managed accounts or by permitted clients that are not individuals, include cost savings in the printing and delivery of Fund Facts. The anticipated benefits of codifying exemptive relief from the Fund Facts delivery requirement by expanding the PAC Exception for subsequent purchases under model portfolio products and portfolio rebalancing services include cost savings in the printing and delivery of Fund Facts. Other anticipated benefits include enhanced disclosure to investors with a single consolidated Fund Facts for all the classes or series of securities of the mutual fund in the automatic switch program, and cost savings in the printing and delivery of Fund Facts for investors in an automatic switch program.

WORKSTREAM EIGHT - QUESTION 26

Currently, a separate Fund Facts or ETF Facts must be filed for each class or series of a mutual fund or ETF that is subject to NI 81-101, or NI 41-101 respectively. The Proposed Amendments contemplate allowing a mutual fund to prepare a single consolidated Fund Facts that includes all the classes or series covered by certain automatic switch programs on the basis that the only distinction between the classes or series relates to fees.

a. Should the CSA consider allowing the preparation and filing of consolidated Fund Facts and ETF Facts where there are no distinguishing features between classes or series other than fees, even in circumstances where there is no automatic switch program? Alternatively, should the CSA consider mandating consolidation in such circumstances? In either case, we anticipate revising the form requirements of Form 81-101F3 to be consistent with paragraph 3.2.05(e) of NI 81-101 as set out in Appendix B, Schedule 8 of this publication.

b. Are there other circumstances where consolidation should be allowed or mandated? If so, what parameters should be placed on such consolidation? Additionally, what disclosure changes would need to be made to Form 81-101F3 to accommodate the consolidation?

Issue	Comment	Response
Q26(a) - Permit Optional Consolidated Fund Facts and ETF Facts Where Fees and Investment Minimums are Only Differences	One commenter supported allowing the optional preparation and filing of consolidated Fund Facts and ETF Facts even in circumstances where no automatic switch program is in place, provided there are no material distinguishing features between classes or series other than fees and investment minimums. The commenter noted that it did not support mandatory consolidation at this time because not all series and classes may be appropriate for a given investor, and in those scenarios, fund issuers may prefer to present clients only with fund information that is appropriate to their specific investment needs.	Further to stakeholder support for the optional preparation and filing of consolidated Fund Facts and consolidated ETF Facts, the CSA expect to publish proposed amendments to Form 81-101F3 and Form 41-101F4 for public comment. The CSA will also consider testing sample consolidated Fund Facts and consolidated ETF Facts with investors.
Q26(a) - Permit Optional Consolidated Fund Facts and ETF Facts Where Fees, Expenses and Eligibility Requirements are Only Differences	One commenter supported allowing the optional preparation and filing of consolidated Fund Facts and ETF Facts even in circumstances where no automatic switch program is in place, where the only differences between the series are the fees and expenses of those series, and the eligibility requirements to hold such series.	See above.
Q26(a) - Permit Optional Consolidated Fund Facts and ETF Facts Where Fees are Only Differences	Two commenters supported permitting the preparation and filing of consolidated Fund Facts and ETF Facts even in the absence of an automatic switch program, where there are no distinguishing features between classes or series other than fees. One of the commenters noted that such consolidation should be optional, that the four-page maximum length for a Fund Facts would need to be revisited, and that a notice requirement be considered	See above.

Q26(b) - Permit Consolidated Fund Facts and ETF Facts (With No Apparent Caveats)	Six commenters supported permitting the preparation and filing of consolidated Fund Facts and ETF Facts even in the absence of an automatic switch program with no apparent caveats, although one commenter noted such consolidation would need to address the potential for client confusion. Several commenters provided information on the expected benefits of consolidation: • One commenter noted that allowing preparation of a consolidated Fund Facts or ETF facts that would include all series of a fund would have resulted in savings of almost $1 million annually for itself (an investment fund manager) alone. The commenter also noted that cost savings would likely arise for dealers and financial advisors as well. • One commenter noted that Fund Facts are among the highest cost items associated with investment fund disclosure. • One commenter noted that consolidation would make it substantially easier for investors and financial advisors to compare different mutual funds, which is consistent with the regulatory objective these documents were designed to achieve.	See above.
Q26(b) - Report Performance for Series with Highest Management Fee	One commenter noted that while each series participates in a single portfolio, and as such has the same holdings, the other differences mean a different net asset value and performance for each series. The commenter suggested that performance for the series with the highest management fee can be reported in a manner similar to applicable portions of proposed paragraph 3.2.05(e) of NI 81-102.	See above.
Q26(b) - Permit Optional Consolidated Fund Facts and ETF Facts Where Hedging, Distribution Policies, Purchase Options are Only Differences	One commenter supported allowing consolidation where the differences between the series are one or more of the following: (i) whether or not the series hedges its foreign currency exposure; (ii) distribution policies (e.g. fixed period distributions v. variable less frequent distributions); and (iii) purchase options available for the series. The commenter also noted that Canadian life insurance companies are permitted to consolidate in the Fund Facts of a segregated fund multiple classes or series providing different	See above.

	levels of guarantees within the same Fund Facts.	
Q26(b) - No Other Circumstances Where Consolidation Warranted	One commenter did not know of other circumstances where consolidation is warranted and would result in investor protection being preserved.	See above.
Q26(b) - Extend Workstream 8 Changes to ETFs	One commenter suggested that similar changes should be provided for the ETF Facts form.	The amendments to NI 41-101 provide exemptions from the ETF Facts delivery requirement for managed accounts, permitted clients who are not individuals, portfolio rebalancing plans and automatic switch programs. These exemptions mirror the exemptions provided from the Fund Facts delivery requirement.
Q26(b) - Use Designated Website to Shorten Length of Consolidated Fund Facts or ETF Facts	One commenter noted that there are very few differences between different series or classes of funds, and noted that to prevent the form from becoming too long, the information can be provided on the designated website and there can be cross-references in the Fund Facts and ETF facts to the investment fund's designated website where necessary.	See above.

WORKSTREAM EIGHT - OTHER

Issue	Comment	Response
Reconsider Exemptions Related to Delivery Requirements Within Dealer Model Portfolio Programs Where Discretionary Trading Permitted for Fund Substitution Purposes	One commenter noted that exemptions related to delivery requirements within dealer model portfolio programs should be reconsidered where discretionary trading is permitted for the purposes of fund substitution, which would be of particular relevance if the Mutual Fund Dealers Association (MFDA) receives CSA approval to implement the proposed amendments to MFDA Rule 2.3.1(b) (Discretionary Trading) outlined in Bulletin #0782-P (2).	The proposed amendments to MFDA Rule 2.3.1(b) (Discretionary Trading) outlined in Bulletin #0782-P (2) have not yet been finalized. The Proposed Amendments codify exemptive relief that is routinely granted for portfolio rebalancing plans. Past exemptive relief from the Fund Facts delivery requirement for portfolio rebalancing plans do not contemplate discretionary trading for the purposes of fund substitution.
Revise Definition of Automatic Switch Program to Apply Whether the Failure to meet the Eligibility Criteria is the Result of a Purchase, Redemption or Market Movement	Two commenters noted that the definition of automatic switch program is too restrictive and would only permit a switch in situations in which the investor fails to meet the eligibility criteria because of redemptions by the investor, and that it should apply whether the failure to meet the eligibility criteria is the result of a purchase, redemption or market movement. One commenter noted that it would be challenging for a dealer to provide Fund Facts to an investor moved into a class or series with a higher management fee as a result of an automatic switch due to negative market movement. One commenter proposed drafting amendments as follows: "automatic switch program" means a contract or other arrangement under which automatic switches on a predetermined ~~dates~~ **basis** are made for a ~~purchaser~~ **holder** of securities of a class or series of a mutual fund as a result of the ~~purchaser~~ **securityholder satisfying or failing to satisfy the eligibility criteria relating to minimum investment amounts set out in the mutual fund's offering documents;** ~~(a) satisfying the minimum investment amount of that class or series, and~~ ~~(b) failing to satisfy the minimum investment amount for the class or series of securities of the mutual fund that were subject to the automatic switch, in whole or in part, because securities of the class or series were previously redeemed;~~	The objectives of the Proposed Amendments, among others, are to codify exemptive relief that is routinely granted. Past decisions granting exemptive relief from the Fund Facts delivery requirement for automatic switch programs do not contemplate switching investors to a higher fee series due to negative market movement. Exemptive relief from the Fund Facts delivery requirement was previously granted for automatic switch programs because investors make their investment decisions at the outset and the automatic switches to lower fee series benefit the investors. The past exemptive relief decisions and the Proposed Amendments do not contemplate switching investors to a higher fee series due to negative market movement as it would be unfair to the investors to do so without delivery of the Fund Facts.

Revise Definition of Automatic Switch Program Such that Business Parameters of Each Automatic Switch Program are not Prescribed; Alternatively Undertake Certain Amendments	One commenter noted that if this definition is not changed, it will lead to confusion regarding the manner in which these programs must operate in order to fall within the definition, and will unnecessarily exclude versions of automatic switch programs without a policy basis for that exclusion. The commenter noted that the CSA does not need to prescribe in this codification the business parameters of each automatic switch program as long as those parameters are set out in the mutual fund's prospectus, and suggested that paragraphs (a) and (b) of the proposed definition of "automatic switch program" be replaced with the following: "satisfying, or failing to satisfy, the minimum investment amount of that class or series of securities of the mutual fund." In the alternative, the commenter had drafting comments on the proposed language. The drafting comments were as follows: • First, the commenter suggested deleting the words *"that were subject to the automatic switch"* as the commenter views them as suggesting that an investor who initially purchased high net worth securities never can be automatically switched out of those securities for failing to satisfy the minimum investment amount in the future, which the commenter disagrees with. • Second, the commenter suggested clarifying the meaning of the phrase *"in whole or in part".* • Third, the commenter suggested that according to the proposed definition, an investor who initially did not qualify to hold high net worth securities nonetheless can receive the benefit of an automatic switch into those securities if, due solely to positive performance of the mutual fund, the value of those securities later satisfies the minimum investment amount, but if the investor later ceases to meet the minimum investment amount due solely to negative performance of the mutual fund, the investor cannot be automatically switched out of the high net worth securities. The commenter disagreed with this.	The Proposed Amendments codify exemptive relief that is routinely granted from the Fund Facts delivery requirement for automatic switch programs. The commenter's suggestions fall outside the parameters of the past exemptive relief decisions. The phrase "in whole or in part" refers to a purchaser failing to satisfy the minimum investment amount for a class or series of mutual fund securities that were subject to an automatic switch as a result of a redemption alone, or a redemption subsequent to a market movement decline. Please see the response for "Revise Definition of Automatic Switch Program to Apply Whether the Failure to meet the Eligibility Criteria is the Result of a Purchase, Redemption or Market Movement", above. As mentioned above, exemptive relief from the Fund Facts delivery requirement was previously granted for automatic switch programs because investors make their investment decisions at the outset and the

	• Fourth, the commenter suggested that the proposed definition requires that the mutual fund have the operational capability to generate reports that can identify whether a previous redemption by the investor was a contributing reason why the investor no longer satisfies the minimum investment amount. The commenter noted that not all mutual funds have this capability, and foreclosing the codification to those mutual funds would harm investors that could have otherwise switched to the high net worth securities sooner than if the switch requires an instruction from the investor through their dealer to the mutual fund, and would prevent dealers from benefiting from automation of the process for switching investors to a more suitable class or series of securities. Another commenter made a similar, but more specific note that the Proposed Amendments don't cover all types of switches, and that codification should be extended to any switch to a different category or series, so long as the only difference is that the fees are lower.	automatic switches to lower fee series benefit the investors. In all the past decisions which granted exemptive relief from the Fund Facts delivery requirement for automatic switch programs, the filers made representations that market value declines would not result in higher fee switches. The Proposed Amendments are consistent with the parameters set out in the past decisions.
Revise Definition of Automatic Switch Program to Remove Reference to Purchaser	One commenter noted that the reference to "purchaser" within the definition of automatic switch programs and within section 3.2.05 is not appropriate as the investor is switched to another class or series by the investment fund issuer or its investment fund manager only after the investor has already purchased or is holding securities of the mutual fund or mutual fund family. The commenter proposed drafting amendments as follows: Despite subsection 3.2.01(1), a dealer is not required to deliver or send to a ~~purchaser~~ **securityholder** of a security of a class or series of securities of a mutual fund the most recently filed Fund Facts document for the applicable class or series of securities of the mutual fund in connection with the ~~purchase~~ **switch** of a security of the mutual fund made pursuant to an ~~automatic switch in an~~ automatic switch program if all of the following apply: (a) ~~the purchase is not the first purchase under the automatic switch program;~~ ~~(b) the dealer has provided a notice to the purchaser that states,~~ ~~(i) subject to paragraph (c), the purchaser will not receive a fund facts document after the date of the notice, unless the purchaser specifically requests it,~~ ~~(ii) the purchaser is entitled to receive upon request, at no cost to the purchaser, the most recently filed fund facts document by calling a specified~~	The terms "purchaser" and "purchase" are consistent with the Fund Facts delivery requirement set out in subsection 3.2.01(1) of NI 81-101. Under securities legislation, a switch in a series or class of mutual fund securities is technically a redemption of a series or class of mutual fund securities followed by a purchase of a series or class of mutual fund securities. A purchase of a series or class of mutual fund securities made pursuant to a switch would trigger the requirement to deliver the Fund Facts to the purchaser.

	~~toll-free number, or by sending a request by mail or e-mail to a specified address or e-mail address,~~ ~~(iii) how to access the fund facts document electronically, and~~ ~~(iv) the purchaser will not have a right of withdrawal under securities legislation for subsequent purchases of a security of a mutual fund under the automatic purchase program, but will continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus;~~ ~~(c) at least annually, the dealer notifies the purchaser in writing of how the purchaser can request the most recently filed fund facts document;~~ ~~(d) the dealer delivers or sends the most recently filed fund facts document to the purchaser if the purchaser requests it;~~ ~~(e) for the first purchase under the automatic switch program,~~ the fund facts document delivered to the purchaser contains all of the following disclosure modifications to Form 81-101F3 Contents of Fund Facts Document for all the classes or series of securities of the mutual fund in the automatic switch program:	
Replace Obligation of Dealer to Deliver Notice with Disclosure in Fund Facts	One commenter noted that as proposed, the automatic switch program carried out by the investment fund manager is conditional on the obligation of the dealer to deliver a notice to the purchaser under proposed paragraph 3.2.05(b), however, the investment fund manager does not have actual knowledge of whether the notice has, in fact, been provided. The commenter suggested instead requiring certain disclosure in the Fund Facts, which it prepared a draft of: The manager operates a program that automatically switches your investment between different series within the fund depending on the size of your investment. You will not receive the fund facts document for the series to which you are being switched under the program unless you specifically request it. You also can obtain, at any time and free of charge, the most recently filed fund facts document for your investment in the fund by contacting us at **[insert manager toll-free number, email address and mailing address]**. You also can access the fund facts document at www.sedar.com and searching the name of the fund, or by visiting our website at **[insert designated website]**. You do not have a right of withdrawal under securities legislation after a switch is made under	Under an automatic switch program, a dealer may deliver the Fund Facts for every switch in accordance with the Fund Facts delivery requirement or rely on the exemption provided in section 3.2.05 and deliver the notices as set out in paragraphs 3.2.05(b) and (c) of NI 81-101. The Fund Facts delivery requirement is a dealer requirement, and similarly, if a dealer uses the exemption provided in section 3.2.05, the dealer must deliver the notices required in paragraphs 3.2.05(b) and (c) of NI 81-101. The Fund Facts provides key information about a mutual fund, in a standardized form to allow for comparability. The notice requirements set out in paragraph

	this program, but you continue to have a right of action it there is a misrepresentation in the fund's prospectus or in any document incorporated by reference into that prospectus.	3.2.05(b) of NI 81-101 relate to the delivery of the Fund Facts and the purchaser's right of withdrawal and do not belong in the Fund Facts, which is a product document.
Contemplate Automatic Switch Programs that Begin at a Later Stage	One commenter noted that where an investment fund manager begins to offer an automatic switch program at a later stage, the Proposed Amendment should contemplate a notification plan through which the investment fund manager can notify existing investors of the key features of the automatic switch program, including: the differences in management fees between the class or series of fund within the automatic switch program; the eligibility criteria for each such class or series; that the investor may be switched to higher or lower fee series based on the eligibility criteria; and that the management fee will not exceed the management fee of the highest management fee class or series.	The requirements in section 3.2.05 apply equally to new automatic switch programs and existing automatic switch programs. These requirements are consistent with the conditions in past decisions that granted relief from the Fund Facts delivery requirement for both new and existing automatic switch programs.
Consolidation of Fund Facts Document for each of the Classes or Series in an Automatic Switch Program Should be Optional	One commenter noted that under the Proposed Amendment, investment fund issuers that offer an automatic switch program will be required to consolidate the Fund Facts for each of the classes or series in the automatic switch program, but that this should be permissive rather than mandatory to enable investment fund managers to determine which approach best suits their automatic switch program.	If the exemption in section 3.2.05 is used, then a consolidated Fund Facts, set out in in accordance with paragraph 3.2.05(e), must be delivered to purchasers. Fund managers who opt not to deliver to purchasers a consolidated Fund Facts in accordance with the conditions set out in paragraph 3.2.05(e) cannot rely on the exemption provided for in this section.
Remove Notice Requirement for Portfolio Rebalancing Programs and Automatic Switch Programs	One commenter noted that the Proposed Amendments for both the portfolio rebalancing program and the automatic switch program require the dealer to provide the investor with a notice at least annually setting out how the most recently filed Fund Facts can be obtained, and the commenter noted that this requirement should be removed as it adds to the regulatory burden, often with no corresponding benefit given the low opt-in rates. Another commenter noted more broadly that the requirement in paragraph 3.2.03(c) of NI 81-101 should be reviewed.	The objective of Project RID is to reduce any undue regulatory burden and to streamline requirements without negatively impacting investor protection or efficiency of the capital markets. Consistent with past decisions granting exemptive relief from the Fund Facts delivery requirements for switches made in automatic switching programs, the annual notice reduces regulatory burden because it is sent in lieu of pre-sale delivery of the

		Fund Facts to purchasers for each switch in an automatic switching program. The annual notice provides purchasers with information on how to access the most recently filed Fund Facts and it is one of the key conditions to ensure that the exemption does not negatively impact investor protection. As part of CSA's Project RID project, we plan to review disclosure in continuous disclosure documents in a subsequent phase so notice requirements may be reviewed in a future CSA Project RID workstream.
Extend Delivery Exemption for Managed Accounts and Permitted Clients to ETFs	Three commenters noted that the Proposed Amendments to provide an exemption from delivery of the Fund Facts for managed accounts and permitted clients should also apply to delivery of the ETF Facts for managed accounts and permitted clients, as the policy rationale is the same for both types of investment funds.	The Amendments include an equivalent exemption from the delivery of ETF Facts for managed accounts and permitted clients.
Managed Account and Permitted Client Delivery Exemption Codification Unnecessary and Guidance Preferred	One commenter noted that it does not consider that subsection 3.2.01(1) requires delivery of ETF facts or Fund Facts to the ultimate account holders in respect of ETF or mutual fund investments made in managed accounts or by permitted clients that are not individuals, and would have preferred that the CSA acknowledge this by way of companion policy to both 81-101 and 41-101, as opposed to the proposed rule change.	Since the publication of subsection 3.2.01(1), filers have asked for clarification regarding the delivery requirements for both Fund Facts and ETF Facts for managed accounts and permitted clients. The Amendments include an equivalent exemption from the delivery of ETF Facts for managed accounts and permitted clients. The CSA take the view that rule amendments are preferable to guidance in a companion policy in order to provide filers with regulatory certainty.
Permit Deviations from Fund Facts Form Requirements Where Required Disclosure Not	One commenter noted that the Proposed Amendments do not take into consideration that only one class or series may be new or distributed for less than a calendar year or 12 consecutive months, as applicable, and that investment funds and their managers should be able to	Subparagraph 3.2.05(e)(xv) sets out the disclosure requirements where some of the classes or series of the

Accurate for a Particular Fund	modify the prescribed disclosure to reflect this situation. The commenter also noted more broadly that mutual funds and their managers should be permitted to deviate from the Fund Facts form requirements where the required disclosure is inaccurate and does not reflect the situation of the mutual fund.	mutual fund in the automatic switch program is new. The Fund Facts is intended to provide key information about a mutual in a simple, accessible and comparable format that is delivered to investors before they make their investment decision. The CSA remind filers to speak with staff regarding questions relating to compliance with the Fund Facts form requirements. Filers are also reminded that they may file an application for exemptive relief from the Fund Facts form requirements to be evidenced by the issuance of a final prospectus receipt if the filer is of the view that compliance with the Fund Facts requirements would result in misleading disclosure for investors.
Adopt Principles Based Delivery Exemption	Three commenters supported a principles-based exemption from the Fund Facts delivery requirement: • One commenter noted that the exemptions and the Proposals should be expanded to simply say that there is no obligation to deliver the Fund Facts in any circumstance where the investor is not required to specifically authorize the particular purchase. The commenter noted that this would reduce regulatory burden by creating a prospectus delivery exemption for other current comparable circumstances, and anticipating future circumstances where a Fund Facts delivery exemption should exist. • One commenter noted that the codification be applied to all purchases where the investor is not submitting a purchase order. • One commenter noted that where investors are not making an investment decision, there should not be a requirement to deliver the Fund Facts document.	The CSA are of the view that a principles-based exemption from the Fund Facts delivery requirement may negatively impact investor protection. The Proposed Amendments codify exemptive relief that is routinely granted from the Fund Facts delivery requirement. In circumstances where an exemption from the Fund Facts delivery requirement is not available, filers can file an application for exemptive relief with appropriate submissions.
Introduce Corresponding Trade Confirmation Exemption	Two commenters suggested that in each circumstance where no Fund Facts are required to be delivered to the investor, there should be a corresponding exemption from the requirement to deliver a trade confirmation relating to the purchase. Another commenter requested the CSA	The Proposed Amendments codify exemptive relief that is routinely granted from the

	clarify its position on the requirement to deliver trade confirmations where the Fund Facts delivery requirement does not apply as a result of the Workstream 8 amendments.	Fund Facts delivery requirement. The CSA are not aware of exemptive relief that is routinely granted from the trade confirmation delivery requirement, either independently or in connection with exemptive relief from the Fund Facts delivery requirement.
Revise Portfolio Rebalancing Plan Definition	One commenter suggested that the proposed new definition of "portfolio rebalancing plan" in NI 81-101 be revised so that it reads "target weightings ranging from 0% to 100% for each of those mutual funds", as certain portfolio rebalancing plans may involve the selection by the investor of a portfolio of securities of two or more mutual funds where the target weighting of one or more such mutual funds may initially be set at zero.	The Proposed Amendments codify exemptive relief that is routinely granted from the Fund Facts delivery requirement for portfolio rebalancing plans. Past exemptive relief from the Fund Facts delivery requirement for portfolio rebalancing plans do not contemplate discretionary target weightings.
Permit Access Equals Delivery	One commenter suggested that there should not be a requirement to deliver the Fund Facts as it is readily available and can be requested at any time.	As we have previously stated throughout the various stages of the CSA Point of Sale disclosure initiative, we do not consider "access equals delivery" to meet the principles set out in the Point of Sale Framework. The Companion Policy to NI 81-101 states that simply making the Fund Facts available on a website or referring an investor to a general website address where the Fund Facts can be found, does not constitute delivery under NI 81-101, even if the investor consents to that method of delivery.

REPORT PRESENTATION

Issue	Comment	Response
Blacklines	One commenter noted that comprehensive blacklines should be provided when proposing large-scale amendments such as these.	The CSA will consider the comment when proposing amendments in the future.
Consequential Amendments Unrelated to Regulatory Burden Reduction	One commenter noted that consequential amendments to certain instruments for reasons not directly related to efforts to reduce regulatory burden should be described in order to provide the industry a fair opportunity to review them and provide commentary.	The consequential amendments at issue are those contained in Appendix B – Schedule 8 sections 10-20, and Appendix B – Schedule 9 of the September 12, 2019 publication for comment. Given the fact that the consequential amendments were described in the notice under Workstream Eight, part (d) (for those in Appendix B – Schedule 8 sections 10-20) or were contained in their own schedule (for those in Appendix B – Schedule 9), CSA Staff are not of the view that any further highlighting of the changes in a subsequent publication is required.

LIST OF COMMENTERS

1. Advocis (The Financial Advisors Association of Canada)
2. AGF Investments Inc.
3. Alternative Investment Management Association
4. BlackRock Asset Management Canada Limited
5. Borden Ladner Gervais LLP
6. Broadridge Financial Solutions, Inc.
7. CFA Societies Canada – Canadian Advocacy Council
8. Desjardins
9. Eric Adelson
10. Fasken Martineau DuMoulin LLP
11. Fidelity Investments Canada ULC
12. Franklin Templeton Investments Corp.
13. IGM Financial Inc.
14. Invesco Canada Ltd.
15. Mackenzie Financial Corporation
16. Manulife Asset Management Limited and Manulife Securities
17. National Bank Investments Inc.
18. Portfolio Management Association of Canada
19. Stan Turner
20. The Investment Funds Institute of Canada
21. TSX Inc.
22. Vanguard Investments Canada Inc.

ANNEX C

WORKSTREAM ONE

AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Section 1.1 is amended

(a) in the definition of "material contract***" by replacing***

(i) "annual information form***" with "***simplified prospectus***", and***

(ii) "Item 16 of Form 81-101F2 *Contents of Annual Information Form***" with "***Item 4.17 of Part A of Form 81-101F1 *Contents of Simplified Prospectus***",***

(b) by repealing the definition of "multiple AIF***", and***

(c) by repealing the definition of "single AIF***".***

3. Section 2.1 is amended

(a) by replacing paragraphs (1)(a), (b) and (c) with the following:

(a) that files a preliminary prospectus must file the preliminary prospectus in the form of a preliminary simplified prospectus prepared and certified in accordance with Form 81-101F1 and concurrently file a preliminary fund facts document, for each class or series of securities of the mutual fund, prepared in accordance with Form 81-101F3;

(b) that files a *pro forma* prospectus must file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared and certified in accordance with Form 81-101F1 and concurrently file a *pro forma* fund facts document, for each class or series of securities of the mutual fund, prepared in accordance with Form 81-101F3;

(c) that files a prospectus must file the prospectus in the form of a simplified prospectus prepared and certified in accordance with Form 81-101F1 and concurrently file a fund facts document, for each class or series of securities of the mutual fund, prepared in accordance with Form 81-101F3;***, and***

(b) by repealing subparagraph (1)(d)(i).

4. Section 2.2 is amended

(a) by deleting "or to an annual information form***" in subsection (1),***

(b) by deleting "or annual information form***" in paragraph (1)(a),***

(c) by deleting "or annual information form***" in paragraph (1)(b),***

(d) by deleting "or to an annual information form" ***in subsection (3),***

(e) by deleting "or annual information form" ***in item 1 of subsection (3), and***

(f) by deleting ", or annual information form***" in item 2 of subsection (3).***

5. Section 2.3 is amended

(a) by deleting ", a preliminary annual information form***", wherever it occurs,***

(b) by replacing "preliminary annual information form***" with "***preliminary simplified prospectus***" in subparagraph (1)(a)(i),***

(c) by deleting ", preliminary annual information form***", wherever it occurs,***

(d) by deleting ", a *pro forma* annual information form***", wherever it occurs,***

(e) by repealing subparagraph (2)(b)(ii),

(f) by deleting ", *pro forma* annual information form***" wherever it occurs,***

(g) by deleting ", an annual information form***" wherever it occurs,***

(h) by replacing "annual information form***" with "***simplified prospectus***" in subparagraph (3)(a)(iii),***

(i) by repealing subparagraph (3)(b)(ii),

(j) by deleting "and an amendment to the annual information form***" in paragraph (4)(a),***

(k) by replacing "annual information form***" with "***simplified prospectus***" in subparagraph (4)(a)(i),***

(l) by repealing subparagraph (4)(b)(ii),

(m) by repealing subsection (5),

(n) by deleting "or (5)***" in paragraph (5.1)(a), and***

(o) by replacing "annual information form***" with "***simplified prospectus***" in subparagraph (5.1)(a)(i).***

6. Item 1 of section 3.1 is repealed.

7. Subsection 3.3(2) is repealed.

8. Section 3.5 is replaced with the following:

Soliciting expressions of interest

3.5 A multiple SP that includes a *pro forma* simplified prospectus and a preliminary simplified prospectus must not be used to solicit expressions of interest***.***

9. Section 4.1 is amended

(a) by deleting ", annual information form***" in subsection (1), and***

(b) by repealing paragraph (2)(c).

10. Section 4.2 is amended by deleting, ", an annual information form***".***

11. Section 5.4 is repealed.

12. Section 5.1.1 is replaced by the following:

5.1.1 Interpretation For the purposes of this Part,

"manager certificate form" means a certificate in the form set out in Item 16 of Part A of Form 81-101F1 and attached to the simplified prospectus,

"mutual fund certificate form" means a certificate in the form set out in Item 15 of Part A of Form 81-101F1 and attached to the simplified prospectus,

"principal distributor certificate form" means a certificate in the form set out in Item 18 of Part A of Form 81-101F1 and attached to the simplified prospectus, and

"promoter certificate form" means a certificate in the form set out in Item 17 of Part A of Form 81-101F1 and attached to the simplified prospectus***.***

13. Section 5.1.2 is amended by deleting ", the amendment to the annual information form***".***

14. Section 6.2 is amended

(a) by replacing subsection (1) with the following:

(1) Subject to subsection (2) and without limiting the manner in which an exemption may be evidenced, the granting under this Part of an exemption from any form or content requirements relating to a simplified prospectus or fund facts document may be evidenced by the issuance of a receipt for a simplified prospectus or an amendment to a simplified prospectus.***,***

(b) in subsection (2) by replacing "The issuance of a receipt for a simplified prospectus and annual information form or an amendment to a simplified prospectus or annual information form is not evidence that the exemption has been granted unless***" with "***The issuance of a receipt for a simplified prospectus or an amendment to a simplified prospectus is not evidence that the exemption has been granted unless***",***

(c) by deleting "and annual information form***" in subparagraph (2)(a)(i),***

(d) by deleting "or annual information form***" in subparagraph (2)(a)(ii), and***

(e) by deleting "and annual information form***" in subparagraph (2)(a)(iii).***

15. Form 81-101F1 Contents of Simplified Prospectus is replaced with the following:

Form 81-101F1

Contents of Simplified Prospectus

General Instructions

General

(1) This Form describes the disclosure required in a simplified prospectus of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions as to how you are to provide this disclosure are printed in italic type.

(2) Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Investment Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments.

(3) A simplified prospectus must state the required information concisely and in plain language.

(4) Respond as simply and directly as is reasonably possible. Include only as much information as is necessary for an understanding of the fundamental and particular characteristics of the mutual fund. Brevity is especially important in describing practices or aspects of a mutual fund's operations that are materially the same as those of other mutual funds.

(5) National Instrument 81-101 Mutual Fund Prospectus Disclosure requires the simplified prospectus to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format to achieve these goals. However, mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.

(6) Each Item must be presented under the heading or sub-heading stipulated in this Form; references to the relevant Item number are optional. If no sub-heading for an Item is stipulated in this Form, a mutual fund may include sub-headings, under the required headings, at its option.

(7) A simplified prospectus may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.

(8) Any footnotes to tables provided for under any Item in this Form may be deleted if the substance of the

footnotes is otherwise provided.

Contents of a Simplified Prospectus

(9) A simplified prospectus consists of two sections, a Part A section and a Part B section.

(10) The Part A section of a simplified prospectus contains the response to the Items in Part A of this Form and contains introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization.

(11) The Part B section of a simplified prospectus contains the response to the Items in Part B of this Form and contains specific information about the mutual fund to which the simplified prospectus pertains.

(12) Despite securities legislation, a simplified prospectus must present each Item in the Part A section and each Item in the Part B section in the respective order provided for in this Form.

Consolidation of Simplified Prospectuses into a Multiple SP

(13) Subsection 5.1(1) of National Instrument 81-101 Mutual Fund Prospectus Disclosure states that simplified prospectuses must not be consolidated to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar. The Part A sections in a consolidated document need not be repeated. These provisions permit a mutual fund organization to create a document that contains the disclosure for a number of mutual funds in the same family.

*(14) Subsection 5.1(4) of National Instrument 81-101 Mutual Fund Prospectus Disclosure states that a simplified prospectus of an alternative mutual fund must not be consolidated with a simplified prospectus of another mutual fund that is not an alternative mutual fund***.**

(15) As with a single SP, a multiple SP consists of two Parts:

1. A Part A section that contains general information about the mutual funds, or the mutual fund family, described in the document.

2. A number of Part B sections, each of which provide specific information about one mutual fund. The Part B sections must not be consolidated with each other so that, in a multiple SP, information about each mutual fund described in the document must be provided on a fund-by-fund or catalogue basis and set out for each mutual fund separately the information required under Part B of this Form. Each Part B section must start on a new page.

(16) Section 5.3 of National Instrument 81-101 Mutual Fund Prospectus Disclosure permits the Part B sections of a multiple SP to be bound separately from the Part A section of the document. If one Part B section is bound separately from the Part A section of the document, all Part B sections must be separate from the Part A section of the document.

(17) Subsection 5.3(2) of National Instrument 81-101 Mutual Fund Prospectus Disclosure permits Part B sections that have been bound separately from the related Part A section to be bound either individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for distribution to some investors, and also being bound with the Part B section of other mutual funds for distribution to other investors.

(18) Section 3.2 of National Instrument 81-101 Mutual Fund Prospectus Disclosure provides that the requirement under securities legislation to deliver a preliminary prospectus for a mutual fund will be satisfied by the delivery of a preliminary simplified prospectus, either with or without the documents incorporated by reference. Mutual fund organizations that bind separately the Part B sections of a multiple SP from the Part A section are reminded that, since a simplified prospectus consists of a Part A section and a Part B section, delivery of both sections is necessary in order to satisfy the delivery obligations in connection with the sale of securities of a particular mutual fund.

(19) Part A of this Form generally refers to disclosure required for "a mutual fund" in a "simplified prospectus". Modify the disclosure as appropriate to reflect multiple mutual funds covered by a multiple SP.

(20) A mutual fund that has more than one class or series of securities that are referable to the same portfolio may treat each class or series as a separate mutual fund for the purposes of this Form, or may combine disclosure of one or more of the classes or series in one simplified prospectus. If disclosure pertaining to more than one class or series is combined in one simplified prospectus, separate disclosure in response to each Item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

(21) As provided in National Instrument 81-102 Investment Funds, a section, part, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles are applicable to National Instrument 81-101 Mutual Fund Prospectus Disclosure and this Form.

Part A – General Disclosure

Item 1 – Front Cover Disclosure

1.1 – For a single SP, or multiple SP, in which the Part A section and the Part B sections are bound together

(1) Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus for each of the mutual funds to which the document pertains.

(2) Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family to which the document pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the simplified prospectus.

(3) If the mutual fund to which the simplified prospectus pertains is an alternative mutual fund, indicate that fact on the front cover.

(4) State on the front cover of a document that contains a preliminary simplified prospectus the following:

> "A copy of this document has been filed with [the securities regulatory authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this document may not be complete and may have to be amended. The [units/shares] described in this document may not be sold to you until receipts for this document are obtained by the mutual fund from the [securities regulatory authority(ies)]."

(5) If a commercial copy of the document that contains a preliminary simplified prospectus is prepared, print the legend referred to in subsection (4) in red ink.

(6) If the document contains a preliminary simplified prospectus or a simplified prospectus, indicate the date of the document, which is the date of the certificates. This date must be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, using the name of the month. A document that is a *pro forma* simplified prospectus need not be dated, but may reflect the anticipated date of the simplified prospectus.

(7) State, in substantially the following words:

> "No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

INSTRUCTION:

Complete the bracketed information in subsection (4)

(a) by inserting the name of each jurisdiction of Canada in which the mutual fund intends to offer securities under the prospectus,

(b) by stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or

(c) by identifying the filing jurisdictions of Canada by exception (i.e. every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).

1.2 – For a multiple SP in which the Part A section is bound separately from the Part B sections

(1) Comply with Item 1.1.

(2) State prominently, in substantially the following words:

> "A complete simplified prospectus for the mutual funds listed on this page consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document."

Item 2 – Table of Contents

2.1 – For a single SP, or multiple SP, in which the Part A section and the Part B sections are bound together

(1) Include a table of contents.

(2) Include in the table of contents, under the heading "Fund Specific Information", a list of all of the mutual funds to which the document pertains, with the numbers of the pages where information about each mutual fund can be found.

(3) Begin the table of contents on a new page, which may be the inside front cover of the document.

2.2 – For a multiple SP in which the Part A section is bound separately from the Part B sections

(1) Include a table of contents for the Part A section of the simplified prospectus.

(2) Begin the table of contents on a new page, which may be the inside front cover of the document.

(3) Include, immediately following the table of contents and on the same page, a list of the mutual funds to which the simplified prospectus pertains and details on how the Part B disclosure for each mutual fund will be provided.

Item 3 – Introductory Disclosure

Provide, either on a new page or immediately after the table of contents, the following statements in substantially the following words:

> "This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor.
>
> This document is divided into two parts. The first part, [from pages ..... through .....], contains general information applicable to all of the [name of fund family] Funds. The second part, [from pages ..... through .....] [which is separately bound], contains specific information about each of the Funds described in this document.
>
> Additional information about each Fund is available in the following documents:
>
> • the most recently filed Fund Facts document;
>
> • the most recently filed annual financial statements;
>
> • any interim financial report filed after those annual financial statements;
>
> • the most recently filed annual management report of fund performance;
>
> • any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

These documents are available on the mutual fund's designated website at [insert mutual funds' designated website address], or by contacting the [mutual funds/mutual fund family] at [insert e-mail address].

These documents and other information about the Funds are available at www.sedar.com."

Item 4 – Responsibility for Mutual Fund Administration

4.1 – Manager

(1) State the name, address, telephone number, e-mail address and, if applicable, the internet address of the mutual fund's manager.

(2) Briefly describe the services provided by the manager.

(3) List the names, municipality of residence, and the respective current positions and offices held with the manager, of all partners, directors and executive officers of the manager of the mutual fund as at the date of the simplified prospectus.

(4) Identify the name and municipality of residence of the ultimate designated person and chief compliance officer of the manager of the mutual fund.

(5) Describe the circumstances under which each agreement with the manager of the mutual fund may be terminated and include a brief description of the material terms of the agreement.

(6) At the option of the mutual fund, provide, under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the mutual funds for which it acts as manager.

(7) If a mutual fund holds, in accordance with section 2.5 of National Instrument 81-102 *Investment Funds*, securities of another mutual fund that is managed by the same manager or an affiliate or associate of the manager, disclose

(a) that the securities of the other mutual fund held by the mutual fund will not be voted, and

(b) if applicable, that the manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the mutual fund.

4.2 - Portfolio Adviser

(1) If the manager of the mutual fund provides portfolio management services in connection with the mutual fund, state that fact.

(2) If the manager does not provide portfolio management services, state the name and the municipality of the principal or head office for each portfolio adviser of the mutual fund.

(3) Briefly describe the services provided by each portfolio adviser.

(4) Briefly describe the relationship of each portfolio adviser to the manager, unless the manager provides all portfolio management services in connection with the mutual fund.

(5) Identify the individuals employed by the manager or each portfolio adviser who make investment decisions, explain their role in the investment decision-making process, provide their names and titles, and explain whether their decisions are subject to the oversight, approval or ratification of a committee.

(6) Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated and include a brief description of the material terms of this agreement.

4.3 - Brokerage Arrangements

(1) If any brokerage transactions involving client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state

(a) the process for, and factors considered in, selecting a dealer to effect securities transactions for the mutual fund, including, for greater certainty, whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity,

(b) the nature of the arrangements under which order execution goods and services or research goods and services might be provided,

(c) each type of good or service, other than order execution, that might be provided, and

(d) the method by which a portfolio adviser makes a good faith determination that the mutual fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid.

(2) Since the date of the last simplified prospectus, if any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state

(a) each type of good or service, other than order execution, that has been provided to the manager or a portfolio adviser of the mutual fund, and

(b) the name of any affiliated entity that provided any good or service referred to in paragraph (a), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity.

(3) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (2)(a), that was not disclosed under paragraph (2)(b), will be provided upon request by contacting the mutual fund or mutual fund family at [insert telephone number] or at [insert mutual fund or mutual fund family e-mail address].

INSTRUCTION:

Terms defined in National Instrument 23-102 — Use of Client Brokerage Commissions have the same meaning in this Item.

4.4 - Principal Distributor

(1) If applicable, state the name and address of the principal distributor of the mutual fund.

(2) Briefly describe the services provided by the principal distributor of the mutual fund.

(3) Briefly describe the relationship of the principal distributor to the manager.

(4) Describe the circumstances under which any agreement with the principal distributor of the mutual fund may be terminated and include a brief description of the material terms of this agreement.

4.5 - Directors, Executive Officers and Trustees

(1) For a mutual fund that is a corporation,

(a) list the names and municipality of residence of all directors and executive officers,

(b) state all positions and offices with the mutual fund currently held by each person required to be listed under paragraph (a),

(c) briefly describe the services provided by each person required to be listed under paragraph (a), and

(d) briefly describe the relationship of each person required to be listed under paragraph (a) to the manager.

(2) For a mutual fund that is a trust,

(a) state the name and municipality of residence of each person or company that is a trustee of the mutual fund,

(b) state all positions and offices with the mutual fund currently held by each person required to be listed under paragraph (a),

(c) briefly describe the services provided by each person required to be listed under paragraph (a), and

(d) briefly describe the relationship of each person required to be listed under paragraph (a) to the manager.

(3) For a mutual fund that is a limited partnership, provide the information required by this Item for the general partner of the mutual fund, modified as appropriate.

4.6 - Custodian

(1) State the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the mutual fund.

(2) Briefly describe the services provided by the custodian and any principal sub-custodian of the mutual fund.

(3) Briefly describe the relationship of the custodian and any principal sub-custodian to the manager.

(4) Describe generally the sub-custodian arrangements of the mutual fund.

INSTRUCTION:

A "principal sub-custodian" is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the mutual fund.

4.7 - Auditor

State the name and municipality of the auditor of the mutual fund.

4.8 - Registrar

(1) If there is a registrar of securities of the mutual fund, state the name of the registrar and each municipality in which the register of securities of the mutual fund is kept.

(2) Briefly describe the services provided by the registrar.

(3) Briefly describe the relationship of the registrar to the manager.

4.9 - Securities Lending Agent

(1) State the name of each securities lending agent of the mutual fund and the municipality of each securities lending agent's principal or head office.

(2) State whether any securities lending agent of the mutual fund is an affiliate or associate of the manager of the mutual fund.

(3) Briefly describe the material terms of each agreement with each securities lending agent. Include the amount of collateral required to be delivered in connection with a securities lending transaction as a percentage of the market value of the loaned securities, and briefly describe any indemnities provided in, and the termination provisions of, each agreement.

4.10 - Cash Lender

(1) In the case of an alternative mutual fund, state the name of each person or company that has entered into an agreement to lend money to the alternative mutual fund or provides a line of credit or similar lending arrangement to the alternative mutual fund.

(2) State whether any person or company required to be named under subsection (1) is an affiliate or associate of the manager of the alternative mutual fund.

4.11 – Other Service Providers

(1) State the name, municipality of the principal or head office, and the nature of the business of each person or company not previously named under Items 4.1 to 4.10 that provides a service that is material to the mutual fund, including, for greater certainty, services relating to portfolio valuation, fund accounting, and the purchase and sale of portfolio assets by the mutual fund.

(2) For each person or company identified under subsection (1), briefly describe the following:

(a) the services provided by that person or company;

(b) the relationship of that person or company to the manager;

(c) the material terms and conditions of the contractual arrangements by which the person or company has been retained.

4.12 - Independent Review Committee and Fund Governance

(1) Provide detailed information concerning the governance of the mutual fund, including, for greater certainty,

(a) all of the following:

(i) a description of the mandate and responsibilities of the independent review committee;

(ii) the composition of the independent review committee and the reasons for any change in the composition of the independent review committee since the date of the most recently filed simplified prospectus;

(iii) the following statement:

"The independent review committee prepares, at least annually, a report of its activities for securityholders and makes such reports available on the mutual fund's designated website at [insert mutual fund's designated website address], or at the securityholder's request and at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund's/mutual fund family's e-mail address].",

(b) a description of any other body or group that has responsibility for fund governance and the extent to which its members are independent of the manager of the mutual fund, and

(c) a description of the policies, practices or guidelines of the mutual fund, or of the manager, relating to the business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager has no such policies, practices or guidelines, a statement to that effect.

(2) Despite subsection (1), if the information required by subsection (1) is not the same for substantially all of the mutual funds described in the document, provide only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection under Item 3 of Part B of this Form.

INSTRUCTION:

If the mutual fund has an independent review committee, state in the disclosure provided under paragraph (1)(c) that National Instrument 81-107 Independent Review Committee for Investment Funds requires the manager to have policies and procedures relating to conflicts of interest.

4.13 - Affiliated Entities

(1) State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and include a diagram, with a descriptive title, showing the relationships of those affiliated entities with each other.

(2) State that the amount of fees received from the mutual fund by each person or company described under subsection (1) is disclosed in the audited financial statements of the mutual fund.

INSTRUCTIONS:

(1) A person or company is an affiliated entity of another person or company if one is a subsidiary entity of the other, if both are subsidiary entities of the same person or company or if each of them is a controlled entity of the same person or company.

(2) A person or company is a controlled entity of another person or company if any of the following apply:

(a) in the case of a person or company,

(i) voting securities of the first-mentioned person or company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50% of the interests in the partnership;

(c) in the case of a limited partnership, the general partner is the second-mentioned person or company.

(3) A person or company is a subsidiary entity of another person or company if any of the following apply:

(a) the person or company is a controlled entity of any of the following:

(i) the other person or company;

(ii) the other person or company and one or more persons or companies, each of which is a controlled entity of that other person or company;

(iii) two or more persons or companies, each of which is a controlled entity of the other person or company;

(b) the person or company is a subsidiary entity of another person or company that is that other person or company's subsidiary entity.

(4) For the purposes of subsection (1) "provides services" includes, for greater certainty, the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.

4.14 – Dealer Manager Disclosure

If the mutual fund is dealer managed, disclose that fact and that the mutual fund is subject to the restrictions set out in section 4.1 of National Instrument 81-102 *Investment Funds*, and summarize section 4.1 of National Instrument 81-102 *Investment Funds*.

4.15 – Policies and Practices

(1) If the mutual fund intends to use derivatives or sell securities short, describe the policies and practices of the mutual fund to manage the risks associated with engaging in those types of transactions.

(2) In the disclosure provided under subsection (1), include disclosure pertaining to all of the following:

(a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and short selling and any risk management procedures applicable to those transactions;

(b) who is responsible for setting and reviewing the policies and procedures referred to in paragraph (a), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

(c) whether there are trading limits or other controls on derivative trading or short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade;

(e) whether any risk measurement procedures or simulations are used to test the portfolio under stress conditions.

(3) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions, describe the policies and practices of the mutual fund to manage the risks associated with those transactions.

(4) In the disclosure provided under subsection (3), include disclosure of all of the following:

(a) the involvement of any agent in administering the transactions on behalf of the mutual fund pursuant to any agreement between the parties;

(b) whether there are written policies and procedures in place that set out the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions, and any risk management procedures applicable to the mutual fund's entering into of those transactions;

(c) who is responsible for setting and reviewing the agreement referred to in paragraph (a) and the policies and procedures referred to in paragraph (b), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

(d) whether there are limits or other controls in place on the entering into of those transactions by the mutual fund and who is responsible for placing those limits or other controls on those transactions;

(e) whether there are individuals or groups that monitor the risks independent of those who enter into those transactions on behalf of the mutual fund;

(f) whether any risk measurement procedures or simulations are used to test the portfolio under stress conditions.

(5) Unless the mutual fund invests only in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities, including, for greater certainty,

(a) the procedures that are followed when a vote presents a conflict between the interests of securityholders and those of the manager of the mutual fund, a portfolio adviser of the mutual fund, an affiliate or associate of the mutual fund, an affiliate or associate of the manager of the mutual fund, or an affiliate or associate of a portfolio adviser of the mutual fund, and

(b) the policies and procedures of a portfolio adviser of the mutual fund, or any other third party, that the mutual fund follows, or that are followed on the mutual fund's behalf, to determine how to vote proxies relating to portfolio securities.

(6) State that a copy of the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities is available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

(7) State that the mutual fund's proxy voting record, for the most recent period ended June 30 of each year, is available free of charge to any securityholder of the mutual fund upon request at any time after August 31 of that year. If the proxy voting record is available on the mutual fund's designated website, provide the website address.

INSTRUCTIONS:

(1) The disclosure provided under this Item must make appropriate distinctions between the risks associated with the intended use by the mutual fund of derivatives for hedging purposes and the mutual fund's intended use of derivatives for non-hedging purposes.

(2) The mutual fund's proxy voting policies and procedures must satisfy the requirements of section 10.2 of National Instrument 81-106 Investment Fund Continuous Disclosure.

4.16 - Remuneration of Directors, Officers and Trustees

(1) If the management functions of the mutual fund are carried out by employees of the mutual fund, disclose, in respect of those employees, the information concerning executive compensation that is required to be disclosed for executive officers of an issuer under securities legislation. The disclosure in this Form must be made in accordance with the disclosure requirements of Form 51-102F6 *Statement of Executive Compensation*.

(2) Describe any arrangements under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund, members of an independent board of governors or advisory board of the mutual fund and members of the independent review committee of the mutual fund, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments, and

(b) as a consultant or expert.

(3) For a mutual fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund for the services of the trustee or trustees of the mutual fund.

4.17 – Material Contracts

(1) List and provide particulars pertaining to all of the following:

(a) the articles of incorporation, continuation or amalgamation, the declaration of trust or trust agreement of the mutual fund, the limited partnership agreement or any other constating or establishing documents of the mutual fund;

(b) any agreement of the mutual fund or trustee with the manager of the mutual fund;

(c) any agreement of the mutual fund, the manager or trustee with each portfolio adviser of the mutual fund;

(d) any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;

(e) any agreement of the mutual fund, the manager or trustee with the principal distributor of the mutual fund;

(f) any other material agreement.

(2) State a reasonable time at which and place where the agreements listed under subsection (1) may be inspected by prospective or existing securityholders.

(3) Include, in describing particulars of the agreements, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the agreements.

INSTRUCTION:

This Item does not require disclosure of agreements entered into in the ordinary course of business of the mutual fund.

4.18 - Legal Proceedings

(1) Briefly describe any ongoing material legal proceedings, which for greater certainty includes administrative proceedings, to which the mutual fund, its manager or its principal distributor is a party.

(2) For all matters disclosed under subsection (1), disclose all of the following:

(a) the name of the court, agency or administrative body having jurisdiction;

(b) the date on which the proceeding was commenced;

(c) the principal parties to the proceeding;

(d) the nature of the proceeding and, if applicable, the amount claimed;

(e) whether the proceedings are being contested and the present status of the proceedings.

(3) To the extent known, provide the disclosure referred to in paragraphs (2)(a), (c), (d) and (e) in respect of any material proceedings known to be contemplated.

(4) Describe any penalties or other sanctions imposed and the grounds on which they were imposed, or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, a director or officer of the mutual fund or a partner, director or officer of the manager of the mutual fund, in the 10 years before the date of the simplified prospectus has

(a) been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, theft or fraud, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund;

(b) entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters referred to in paragraph (a).

(5) If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement.

4.19 – Designated Website

State, in substantially the following words:

> "A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website(s) of the mutual fund(s) this document pertains to can be found at the following location(s): [insert the mutual fund's designated website address or addresses, as applicable]."

Item 5 - Valuation of Portfolio Securities

(1) Describe the methods used to value the different types or classes of portfolio assets of the mutual fund and its liabilities for the purpose of calculating net asset value.

(2) If the valuation methods established by the manager differ from Canadian GAAP, describe the differences.

(3) If the manager has discretion to deviate from the mutual fund's valuation methods described under subsection (1), disclose when and to what extent the discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, state that fact.

Item 6 - Calculation of Net Asset Value

(1) Describe the method followed or to be followed by the mutual fund in determining the net asset value.

(2) State the frequency at which the net asset value is determined and the date and time of day at which it is determined.

(3) Describe the manner in which the net asset value and net asset value per security of the mutual fund will be made available to the public and state that the information will be available at no cost to the public.

(4) In the case of a money market mutual fund, if the fund intends to maintain a constant net asset value per security, disclose that intention and disclose how the mutual fund intends to maintain a constant net asset value.

Item 7 - Purchases, Switches and Redemptions

(1) Briefly describe how an investor can purchase and redeem the securities of the mutual fund or switch them for securities of other mutual funds, state how often the mutual fund is valued, and state that the issue and redemption price of those securities is based on the mutual fund's net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order or redemption order.

(2) State that, under extraordinary circumstances, the rights of investors to redeem securities may be suspended by the mutual fund and describe the circumstances under which the suspension of redemption rights could occur.

(3) For a new mutual fund that is being sold on a best-efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing and redeeming securities based on the net asset value per security of the mutual fund.

(4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to a dealer. Include cross-references to the disclosure provided under Items 9 and 10 of Part A of this Form.

(5) Describe the adverse effects, if any, that short-term trades in securities of the mutual fund by an investor may have on other investors in the mutual fund.

(6) Describe the restrictions, if any, that may be imposed by the mutual fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply.

(7) If the mutual fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the mutual fund not to do so.

(8) Describe the policies and procedures of the mutual fund relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities. If the mutual fund has no such policies and procedures, state that fact.

(9) Describe any arrangements, whether formal or informal, with any person or company, that permit short-term trades in securities of the mutual fund, including, for greater certainty,

(a) the name of the person or company, and

(b) the terms of such arrangements, including, for greater certainty,

(i) any restrictions imposed on the short-term trades, and

(ii) any compensation or other consideration received by the manager, the mutual fund or any other party pursuant to the arrangements.

(10) Describe how the securities of the mutual fund are distributed. If sales are effected through a principal distributor, provide a brief description of any arrangements with the principal distributor.

(11) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the mutual fund caused by the investor.

(12) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.

INSTRUCTIONS:

(1) The disclosure required under subsection (4) must describe currency purchase plans, if applicable.

(2) In the disclosure required by subsections (5) to (7), include a brief description of the short-term trading activities in the mutual fund that are considered by the manager to be inappropriate or excessive. If the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 9 of Part A of this Form.

Item 8 - Optional Services Provided by the Mutual Fund Organization

If applicable, under the heading “Optional Services”, describe the optional services that may be obtained by typical investors from the mutual fund organization.

INSTRUCTION:

Disclosure made under this Item must include, for example, any asset allocation services, registered tax plans, regular investment and withdrawal plans, periodic purchase plans, contractual plans, periodic withdrawal plans or switch privileges.

Item 9 - Fees and Expenses

9.1 - General Disclosure

(1) Set out information about the fees and expenses payable by the mutual fund and by investors in the mutual fund under the heading “Fees and Expenses”.

(2) If the mutual fund holds securities of other mutual funds, disclose all of the following:

(a) any fees and expenses payable by the other mutual fund in addition to the fees and expenses payable by the mutual fund;

(b) that no management fees or incentive fees are payable by the mutual fund that, to a reasonable person, would duplicate a fee payable by the other mutual fund for the same service;

(c) that no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of the securities of the other mutual fund if the other mutual fund is managed by the manager or an affiliate or associate of the manager of the mutual fund;

(d) that no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a reasonable person, would duplicate a fee payable by an investor in the mutual fund.

(3) The information required by this Item is a summary of the fees, charges and expenses of the mutual fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

"This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the mutual fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will reduce the value of your investment in the Fund."

(4) Include the fees for any optional services provided by the mutual fund organization, as described under Item 8 of Part A of this Form, in the table.

(5) Under "Operating Expenses" in the table, include a description of the fees and expenses payable in connection with the independent review committee. If the information is not the same for each mutual fund described in the document, provide the disclosure in the description of fees and expenses required for each fund under Item 3 of Part B of this Form and include a cross-reference to that information in the table required under this Item.

(6) If management fees are payable directly by investors, add a line item in the table to disclose the maximum percentage that could be paid by investors.

(7) If the manager permits negotiation of a management fee rebate, provide disclosure of these arrangements. If these arrangements are not available for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 3 of Part B of this Form and include a cross-reference to that information in the table required by this Item.

Fees and Expenses Payable by the Fund	
Management Fees	*[See Instruction (1)] [disclosure re management fee rebate program]*
Operating Expenses	*[See Instructions (2) and (3)] Fund[s] pay[s] all operating expenses, including .....*
Fees and Expenses Payable Directly by You	
Sales Charges	*[specify percentage, as a percentage of .....]*
Switch Fees	*[specify percentage, as a percentage of ....., or specify amount]*
Redemption Fees	*[specify percentage, as a percentage of ....., or specify amount]*
Short-term Trading Fees	*[specify percentage, as a percentage of .....]*
Registered Tax Plan Fees *[include this disclosure and specify the type of fees if the registered tax plan is sponsored by the mutual fund and is described in the simplified prospectus]*	*[specify amount]*
Other Fees and Expenses *[specify type]*	*[specify amount]*

INSTRUCTIONS:

(1) If the table pertains to more than one mutual fund and not all of the mutual funds pay the same management fees, under "Management Fees" in the table, do either of the following:

(a) state that the management fees are unique to each mutual fund, include management fee disclosure for each mutual fund as a separate line item in the table required by Item 3 of Part B of this Form for that mutual fund, and include a cross-reference to that table;

(b) list the amount of the management fee, including any performance or incentive fee, for each mutual fund separately.

(2) If the table pertains to more than one mutual fund and not all of the mutual funds have the same obligations to pay operating expenses, under "Operating Expenses" in the table, do either of the following:

(a) state that the operating expenses payable by the mutual funds are unique to each mutual fund, include a description of the operating expenses payable by each mutual fund as a separate line item in the table required by Item 3 of Part B of this Form for that mutual fund, and include a cross-reference to that table;

(b) provide the disclosure concerning the operating expenses for each mutual fund contemplated by this Item separately.

(3) Under "Operating Expenses", state whether the mutual fund pays all of its operating expenses and list the main components of those expenses. If the mutual fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the mutual fund.

(4) Show all fees and expenses payable by the mutual fund, even if it is expected that the manager of the mutual fund or other member of the organization of the mutual fund will waive or absorb some or all of those fees and expenses.

(5) If the management fees of a mutual fund are payable directly by a securityholder and vary so that specific disclosure of the amount of the management fees cannot be disclosed in the simplified prospectus of the mutual fund, or cannot be derived from disclosure in the simplified prospectus, provide as much disclosure as possible about the management fees to be paid by securityholders, including the highest possible rate or range of those management fees.

9.2 Management Fee Rebate or Distribution Programs

(1) Disclose details of any arrangements that are in effect or will be in effect during the currency of the simplified prospectus if those arrangements will result, directly or indirectly, in a securityholder in the mutual fund paying, as a percentage of the securityholder's investment in the mutual fund, a management fee that differs from that payable by another securityholder.

(2) In the disclosure required by subsection (1), describe all of the following:

(a) who pays the management fee;

(b) when the management fee is to be paid, whether a reduced fee is paid or whether the full fee is paid with a repayment of a portion of the management fee to be paid at a later date;

(c) the person or company that funds the reduction or repayment of management fees, when the reduction or repayment is made and whether it is made in cash or in securities of the mutual fund;

(d) whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;

(e) if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;

(f) whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time;

(g) any other factors or criteria that could affect the amount of the management fees payable.

(3) Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in a securityholder paying a management fee that differs from that payable by another securityholder.

Item 10 - Dealer Compensation

Provide the disclosure of sales practices and equity interests required under sections 8.1 and 8.2 of National Instrument 81-105 *Mutual Fund Sales Practices*.

INSTRUCTIONS:

(1) Briefly state the compensation paid and the sales practices followed by the members of the organization of the mutual fund in a concise and explicit manner, without explaining the requirements and parameters for permitted compensation contained in National Instrument 81-105 Mutual Fund Sales Practices.

(2) If the manager or another member of the mutual fund's organization pays trailing commissions, so state and provide an explanation of the basis of calculation of these commissions and the range of the rates of such commissions. If the mutual fund organization from time to time pays the permitted marketing expenses of participating dealers on a co-operative basis, so state. If the mutual fund organization from time to time holds educational conferences that sales representatives of participating dealers may attend or from time to time pays certain of the expenses incurred by participating dealers in holding educational conferences for sales representatives, so state.

(3) If the members of the organization of the mutual fund follow any other sales practices permitted by National Instrument 81-105 Mutual Fund Sales Practices, briefly describe these sales practices.

(4) Include a brief summary of the equity interests between the members of the organization of the mutual fund and participating dealers and representatives as required by section 8.2 of National Instrument 81-105 Mutual Fund Sales Practices. This disclosure may be provided by means of a diagram or table.

Item 11 - Income Tax Considerations

11.1 - Income Tax Considerations for the Mutual Fund

Describe, in general terms, the basis upon which the income and capital receipts of the mutual fund are taxed.

11.2 - Income Tax Considerations for Investors

(1) Describe, in general terms, the income tax consequences, to the securityholders of the securities offered, of all of the following:

(a) any distribution to the securityholders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;

(b) the redemption of securities;

(c) the issuance of securities;

(d) any transfers between mutual funds;

(e) gains or losses that occur on the disposition of securities of the mutual fund by the investor.

(2) The description provided in response to subsection (1) must explain the different tax treatment applicable to mutual fund securities held in a registered tax plan as compared to mutual fund securities held in non-registered accounts.

(3) Describe the impact of the mutual fund's distribution policy on a taxable investor who acquires securities of the mutual fund late in a calendar year.

(4) If material, describe the potential impact of the mutual fund's anticipated portfolio turnover rate on a taxable investor.

(5) Describe how the adjusted cost base of a security of a mutual fund can be calculated by those investors holding securities outside a registered tax plan.

INSTRUCTIONS:

(1) If management fees are paid directly by investors, describe generally the income tax consequences to taxable investors of this arrangement.

(2) Subsection (2) is particularly relevant for investors who hold their mutual fund investments through RRSPs, if they have invested in a mutual fund that requires management fees to be paid directly by the investors. Detailed disclosure of the tax consequences of this arrangement on those investors must be made by those mutual funds.

Item 12 - Statement of Rights

Under the heading "What Are Your Legal Rights?", state in substantially the following words:

"Under securities law in some provinces and territories, you have the right to

• withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or Fund Facts document, or

• cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limits set by law in the applicable province or territory."

For more information, see the securities law of your province or territory or ask a lawyer."

Item 13 - Additional Information

(1) Disclose any other material facts relating to the securities proposed to be offered that are not disclosed elsewhere in this Form.

(2) Provide any disclosure required or permitted to be disclosed in a prospectus under securities legislation or by a decision of the regulator or securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed under this Form.

INSTRUCTIONS:

(1) An example of a provision of securities legislation relevant to this Item is the requirement contained in the conflict of interest provisions of the securities legislation of a number of jurisdictions to the effect that a mutual fund must not make an investment in respect of which a related person will receive any fee or compensation except for fees paid pursuant to a contract disclosed in, among other things, a prospectus. Another example is the requirement of some jurisdictions that certain statements be included in a simplified prospectus of a mutual fund with a non-Canadian manager.

(2) For a single SP, provide the disclosure under this Item or under Item 11 of Part B of this Form, whichever is more appropriate.

(3) For a multiple SP, the disclosure must be provided under this Item if the disclosure pertains to all of the mutual funds described in the document. If the disclosure does not pertain to all of those funds, provide the disclosure in the fund-specific disclosure required or permitted under Item 11 of Part B of this Form.

Item 14 - Exemptions and Approvals

Describe all exemptions from, or approvals in relation to, this Instrument, National Instrument 81-102 *Investment Funds*, National Instrument 81-105 *Mutual Fund Sales Practices* or National Policy Statement No. 39 obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.

Item 15 - Certificate of the Mutual Fund

(1) Include a certificate of the mutual fund that states,

(a) for a simplified prospectus,

"This simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.",

(b) for an amendment to a simplified prospectus that does not restate the simplified prospectus,

"This amendment no. [specify amendment number and date], together with the [amended and restated] simplified prospectus dated [specify], [amending and restating the simplified prospectus dated [specify],] [as amended by [specify prior amendments and dates]] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.", and

(c) for an amendment that amends and restates a simplified prospectus,

"This amended and restated simplified prospectus dated [specify] [, amending and restating the simplified prospectus dated [specify]] [, as amended by [specify prior amendments and dates]] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.".

(2) The certificate required to be signed by the mutual fund must, if the mutual fund is a trust, be signed by either of the following:

(a) if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual;

(b) if any trustee of the mutual fund is a corporation, by the duly authorized signing officer or officers of the corporation.

(3) Despite subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.

(4) Despite subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate must indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and must be signed in the manner prescribed by Item 16.

Item 16 - Certificate of the Manager of the Mutual Fund

(1) Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.

(2) The certificate must, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager, other than the chief executive officer or chief financial officer, duly authorized to sign.

(3) Despite subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager must be signed by the remaining director of the manager.

Item 17 - Certificate of Each Promoter of the Mutual Fund

(1) Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.

(2) The certificate to be signed by the promoter must be signed by any officer or director of the promoter duly authorized to sign.

Item 18 - Certificate of the Principal Distributor of the Mutual Fund

(1) Include a certificate of the principal distributor of the mutual fund that states:

"To the best of our knowledge, information and belief, this simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations."

(2) The certificate to be signed by the principal distributor must be signed by any officer or director of the principal distributor duly authorized to sign.

INSTRUCTION:

For a mutual fund that has a principal distributor, the certificate required by this Item is necessary to satisfy the requirements of securities legislation that an underwriter sign a certificate to a prospectus.

Part B – Fund-Specific Information

Item 1 - General

(1) For a multiple SP in which the Part B sections are bound separately from the Part A section, include at the bottom of each page of a Part B section a footer in substantially the following words and in a type size consistent with the rest of the document:

"This document provides specific information about [name of Fund]. It should be read in conjunction with the rest of the simplified prospectus of the [name of mutual fund family] dated [insert date]. This document and the document that provides general information about [name of mutual fund family] together constitute the simplified prospectus."

(2) If a Part B section is an amended and restated document, add to the footer required by subsection (1) a statement that the document has been amended and restated on [insert date].

(3) For a single SP, or a multiple SP, in which the Part A section and the Part B sections are bound together, include all of the following:

(a) at the top of the first page of the first Part B section in the document, the heading "Specific Information about Each of the Mutual Funds Described in this Document" for a multiple SP, or "Specific Information about the [name of Fund]" for a single SP;

(b) at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

(4) For a multiple SP in which the Part A section is bound separately from the Part B sections, include at the top of each page of a Part B section of the document a heading consisting of the name of the mutual fund described on that page.

Item 2 - Part B Introduction

(1) Disclose under the heading "What Is a Mutual Fund and What Are the Risks of Investing in a Mutual Fund?" all of the following:

(a) a brief general description of the nature of a mutual fund;

(b) the risk factors and other investment considerations that an investor should take into account that are associated with investing in mutual funds generally.

(2) At a minimum, in response to the requirements of subsection (1), include disclosure in substantially the following words:

> "Mutual funds own different types of investments, depending upon the fund's investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's [units/shares] may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.
>
> [If applicable], The full amount of your investment in any [name of mutual fund family] mutual fund is not guaranteed.
>
> Unlike bank accounts or GICs, mutual fund [units/shares] are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer."

(3) For a multiple SP, at the option of the mutual fund, include any information that is applicable to more than one of the mutual funds, including for greater certainty, all of the following:

(a) explanatory information;

(b) risk factors;

(c) investment considerations;

(d) investment restrictions;

(e) descriptions of the securities offered under the simplified prospectus;

(f) details regarding the name, formation and history of the mutual fund.

(4) Any information included in an introductory section under subsection (3) may be omitted elsewhere in the Part B section of the document.

INSTRUCTIONS:

(1) In providing disclosure under subsection (1), follow the instructions under Item 9 of Part B of this Form, as appropriate.

(2) Subsection (3) may be used to avoid the need for repetition of standard information in each Part B section of a multiple SP.

(3) Examples of explanatory information that may be disclosed under subsection (3) at the option of the mutual fund are

(a) definitions or explanations of terms used in each Part B section, such as "portfolio turnover rate" and "management expense ratio", and

(b) a discussion or explanation of the tables or charts that are required in each Part B section of the document.

(4) Examples of the risks that may be disclosed under subsection (3) at the option of the mutual fund are stock market risk, interest rate risk, foreign security risk, foreign currency risk, specialization risk and risk associated with the use of derivatives. If risk disclosure is provided under that subsection, the fund-specific disclosure about each mutual fund described in the document must contain a reference to the appropriate parts of this risk disclosure.

Item 3 - Fund Details

Disclose, in a table, all of the following:

(a) the type of mutual fund that the mutual fund is best characterized as;

(b) whether the mutual fund is eligible as an investment for registered retirement savings plans, registered retirement income funds or deferred profit-sharing plans;

(c) if this information is not contained in the table required by Item 9.1 of Part A of this Form, all of the following:

(i) the amount of the management fee, including any performance or incentive fee, charged to the mutual fund;

(ii) details concerning the operating expenses paid by the mutual fund contemplated by Instruction (3) of Item 9.1 of Part A of this Form;

(iii) the amount of the fees and expenses payable in connection with the independent review committee, charged to the mutual fund;

(d) any information required by Item 4 of Part A of this Form to be contained in Part B.

INSTRUCTIONS:

(1) If the mutual fund pays a fee that is determined by the performance of the mutual fund, the disclosure required by paragraph 7.1(1)(c) of National Instrument 81-102 Investment Funds to be described in a simplified prospectus of the mutual fund must be included in a footnote to the description of the incentive fee in the table.

(2) Examples of types of mutual funds that could be listed in response to paragraph (a) are money market, equity, bond or balanced funds related, if appropriate, to a geographical region, or any other description that accurately identifies the type of mutual fund.

(3) In providing the disclosure contemplated by paragraph (c), provide any disclosure required by, and follow, the Instructions to Item 9.1 of Part A of this Form.

Item 4 - Fundamental Investment Objectives

(1) Set out under the heading "What Does the Fund Invest in?" and under the sub-heading "Investment Objectives" the fundamental investment objectives of the mutual fund, including information that describes the fundamental nature of the mutual fund, or the fundamental features of the mutual fund, that distinguish it from other mutual funds.

(2) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives of the mutual fund and any of the material investment strategies to be used to achieve those investment objectives.

(3) Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that pertain to the fundamental nature of the mutual fund.

(4) If the mutual fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the mutual fund, include this fact as a fundamental investment objective of the mutual fund and do all of the following:

(a) identify the person or company providing the guarantee or insurance;

(b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance;

(c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the mutual fund at the time;

(d) modify any other disclosure required by this section appropriately.

(5) For an index mutual fund,

(a) disclose the name or names of the permitted index or permitted indices on which the investments of the index mutual fund are based, and

(b) briefly describe the nature of that permitted index or those permitted indices.

INSTRUCTIONS:

(1) State the type or types of securities, such as money market instruments, bonds, equity securities or securities of another mutual fund, in which the mutual fund will primarily invest under normal market conditions.

(2) A mutual fund's fundamental investment objectives must indicate if the mutual fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest, in any of the following:

(a) a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;

(b) a particular geographic location or industry segment;

(c) portfolio assets other than securities.

(3) If a particular investment strategy is a material aspect of the mutual fund, as evidenced by the name of the mutual fund or the manner in which the mutual fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to a mutual fund that described itself as an "asset allocation fund" or a "mutual fund that invests primarily through the use of derivatives".

(4) If the mutual fund is an alternative mutual fund, describe the features of the mutual fund that cause it to fall within the definition of "alternative mutual fund" in National Instrument 81-102 Investment Funds. If those features include the use of leverage, disclose the sources of leverage (e.g., cash borrowing, short selling, use of derivatives) that the fund is permitted to use as well as the maximum aggregate exposure to those sources of leverage the alternative mutual fund is permitted to have, as a percentage calculated in accordance with section 2.9.1 of National Instrument 81-102 Investment Funds.

Item 5 - Investment Strategies

(1) Describe under the heading "What Does the Fund Invest in?" and under the sub-heading "Investment Strategies" all of the following:

(a) the principal investment strategies that the mutual fund intends to use in achieving its investment objectives;

(b) the process by which each portfolio adviser of the mutual fund selects securities for the fund's portfolio, including any investment approach, philosophy, practice or technique used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow;

(c) if the mutual fund may hold securities of other mutual funds,

(i) whether the mutual fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds,

(ii) whether or not the other mutual funds may be managed by the manager or an affiliate or associate of the manager of the mutual fund,

(iii) what percentage of the net asset value of the mutual fund is dedicated to the investment in the securities of, or the entering into of specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds, and

(iv) the process or criteria used to select the other mutual funds.

(2) Indicate what types of securities, other than those held by the mutual fund in accordance with its fundamental investment objectives, may form part of the mutual fund's portfolio assets under normal market conditions.

(3) If the mutual fund intends to use derivatives

(a) for hedging purposes only, state that the mutual fund may use derivatives for hedging purposes only, and

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

(i) how derivatives are or will be used in conjunction with other securities to achieve the mutual fund's investment objectives,

(ii) the types of derivatives expected to be used and give a brief description of the nature of each type, and

(iii) the limits of the mutual fund's use of derivatives.

(4) State whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.

(5) If the mutual fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other conditions, disclose any temporary defensive tactics that may be used in response to such conditions.

(6) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions under section 2.12, 2.13 or 2.14 of National Instrument 81-102 *Investment Funds*, include all of the following:

(a) a statement that the mutual fund may enter into securities lending, repurchase or reverse repurchase transactions;

(b) a brief description of

(i) how those transactions are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives,

(ii) the types of those transactions to be entered into and a brief description of the nature of each type, and

(iii) the limits of the mutual fund's entering into of those transactions.

(7) For an index mutual fund,

(a) for the 12-month period immediately preceding the date of the simplified prospectus,

(i) indicate whether one or more securities represented more than 10% of the permitted index or permitted indices,

(ii) identify that security or those securities, and

(iii) disclose the maximum percentage of the permitted index or permitted indices that the security or securities represented in the 12-month period, and

(b) disclose the maximum percentage of the permitted index or permitted indices that the security or securities referred to in paragraph (a) represented at the most recent date for which that information is available.

(8) If the mutual fund intends to sell securities short under section 2.6.1 of National Instrument 81-102 *Investment Funds*,

(a) state that the mutual fund may sell securities short, and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives.

(9) In the case of an alternative mutual fund that borrows cash in accordance with subsection 2.6(2) of National Instrument 81-102 *Investment Funds*,

(a) state that the alternative mutual fund is permitted to borrow cash and the maximum amount the fund is permitted to borrow, and

(b) briefly describe how borrowing will be used in conjunction with other strategies of the alternative mutual fund to achieve its investment objectives.

INSTRUCTION:

A mutual fund may, in responding to this Item, provide a discussion of the general investment approach or philosophy followed by the portfolio advisers of the mutual fund.

Item 6 - Investment Restrictions

(1) Include a statement to the effect that the mutual fund is subject to certain restrictions and requirements contained in securities legislation, including National Instrument 81-102 *Investment Funds*, that are designed in part to ensure that the investments of the mutual fund are diversified and relatively liquid and to ensure the proper administration of the mutual fund, and state that the mutual fund is managed in accordance with these restrictions and requirements.

(2) If the mutual fund has received the approval of a securities regulatory authority to vary any of the investment restrictions and requirements contained in securities legislation, including National Instrument 81-102 *Investment Funds*, provide details of the permitted variations.

(3) Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that do not pertain to the fundamental nature of the mutual fund.

(4) If the mutual fund has relied on the approval of the independent review committee and the relevant requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds* to vary any of the investment restrictions and requirements contained in securities legislation, including National Instrument 81-102 *Investment Funds*, provide details of the permitted variations.

(5) If the mutual fund has relied on the approval of the independent review committee to implement a reorganization with, or transfer of assets to, another mutual fund or to proceed with a change of auditor of the mutual fund as permitted by National Instrument 81-102 *Investment Funds*, provide details.

(6) State any restrictions on the investment objectives and investment strategies that arise out of any of the following:

(a) whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for plans registered under the ITA;

(b) whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA.

(7) State whether the mutual fund has deviated, in the last year, from the provisions of the ITA that are applicable to the fund in order for the fund's securities to be either of the following:

(a) qualified investments within the meaning of the ITA for plans registered under the ITA;

(b) registered investments within the meaning of the ITA.

(8) State the consequences of any deviation referred to in subsection (7).

Item 7 - Description of Securities Offered by the Mutual Fund

(1) Describe the designation of securities, or the classes or series of securities, offered by the mutual fund under the related simplified prospectus and describe all material attributes and characteristics of the securities, including, for greater certainty, all of the following:

(a) dividend or distribution rights;

(b) voting rights;

(c) liquidation or other rights upon the termination of the mutual fund;

(d) conversion rights;

(e) redemption rights;

(f) any procedures necessary to amend any of the rights referred to in paragraphs (a) to (e).

(2) Describe the rights of securityholders to approve any of the following:

(a) the matters set out in section 5.1 of National Instrument 81-102 *Investment Funds*;

(b) any matters provided for in the constating documents of the mutual fund.

INSTRUCTIONS:

(1) If the rights attached to the securities being offered are materially limited or qualified by those attached to any other class or series of securities of the mutual fund or if another class or series of securities of the mutual fund ranks ahead of or equally with the securities being offered, include, as part of the disclosure provided, information regarding those other securities that will enable investors to understand the rights attaching to the securities being offered.

(2) In responding to the disclosure required by paragraph (1)(a), state whether distributions are made by the mutual fund in cash or reinvested in securities of the mutual fund and indicate when distributions are made.

Item 8 - Name, Formation and History of the Mutual Fund

(1) State the full name of the mutual fund and the address of its head or registered office.

(2) State the laws under which the mutual fund was formed and the date and manner of its formation.

(3) Identify the constating documents of the mutual fund and, if material, state whether the constating documents have been amended in the last 10 years and describe the amendments.

(4) If the mutual fund's name has been changed in the last 10 years, state the mutual fund's former name or names and the date or dates of the name change or changes.

(5) Disclose, and provide details about, any major events affecting the mutual fund in the last 10 years. Include information, if applicable, about the following:

(a) the mutual fund having participated in, or been formed from, an amalgamation or merger with one or more other mutual funds;

(b) the mutual fund having participated in any reorganization or transfer of assets in which the securityholders of another issuer became securityholders of the mutual fund;

(c) any changes in fundamental investment objectives or material investment strategies;

(d) any portfolio adviser changes;

(e) any changes in, or of control of, the manager;

(f) the mutual fund, before it filed a prospectus as a mutual fund, having existed as a closed-end investment fund, non-public mutual fund or other entity.

INSTRUCTION:

In disclosing the date on which the mutual fund started, use the date on which the securities of the mutual fund first became available to the public, which will be on, or about, the date of the issuance of the first receipt for a prospectus of the mutual fund. For a mutual fund that formerly offered its securities privately, disclose this fact.

Item 9 - Risks

(1) Set out specific information concerning any material risks associated with an investment in the mutual fund, under the heading "What Are the Risks of Investing in the Fund?".

(2) If securities of a mutual fund representing more than 10% of the net asset value of the mutual fund are held by a single securityholder, including another mutual fund, the mutual fund must disclose all of the following:

(a) the percentage of the net asset value of the mutual fund that those securities represent as at a date within 30 days of the date of the simplified prospectus of the mutual fund;

(b) the risks associated with a possible redemption requested by the securityholder.

(3) If the mutual fund may hold securities of a foreign mutual fund in accordance with paragraph 2.5(3)(b) of National Instrument 81-102 *Investment Funds*, disclose the risks associated with that investment.

(4) For a money market fund, include disclosure to the effect that although the mutual fund intends to maintain a constant price for its securities, there is no guarantee that the price will not go up and down.

(5) Include specific cross-references to the risks described under Item 2 of Part B of this Form that are applicable to the mutual fund.

(6) If the mutual fund offers more than one class or series of securities, disclose the risk that the investment performance, expenses or liabilities of one class or series may affect the value of the securities of another class or series, if applicable.

(7) For an index mutual fund, disclose that the mutual fund may, in basing its investment decisions on one or more permitted indices, have more of its net asset value invested in one or more issuers than is usually permitted for mutual funds, and disclose the risks associated with that fact, including the possible effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(8) If, at any time during the 12-month period immediately preceding the date that is 30 days before the date of the simplified prospectus, more than 10% of the net asset value of a mutual fund was invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, disclose all of the following:

(a) the name of the issuer and the securities;

(b) the maximum percentage of the net asset value of the mutual fund that securities of that issuer represented during the 12-month period;

(c) the risks associated with these matters, including the possible or actual effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(9) As applicable, describe the risks associated with the mutual fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions,

(c) short sales of securities, and

(d) borrowing arrangements.

(10) In the case of an alternative mutual fund, include disclosure explaining that the alternative mutual fund is permitted to invest in asset classes and use investment strategies that are not permitted for other types of mutual funds and explain how these investment strategies could affect investors' risk of losing money on their investment in the fund.

INSTRUCTIONS:

(1) Consider the mutual fund's portfolio investments as a whole.

(2) Provide the disclosure in the context of the mutual fund's fundamental investment objectives and investment strategies, outlining the risks associated with any particular aspect of those fundamental investment objectives and investment strategies.

(3) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, credit, legal and operational risks, as appropriate.

(4) Include a brief discussion of general investment risks, such as specific company developments, stock market conditions and general economic and financial conditions in those countries where the investments of the mutual fund are listed for trading, applicable to the particular mutual fund.

(5) In responding to subsection (8), it is necessary to disclose only that, at a time during the 12-month period referred to, more than 10% of the net assets of the mutual fund were invested in the securities of an issuer. Other than the maximum percentage required to be disclosed under paragraph (8)(b), the mutual fund is not required to provide particulars or a summary of any such occurrences.

Item 10 - Investment Risk Classification Methodology

For a mutual fund,

(a) state in substantially the following words:

> "The investment risk level of this mutual fund is required to be determined in accordance with a standardized risk classification methodology that is based on the mutual fund's historical volatility as measured by the 10-year standard deviation of the returns of the mutual fund."

(b) if the mutual fund has less than 10 years of performance history and complies with Item 4 of Appendix F to National Instrument 81-102 *Investment Funds*, provide a brief description of the other mutual fund or reference index, as applicable,

(c) if the other mutual fund or reference index referred to in paragraph (b) has been changed since the most recently filed prospectus, provide details of when and why the change was made, and

(d) disclose that the standardized risk classification methodology used to identify the investment risk level of the mutual fund is available on request, at no cost, by calling [toll free/collect call telephone number] or by writing to [address].

INSTRUCTION:

Include a brief description of the formulas, methods or criteria used by the manager of the mutual fund in identifying the investment risk level of the mutual fund.

Item 11 - Additional Information

Any disclosure under Item 13 of Part A that does not pertain to all the mutual funds described in the document must be included here.

Item 12 - Back Cover

(1) State the name of the mutual fund or funds included in the document or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.

(2) State, in substantially the following words:

> "Additional information about the fund[s] is available in the fund['s/s'] Fund Facts document, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.
>
> You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required under section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
>
> These documents and other information about the fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund] designated website at [insert mutual fund's designated website address] or] at www.sedar.com."

16. The Instruction at the end of Item 1 of Part I of Form 81-101F3* Contents of Fund Facts Document *is replaced with the following:

The date for a fund facts document that is filed with a preliminary simplified prospectus or simplified prospectus must be the date of the certificate in the simplified prospectus. The date for a fund facts document that is filed with a pro forma simplified prospectus must be the date of the anticipated simplified prospectus. The date for an amended fund facts document must be the date of the certificate contained in the related amended simplified prospectus.

17. Item 2 of Part II of Form 81-101F3* Contents of Fund Facts Document *is amended by deleting "annual information form,***".***

Transition

18. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as amended by this Instrument, if the investment fund complies with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022.

Effective Date

19. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. Companion Policy 81-101 Mutual Fund Prospectus Disclosure is changed by this Document.

2. Section 2.1 is changed

(a) by replacing "three disclosure documents***" with "***two disclosure documents***" in item 2 of subsection (3),***

(b) in item 2 of subsection (3), by adding "and***" after "***a simplified prospectus;***" and deleting "***● an annual information form; and***", and***

(c) by deleting ", annual information form***" in item 3 of subsection (3).***

3. Section 2.2 is changed by adding the following after subsection (2):

(3) A person granted an exemption from a requirement in Form 81-101F1 or Form 81-101F2 prior to January 6, 2022, is exempt, after January 5, 2022, from any substantially similar requirement in Form 81-101F1.

(4) A person granted an exemption from a requirement in securities legislation prior to January 6, 2022 on the condition that certain disclosure be provided in an annual information form prepared in accordance with Form 81-101F2, may, after January 5, 2022, provide such disclosure in a simplified prospectus prepared in accordance with Form 81-101F1.**.**

4. Section 2.3 is repealed.

5. Section 2.4 is changed by deleting "and the annual information form***".***

6. Section 2.7 is changed by

(a) replacing subsection (1) with the following:

(1) Subsection 2.3(5.1) of the Instrument requires an amendment to a simplified prospectus to be filed whenever an amendment to a fund facts document is filed. If the substance of the amendment to the fund facts document would not require a change to the text of the simplified prospectus, the amendment to the simplified prospectus would consist only of the certificate page referring to the mutual fund to which the amendment to the fund facts document pertains.**,**

(b) deleting "and annual information form***" in subsection (3), and***

(c) deleting "preliminary annual information form and***" in subsection (8).***

7. Section 3.1 is changed by deleting ", annual information form***".***

8. Section 3.2 is changed by

(a) replacing the first paragraph of subsection (1) with the following:

Subsection 4.1(1) requires that a simplified prospectus and fund facts document be presented in a format that assists in readability and comprehension. The Instrument and related forms also set out certain aspects of a simplified prospectus and fund facts document that must be presented in a required format, requiring some information to be presented in the form of tables, charts or diagrams. Within these requirements, mutual funds have flexibility in the format used for simplified prospectuses and fund facts documents.***, and***

(b) deleting "or annual information form***" in subsection (3), wherever it occurs.***

9. Subsection 4.2(2) is replaced with the following:

(2) A new mutual fund may be added to a multiple SP that contains final simplified prospectuses. In this case, an amended multiple SP containing disclosure of the new mutual fund, as well as a new fund facts document for each class or series of the new mutual fund would be filed. The preliminary filing would constitute the filing of a

preliminary simplified prospectus and fund facts document for the new mutual fund, and a draft amended and restated simplified prospectus for each existing mutual fund. The final filing of documents would include a simplified prospectus and fund facts document for the new mutual fund, and an amended and restated simplified prospectus for each previously existing mutual fund. An amendment to an existing fund facts document would generally not be necessary.

10. ***Subsection 4.1.3(1) is changed by deleting "***and annual information form***".***

11. ***Part 6 is repealed.***

12. ***The heading to section 7.1 is replaced with "*****Delivery of the Simplified Prospectus*****".***

13. ***Section 7.6 is changed by deleting "***, annual information form***".***

14. ***Section 7.9 is replaced with the following:***

    The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with the simplified prospectus. This type of material may, therefore, be delivered with, but cannot be included within, or attached to, the simplified prospectus. The Instrument does not permit the binding of educational and non-educational material with the fund facts document. The intention of the Instrument is not to unreasonably encumber the fund facts document with additional documents.

15. ***Section 8.2 is changed by replacing the first two sentences with the following:***

    Item 4.2 of Part A of Form 81-101F1 requires disclosure concerning the individuals employed by the manager or portfolio adviser that make investment decisions.

16. ***Section 9.1 is changed by deleting "***, annual information form***" whenever it occurs.***

17. ***Section 10.1 is changed by deleting "***, an annual information form***".***

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Section 1.1 is amended in paragraph (b) of the definition of "sales communication***" by repealing item 2.***

3. Section 1.1 is amended in paragraph (b) of the definition of "sales communication***" by adding the following item:***

3.1 An ETF facts document or preliminary or *pro forma* ETF facts document***.***

4. Subsection 3.3(1) is amended by deleting "preliminary annual information form,***" and "***, annual information form***".***

5. Subparagraph 5.6(1)(f)(ii) is amended by adding "or ETF facts document***" after "***fund facts document***".***

6. Subclause 5.6(1)(f)(iii)(A)(II) is repealed.

7. Section 10.3 is amended by deleting "or annual information form***" in subsections (2) and (4).***

8. Paragraph 15.2(1)(b) is amended by deleting ", the preliminary annual information form***" and "***, the annual information form***".***

Transition

9. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-102 *Investment Funds*, as amended by this Instrument, if the investment fund complies with

(a) National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022, and

(b) National Instrument 81-102 *Investment Funds* as it was in force on January 5, 2022.

Effective Date

10. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-102 *INVESTMENT FUNDS*

1. Companion Policy 81-102 Investment Funds is changed by this Document.

2. Subsection 7.5(3) is changed by replacing ", simplified prospectus or annual information form***" with "***or simplified prospectus***".***

3. Section 13.1(3) is replaced with the following:

(3) An advertisement that presents information in a manner that distorts information contained in the preliminary prospectus or prospectus, or preliminary prospectus, preliminary fund facts document or prospectus, and fund facts document, as applicable, of an investment fund or that includes a visual image that provides a misleading impression will be considered to be misleading.**.**

AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. The definition of "material contract***" in section 1.1 is amended by replacing***

(a) "an annual information form***" with "***a simplified prospectus***", and***

(b) "Item 16 of Form 81-101F2***" with "***item 4.17 of Part A of Form 81-101F1***".***

3. Subsection 9.4(2) is replaced with the following:

(2) Subject to subsections (2.1), (2.2) and (2.3), an annual information form that is required to be filed must be completed

(a) in accordance with Form 41-101F2 if the investment fund last distributed securities under a prospectus prepared in accordance with that Form,

(b) in accordance with Form 81-101F1 if the mutual fund last distributed securities under a prospectus prepared in accordance with that Form, or

(c) in accordance with Form 81-101F2.

(2.1) For the purposes of completing Form 41-101F2 under paragraph (2)(a),

(a) a reference in Form 41-101F2 to "prospectus" must be read as a reference to "annual information form",

(b) the items of Form 41-101F2 that are applicable to distributions of securities only and are inapplicable to any other case, do not apply,

(c) item 1.1, items 1.4 to 1.15, paragraph 3.3(1)(b), paragraph 3.3(1)(f), item 3.5, paragraph 3.6(3)(a) and items 7.1, 9.1, 11, 14.1, 15.2, 16, 17.1, 17.2, 24, 25, 26, 28, 29.2, 36, 38 and 39 of Form 41-101F2 do not apply,

(d) item 1.3 of Form 41-101F2 must be read as follows:

(1) State on the front cover that the document is an annual information form for each of the mutual funds to which the document pertains.

(2) State on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family to which the document pertains. If the mutual fund has more than one class or series of securities, state the name of each of those classes or series covered in the document.

(3) State the date of the document, which is the date of the certificates for the document. This date must be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month.

(4) State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise.",

(e) a reference to the term "distribution" in item 3.2 of Form 41-101F2 must be read as a reference to "investment fund",

(f) subsections 19.1(11) to (13) of Form 41-101F2 do not apply to an investment fund that is a corporation, except for the requirement to include disclosure in respect of the independent review committee,

(g) item 21 of Form 41-101F2 must be completed in respect of all of the securities of the investment fund, and

(h) item 35.1 of Form 41-101F2 must be completed despite no distribution taking place.

(2.2) For the purposes of completing Form 81-101F1 under paragraph (2)(b),

(a) a reference in Form 81-101F1 to “simplified prospectus” must be read as a reference to “annual information form”,

(b) the items of Form 81-101F1 that are applicable to distributions of securities only and are inapplicable to any other case, do not apply,

(c) general instruction (18), subsection 1.1(4), subsection 1.1(5), subsection 1.1(7), item 3, item 4.4, paragraph 4.17(1)(e), subsections 7(3) to (11) and items 12, 15, 16, 17, 18 of Part A of Form 81-101F1 do not apply,

(d) item 4.16 of Part A of Form 81-101F1 does not apply to an investment fund that is a corporation, except for the requirement to include disclosure in respect of the independent review committee,

(e) item 7 of Part B of Form 81-101F1 must be completed in respect of all of the securities of the investment fund, and

(f) subsection 12(2) of Part B of Form 81-101F1 must be read as follows:

(2) State, in substantially the following words:

• “Additional information about the Fund[s] is available in the Fund[’s/s’] Fund Facts document, management reports of fund performance and financial statements.

• You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund] designated website at [insert investment fund designated website address] or] at www.sedar.com.”

(2.3) For the purposes of completing Form 81-101F2 under paragraph (2)(c),

(a) a reference to "mutual fund" in Form 81-101F2 must be read as a reference to "investment fund",

(b) general instructions (3), (10) and (14) of Form 81-101F2 do not apply,

(c) subsections (3), (4) and (6) of item 1.1 of Form 81-101F2 do not apply,

(d) subsections (3), (4) and (6) of item 1.2 of Form 81-101F2 do not apply,

(e) item 5 of Form 81-101F2 must be completed in respect of each [class/series] of securities of the investment fund,

(f) item 15 of Form 81-101F2 does not apply to an investment fund that is a corporation, except for the disclosure required to be made in respect of the independent review committee, and

(g) items 19, 20, 21 and 22 of Form 81-101F2 do not apply.

4. Subsection 10.2(3) is replaced with the following:

(3) An investment fund must include a summary of the policies and procedures required under this section in its prospectus***.***

Transition

5. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-106 *Investment Fund Continuous Disclosure*, as amended by this Instrument, if the investment fund complies with

(a) National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022, and

(b) National Instrument 81-106 *Investment Fund Continuous Disclosure* as it was in force on January 5, 2022.

Effective Date

6. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGE TO COMPANION POLICY 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. ***Companion Policy* 81-106 *Investment Fund Continuous Disclosure is changed by this Document.***

2. ***Section 10.1 is changed by deleting "***, an annual information form***" in subsection 10.1(1).***

CHANGE TO NATIONAL POLICY 11-202 *PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS*

1. ***National Policy 11-202 Process for Prospectus Reviews in Multiple Jurisdictions is changed by this Document.***

2. ***Section 2.1 is changed by deleting "***and annual information form***" in the definition of "***long form prospectus***".***

AMENDMENTS TO NATIONAL INSTRUMENT 13-101 *SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR)*

1. National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this Instrument.

2. Under the heading "Securities Offerings", Appendix A is amended by deleting ", Annual Information Form***" wherever it occurs.***

Transition

3. Before September 6, 2022, an investment fund is not required to comply with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, as amended by this Instrument, if the investment fund complies with

    (a) National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022, and

    (b) National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* as it was in force on January 5, 2022.

Effective Date

4. (1) This Instrument comes into force on January 6, 2022.

    (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENTS TO MULTILATERAL INSTRUMENT 13-102 *SYSTEM FEES FOR SEDAR AND NRD*

1. Multilateral Instrument 13-102 System Fees for SEDAR and NRD is amended by this Instrument.

2. The row in Appendix B corresponding to Item 3 is replaced with the following:

3	Investment fund issuers / securities offerings	Simplified prospectus and fund facts document (National Instrument 81-101 *Mutual Fund Prospectus Disclosure*)	$585.00, which applies in total to a combined filing, if one simplified prospectus is used to qualify the investment fund securities of more than one investment fund for distribution	$162.50, which applies in total to a combined filing, if one simplified prospectus is used to qualify the investment fund securities of more than one investment fund for distribution

Transition

3. Before September 6, 2022, an investment fund is not required to comply with Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*, as amended by this Instrument, if the investment fund complies with

   (a) National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022, and

   (b) Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* as it was in force on January 5, 2022.

Effective Date

4. (1) This Instrument comes into force on January 6, 2022.

   (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. Companion Policy 41-101 General Prospectus Requirements is changed by this Document.

2. The following is added after Part 5A:

Part 5B: Exemptive Relief to File Prospectus Prepared in Accordance with Form 81-101F1

5B.1 Previous Form Exemptions A mutual fund granted an exemption to file a simplified prospectus prepared in accordance with Form 81-101F1 and an annual information form prepared in accordance with Form 81-101F2 in lieu of a prospectus prepared in accordance with Form 41-101F2, may comply with such an exemption after January 5, 2022 by filing a simplified prospectus in accordance with Form 81-101F1.**.**

WORKSTREAM TWO

AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"designated website" has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;***.***

3. Subsection 3B.4(1) is amended by replacing "If an ETF or the ETF's family has a website, the ETF must post to at least one of those websites***" with "***The ETF must post on its designated website***".***

4. Subsection 3B.4(2) is amended by replacing "posted to***" with "***posted on***".***

***5. Subsection 3B.4(3) is repealed*.**

6. Form 41-101F2 Information Required in an Investment Fund Prospectus is amended

(a) by adding the following after Item 19.12:

19.13 Designated Website

State, in substantially the following words:

"An investment fund is required to post certain regulatory disclosure documents on a designated website. The designated website(s) of the investment fund(s) this document pertains to can be found at the following location(s): [insert the investment fund's designated website address or addresses, as applicable]."***,***

(b) by replacing in Item 20.3(a) "website***" with "***designated website***", and***

(c) by replacing in Item 37.1 "[If applicable] These documents are available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address]***" with "***These documents are available on the investment fund's website at [insert the investment fund's designated website address]***" .***

7. Form 41-101F3 Information Required in a Scholarship Plan Prospectus is amended

(a) by replacing Item 12(2) of Part A with the following:

(2) State the name, address, toll-free telephone number, email address of the investment fund manager of the plan and the scholarship plan's designated website address. If applicable, also state the website address of the investment fund manager of the plan.***,***

(b) by replacing in Item 4.1(1) of Part B "*[Insert if applicable* - You'll also find these documents on our website at [*insert the scholarship plan's website address*]]***" with "***You'll also find these documents on our website at [*insert the scholarship plan's designated website address*]***",***

(c) by replacing in Item 15.1(2) of Part B "[*Insert if applicable* - You'll also find these documents on our website at [*insert the scholarship plan's website address*]]***" with "***You'll also find these documents on our website at [*insert the scholarship plan's designated website address*]***",***

(d) by replacing in Item 6.1 of Part C "website***" with "***designated website***",***

(e) by replacing in subsection (1) of the Instructions under Item 6.3 of Part C "website***" with "***designated website***",***

(f) by replacing in Item 2.5(2) of Part D "Internet Site***" wherever it occurs with "****designated* website***",***

(g) by adding the following after Item 2.17 of Part D:

2.18 Designated Website

State, in substantially the following words:

"A scholarship plan is required to post certain regulatory disclosure documents on a designated website. The designated website(s) of the scholarship plan(s) this document pertains to can be found at the following location(s): [insert the scholarship plan's designated website address or addresses, as applicable]."***, and***

(h) by replacing in Item 5.4(3) of Part D "scholarship plan's website address***" with "***scholarship plan's designated website address***".***

8. Form 41-101F4 Information Required in an ETF Facts Document is amended

(a) by replacing in paragraph (h) of Item 1 of Part I "[insert the website of the ETF, the ETF's family or the manager of the ETF] [as applicable]***" with "***[insert the ETF's designated website]***", and***

(b) by replacing Item 2(4) of Part I with the following:

Where updated Quick Facts, Trading Information and Pricing Information are posted on the designated website of the ETF, state the following:

"For more updated Quick Facts, Trading Information and Pricing Information, visit [insert the ETF'S designated website]."***.***

Transition

9. Before September 6, 2022, an investment fund is not required to comply with National Instrument 41-101 *General Prospectus Requirements*, as amended by this Instrument, if the investment fund complies with *National Instrument 41-101 General Prospectus Requirements* as it was in force on January 5, 2022.

Effective Date

10. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. Companion Policy 41-101 General Prospectus Requirements is changed by this Document.

2. Subsection 5A.4(1) is changed

(a) by replacing "to the website of the ETF, the ETF's family or the manager of the ETF, as applicable***" with "***on its designated website***", and***

(b) by replacing "website***" wherever it occurs elsewhere with "***designated website***".***

3. Subsection 5A.4(2) is changed

(a) by replacing "Many ETFs have fund profiles that are available on a website of the ETF, the ETF's family or the manager of the ETF.***" with "***Many ETFs have fund profiles which they can choose to make available on their designated website, or another website.***", and***

(b) by replacing "to a website to highlight the availability of more up-to-date trading and pricing information for an ETF***" with "***on the ETF's designated website or another website to highlight the availability of more up-to-date trading and pricing information for that ETF***".***

AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"designated website" has the meaning ascribed to that term in National Instrument 81-106 *Investment Fund Continuous Disclosure*;***.***

3. Section 2.3.1 is amended

(a) by replacing in subsection (1) "If a mutual fund or the mutual fund's family has a website, the mutual fund must post to at least one of those websites***" with "***A mutual fund must post on its designated website***",***

(b) by replacing in subsection (2) "posted to the website***" with "***posted on the designated website***", and***

(c) by repealing subsection (3).

4. Form 81-101F2 Contents of Annual Information Form is amended by adding the following after Item 10.10:

10.11 Designated Website

State, in substantially the following words:

"A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website(s) of the mutual fund(s) this document pertains to, can be found at the following location(s): [insert the mutual fund's designated website address or addresses as applicable]."***.***

5. Form 81-101F3 Contents of Fund Facts Document is amended by replacing in paragraph (e) of Item 1 of Part I "[insert the website of the mutual fund, the mutual fund's family or the manager of the mutual fund] [as applicable]***" with "***[insert the mutual fund's designated website]***".***

Transition

6. Before September 6, 2022, a mutual fund is not required to comply with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as amended by this Instrument, if the mutual fund complies with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022.

Effective Date

7. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. Companion Policy 81-101 Mutual Fund Prospectus Disclosure is changed by this Document.

2. Section 2.8 is changed

(a) by replacing "to the website of the mutual fund, the mutual fund's family or the manager of the mutual fund, as applicable***" with "***on its designated website***", and***

(b) by replacing "website***" wherever it occurs elsewhere with "***designated website***".***

3. Subsection 4.1.3(3) is changed

(a) by replacing "to the website of the mutual fund, the mutual fund's family or the manager of the mutual fund***" with "***on its designated website***", and***

(b) by replacing "to a website***" with "***on a designated website***".***

4. Subsection 7.4(2) is changed by replacing "on a website***" with "***on a mutual fund's designated website***".***

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Section 1.1. is amended by adding the following definition:

"designated website" has the meaning ascribed to that term in National Instrument 81-106 *Investment Fund Continuous Disclosure*;***.***

3. Clause 5.6(1)(f)(iii)(B) is replaced with the following:

(B) access those documents at the designated website address;***.***

Transition

4. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-102 *Investment Funds*, as amended by this Instrument, if the investment fund complies with

(a) in the case of a mutual fund to which National Instrument 81-101 *Mutual Fund Prospectus Disclosure* applies, National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022,

(b) in the case of an investment fund not referred to in paragraph (a), National Instrument *41-101 General Prospectus Requirements* as it was in force on January 5, 2022, and

(c) National Instrument 81-102 *Investment Funds* as it was in force on January 5, 2022.

Effective Date

5. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument come into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"designated website" means, in relation to an investment fund, a website designated by the fund under section 16.1.2;**.**

3. Paragraph 5.2(5)(d) is amended by replacing "investment fund's website, if applicable,***" with "***investment fund's designated website***".***

4. Paragraph 5.3(4)(b) is amended by replacing "investment fund's website, if applicable,***" with "***investment fund's designated website***".***

5. Section 5.5 is amended by replacing "An investment fund that is a reporting issuer and that has a website must post to the website***" with "***An investment fund that is a reporting issuer must post on its designated website***".***

6. Subsection 6.2(2) is amended by replacing "An investment fund that has a website must post to the website***" with "***An investment fund must post on its designated website***".***

7. Subsection 10.4(2) is amended by replacing "An investment fund that has a website must post the proxy voting record to the website***" with "***An investment fund must post the proxy voting record on its designated website***".***

8. Paragraph 11.2(1)(b) is amended by replacing "on the website of the investment fund or the investment fund manager***" with "***on the investment fund's designated website***".***

9. Subsection 14.2(7) is replaced with the following:

(7) An investment fund that publishes its net asset value or net asset value per security in the financial press, or posts its net asset value or net asset value per security on its designated website, must provide its current net asset value or net asset value per security on a timely basis to the financial press or post it to its designated website on a timely basis, as applicable.**.**

***10. The following Part is added*:**

PART 16.1 INVESTMENT FUND WEBSITE

Application

16.1.1 This Part applies to an investment fund that is a reporting issuer.

Requirement to Have a Designated Website

16.1.2 (1) An investment fund must designate one qualifying website on which the fund intends to post disclosure as required by securities legislation.

(2) In this section, a "qualifying website" of an investment fund is a website that is

(a) publicly accessible, and

(b) established and maintained by the fund or on its behalf by one or more of the following persons:

(i) its investment fund manager;

(ii) a person or company designated by its investment fund manager.

(3) The designated website referred to in (1) must be identified as the designated website in the following, as applicable:

(a) item 19.13 of Form 41-101F2, if the investment fund last distributed securities under a prospectus prepared in accordance with that form;

(b) item 2.18 of Part D of Form 41-101F3, if the scholarship plan last distributed securities under a prospectus prepared in accordance with that form;

(c) item 4.19 of Form 81-101F1, if the mutual fund last distributed securities under a prospectus prepared in accordance with that form;

(d) item 10.11 of Form 81-101F2, if the investment fund is required to file an annual information form under section 9.2 of this Instrument**.**

11. Form 81*-106F1 Contents of Annual and Interim Management Report of Fund Performance *is amended

(a) in Item 1 of Part B by replacing "website at [insert address]***" with "***website at [insert the address of the designated website]***",***

(b) in subsection (9) of the Instructions under Item 5 of Part B by replacing "are available on the internet at www.sedar.com.***" with "***are available on the investment fund's designated website and at www.sedar.com.**", and*

(c) in Item 1 of Part C by replacing "website at [insert address]***" with "***website at [insert the address of the designated website]***".***

Transition

12. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-106 *Investment Fund Continuous Disclosure*, as amended by this Instrument, if the investment fund complies with

(a) in the case of a mutual fund to which National Instrument 81-101 *Mutual Fund Prospectus Disclosure* applies, National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022,

(b) in the case of an investment fund not referred to in paragraph (a), *National Instrument 41-101 General Prospectus Requirements* as it was in force on January 5, 2022, and

(c) National Instrument 81-106 *Investment Fund Continuous Disclosure* as it was in force on January 5, 2022.

Effective Date

13. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. Companion Policy 81-106 Investment Fund Continuous Disclosure is changed by this Document.

2. Section 4.5 is repealed.

3. Subsection 6.1(4) is changed by replacing **"**to the fund's website if it has one**"** ***with "***on the fund's designated website"***.***

4. Section 9.1 is changed by replacing "make the results of that calculation available to the financial press***" with "***make the results of that calculation available on its designated website or to the financial press***".***

5. The following Part is added:

PART 11 INVESTMENT FUND WEBSITE

11.1 Requirement to designate a website

(1) The purpose of Part 16.1 is to improve investor access to investment fund regulatory disclosure and other information that characterizes a fund. Investment funds' websites typically include regulatory disclosure (e.g., a prospectus, a fund facts document, an ETF facts document, continuous disclosure documents), as well as other information on a fund (e.g. a fund profile) and its management (e.g., the names of its investment fund manager, portfolio manager, custodian, trustee). Section 16.1.2 of the Instrument does not prescribe the disclosure that must be posted on an investment fund's designated website. The regulatory disclosure that must be posted on an investment fund's designated website is included in other provisions of the securities legislation applicable to reporting investment funds.

(2) The CSA would generally consider that an investment fund's designated website includes a set of webpages on the internet containing links to each other and made available online by the investment fund, its investment fund manager or a person designated by its investment fund manager.

In the CSA's view, an investment fund's designated website must be open-access to everybody and free of charge. The designated website may contain a webpage that is accessible only by the fund's securityholders (for example, with an access code and a password) for the sole purpose of posting confidential or non-public information that is not required by securities legislation.

(3) We note that an investment fund's regulatory disclosure and other information may be disseminated on a website that is established and maintained by the investment fund's manager or a person designated by the fund's manager, which may include a third-party service provider or an affiliate or an associate of the investment fund's manager.

The CSA does not expect an investment fund to create a stand-alone website to fulfil its obligations to post regulatory disclosure on a designated website. In order to improve flexibility and access to disclosure, investment funds may identify as a designated website, the website of another investment fund managed by the same investment fund manager, or of an affiliate or an associate of the investment fund's manager.

In any case, the investment fund's designated website is expected to clearly identify and differentiate between the information applicable to each investment fund. The designated website's user interface should make it clear to investors where information relating to their particular investment can be located.

(4) The Instrument does not specify how an investment fund should structure its designated website. Investment funds may choose to post all regulatory disclosure and other information pertaining to one investment fund on a single webpage dedicated to this fund or instead aggregate some regulatory disclosure and other key information for several investment funds that are part of the same investment fund family into a single webpage. The CSA expect that investment funds and their investment fund managers will adopt a consistent and harmonized structure within an investment fund's designated website in order to avoid any confusion amongst users.

(5) The investment fund's designated website should be designed in a manner that allows an individual investor with a reasonable level of technological skill and knowledge to easily do any of the following:

(a) access, read and search the information and the documents posted on the website;

(b) download and print the documents.

(6) Maintenance and supervision of an investment fund's designated website and its content should be accounted for in the compliance systems of the investment fund and its manager. The establishment and maintenance of a compliance system by investment fund managers is required under section 11.1 of NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. We also expect investment funds and their managers to take steps to protect themselves against cyber threats. In this respect, they should review and consult guidance issued by securities regulators and self-regulatory organizations.

(7) Investment funds and their investment fund managers should ensure the designated website accurately discloses regulatory disclosure and other information. If inaccurate disclosure regarding a fund is found on the designated website, it should be removed or updated as soon as possible. A website that contains information that is out-of-date could in certain cases be considered inaccurate and misleading.

The Instrument does not specify the length of time that regulatory disclosure and other information must remain on an investment fund's designated website. The CSA are of the view that regulatory disclosure and other information should stay on a designated website for a reasonable length of time, and at least until replaced with more current information or documents. Some disclosure should be updated more frequently depending on its nature or its importance to current and potential investors (e.g. net asset values per security and past performance).

We generally encourage investment funds and their managers to archive documents or information that may retain historical or other value to investors on the designated website. However, documents or information that mislead investors should be removed.

(8) An investment fund and its manager may create hyperlinks leading to third-party websites. In such cases, a warning informing individuals that they are about to leave the investment fund's designated website may be appropriate.

(9) Section 16.1.2, sets out that an investment fund designates its website by identifying it in a specified location of the investment fund's prospectus, or its annual information form if it is required to file one under section 9.2. Where a prospectus or annual information form is prepared in respect of more than one investment fund, the designated websites of each investment fund, where they are different, should be disclosed.

When the fund designates its website under section 16.1.2, that website becomes the fund's designated website, including for the purpose of all requirements where a fund is required to disclose a designated website. For example, as required in Item 1 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* and in Item 1 of Part I of Form 81-101F3 *Contents of Fund Facts Document*, the website noted in the ETF facts document or fund facts document must reference the same website. If the address of the designated website is modified, it would be acceptable for the website located at the previous address to redirect visitors to the new address of the designated website, with a corresponding update to the prospectus or annual information form, and each other document that is required to refer to the designated website, occurring at the time of the next renewal or filing.

(10) Investment fund managers should consider the guidance concerning outsourcing found in sections 7.3 and Part 11 of the Companion Policy 31-103 CP, including that which indicates that the investment fund manager is responsible for any functions delegated or outsourced and must supervise the service provider.**.**

AMENDMENTS TO NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS*

1. National Instrument 81-107 Independent Review Committee for Investment Funds is amended by this Instrument.

2. The Instrument is amended by adding the following section:

Definition of "designated website"

1.8 In this Instrument, "designated website" has the meaning ascribed to that term in National Instrument 81-106 *Investment Fund Continuous Disclosure*.

3. Paragraph 4.4(2)(b) is replaced with the following:

(b) be made available and prominently displayed by the manager on the investment fund's designated website;.

Transition

4. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-107 *Independent Review Committee for Investment Funds*, as amended by this Instrument, if the investment fund complies with

(a) in the case of a mutual fund to which National Instrument 81-101 *Mutual Fund Prospectus Disclosure* applies, National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022,

(b) in the case of an investment fund not referred to in paragraph (a), *National Instrument 41-101 General Prospectus Requirements* as it was in force on January 5, 2022, and

(c) National Instrument 81-107 *Independent Review Committee for Investment Funds* as it was in force on January 5, 2022.

Effective Date

5. (1) This Instrument comes into force on January 6, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument come into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMMENTARY IN NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS*

1. The Commentary to National Instrument 81-107 Independent Review Committee for Investment Funds is changed by this Document.

2. Paragraph 2 of the Commentary to section 4.4 is changed

(a) by replacing "the website of the investment fund, the investment fund family or the manager, as applicable***" with "***the investment fund's designated website***", and***

(b) by replacing "on the website***" with "***on the designated website***".***

WORKSTREAM THREE

AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

"information circular" means a document prepared in accordance with Form 51-102F5 *Information Circular*;

"intermediary" has the same meaning as in section 1.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"meeting" means, except in sections 10.2, 10.3 and 16.3, a meeting of securityholders of an investment fund;

"NOBO" has the same meaning as in section 1.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"notice-and-access" means the delivery procedures referred to in section 12.2.1;

"notification of meeting and record dates" has the same meaning as in section 1.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"proximate intermediary" has the same meaning as in section 1.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"proxy-related materials" means securityholder materials relating to a meeting that a person or company that solicits proxies is required under corporate law or securities legislation to send to a registered holder or beneficial owner of the securities of an investment fund;

"send" includes to deliver or forward, or arrange to deliver or forward, by any means;

"stratification" means procedures whereby a paper copy of the information circular and, if applicable, the financial statements of the investment fund are included with the documents required to be sent in order to use notice-and-access under section 12.2.1;**.**

3. The Instrument is amended by adding the following sections:

12.2.1 **Notice-and-access** – A person or company that solicits proxies from a registered holder of securities of an investment fund under subsection 12.2(2) of this Instrument, or sends proxy-related materials to beneficial owners of an investment fund under section 2.7 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, must not use notice-and-access to send proxy-related materials to the registered holder or beneficial owner unless all of the following apply:

(a) the registered holder or beneficial owner is sent a notice that contains only the following information:

(i) the date, time and location of the meeting;

(ii) a description of each matter or group of related matters identified in the form of proxy to be voted on, unless that information is already included in the form of proxy, in Form 54-101F6 *Request for Voting Instructions Made by Reporting Issuer* or in Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, that is sent to the registered holder or beneficial owner under paragraph (b);

(iii) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;

(iv) a reminder to review the information circular before voting;

(v) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements of the investment fund, from the person or company soliciting proxies;

(vi) a plain-language explanation of notice-and-access that includes the following information:

(A) if stratification is used, a list of the types of registered holders or beneficial owners who will receive paper copies of the information circular and, if applicable, the financial statements of the investment fund;

(B) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the investment fund, is to be received in order for the registered holder or beneficial owner to receive the paper copy in advance of any deadline for the submission of the proxy or the voting instructions for the meeting, and the date of the meeting;

(C) an explanation of how the registered holder or beneficial owner is to return the proxy or the voting instructions, including any deadline for return of the proxy or the voting instructions;

(D) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the notice can be found;

(E) a toll-free telephone number the registered holder or beneficial owner can call to get information about notice-and-access;

(b) by prepaid mail, courier or the equivalent,

(i) the registered holder is sent the notice, and a form of proxy for use at the meeting, at least 30 days before the date of the meeting, and

(ii) the beneficial owner is sent the notice and a Form 54-101F6 or Form 54-101F7, using the procedures referred to in section 2.9 or 2.12 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as applicable;

(c) the proxy-related materials are sent at least 30 days, and no more than 50 days, before the date of the meeting;

(d) if proxy-related materials are sent directly to a NOBO using notice-and-access, the notice and, if applicable, any paper copies of information circulars and financial statements, are sent at least 30 days before the date of the meeting;

(e) if proxy-related materials are sent indirectly to a beneficial owner using notice-and-access, the notice and, if applicable, any paper copies of information circulars or financial statements are sent to any proximate intermediary,

(i) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, and

(ii) at least 4 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary using any other type of prepaid mail;

(f) in the case of a solicitation by or on behalf of management of the investment fund, or if another person or company soliciting proxies has requested a meeting, the notification of meeting and record dates is filed on SEDAR and that filing occurs on the same date that the notification of meeting and record dates is sent under subsection 2.2(1) of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

(g) public electronic access to the information circular, the notice and the form of proxy is provided on or before the date that the notice is sent to the registered holder or beneficial owner, as follows:

(i) the documents are filed on SEDAR;

(ii) the documents are posted for no less than one year on

(A) the investment fund's designated website, in the case of a solicitation by or on behalf of management of the investment fund, and

(B) a website other than SEDAR, in the case of a solicitation by or on behalf of any other person or company;

(h) a toll-free telephone number is provided for use by the registered holder or beneficial owner to request a paper copy of the information circular and, if applicable, the financial statements of the investment fund at any time

(i) following the date that the notice is sent to the registered holder or beneficial owner, and

(ii) on or before the date of the meeting, including any adjournment;

(i) if a request for a paper copy of the information circular and, if applicable, the financial statements of the investment fund is received by telephone using the toll-free telephone number provided in the notice or by any other means, a paper copy of the document requested is sent free of charge by the person or company to the registered holder or beneficial owner at the address specified in the request,

(i) in the case of a request received before the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent, and

(ii) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;

(j) the notice is not sent with any other document other than the following:

(i) a form of proxy, Form 54-101F6 or Form 54-101F7;

(ii) if financial statements of the investment fund are to be presented at the meeting, the financial statements;

(iii) if the meeting is to approve a reorganization of the investment fund with another investment fund as contemplated by paragraph 5.1(1)(f) of National Instrument 81-102 *Investment Funds*, Form 81-101F3 *Contents of Fund Facts Document* or Form 41-101F4 *Information Required in an ETF Facts Document* for the continuing investment fund;

(k) the notice is not combined with any document other than a form of proxy, Form 54-101F6 or Form 54-101F7;

(l) the information circular discloses that proxy-related materials are being sent to registered holders or beneficial owners of the investment fund using notice-and-access, and if stratification is used, the types of registered holders or beneficial owners who will receive paper copies of the information circular and, if applicable, the financial statements of the investment fund;

(m) the cost of sending the information circular and, if applicable, the financial statements of the investment fund, to a registered holder or beneficial owner, if a paper copy is requested by the registered holder or beneficial owner, is paid by the manager of the investment fund or other person or company soliciting proxies that is not the investment fund.

12.2.2 Restrictions on Information Gathering

(1) A person or company using notice-and-access that receives a request for a paper copy of the information circular or the financial statements of the investment fund, through the toll-free telephone number provided in the notice referred to in paragraph 12.2.1(a) or by any other means, must not

(a) ask for any information about the person or company making the request, other than the name and address to which the information circular and, if applicable, the financial statements are to be sent, or

(b) disclose or use the name or address of the person or company making the request for any purpose other than sending the information circular or the financial statements of the investment fund.

(2) A person or company that posts proxy-related materials to a website under subparagraph 12.2.1(1)(g)(ii) must not collect information that can be used to identify a person or company that has accessed the website.

12.2.3 Posting Materials on Non-SEDAR Website

(1) A person or company that posts proxy-related materials to a website under subparagraph 12.2.1(1)(g)(ii) must also post on the website all of the following:

(a) any disclosure regarding the meeting that the person or company has sent to registered holders or beneficial owners;

(b) any written communications the person or company has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not the communications were sent to registered holders or beneficial owners.

(2) For greater certainty, a person or company that posts proxy-related materials on a website under subparagraph 12.2.1(1)(g)(ii) must do so in a manner and format that permits an individual with a reasonable level of computer skill and knowledge to easily do all of the following:

(a) access, read and search the materials;

(b) download and print the materials.

12.2.4 Record Date for Notice of Meeting, Abridgement of Time and Notification of Meeting Date and Record Date

(1) A person or company that solicits proxies from a registered holder or beneficial owner using notice-and-access, in the case of solicitation by or on behalf of management of an investment fund, must

(a) despite paragraph 2.1(b) of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, set or request a record date for notice of the meeting that is no fewer than 40 days before the date of the meeting,

(b) specify in the notification of meeting and record dates sent under section 2.2 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* that proxy-related materials are being sent to registered holders or beneficial owners using notice-and-access, and

(c) not abridge the time prescribed under paragraph 2.1(b), subsection 2.2(1) or subsection 2.5(1) of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* unless the person or company

(i) complies with paragraphs 2.20 (a) to (c) of that Instrument, and

(ii) sends the notification of meeting and record dates sent under section 2.2 of that Instrument at least 3 business days before the record date for notice of the meeting.

(2) In the case of a person or company not referred to in subsection (1) that requests a meeting, the person or company must request the following:

(a) a record date for notice of the meeting that is no fewer than 40 days before the date of the meeting;

(b) that the notification of meeting and record dates sent under section 2.2 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* state that proxy-related materials are being sent to registered holders or beneficial owners using notice-and-access.

12.2.5 Consent to Other Delivery Methods - For greater certainty, section 12.2.1 does not

(a) prevent a registered holder or beneficial owner from consenting to the use of other delivery methods to send proxy-related materials,

(b) terminate or modify a consent that a registered holder or beneficial owner previously gave to a person or company regarding the use of other delivery methods to send proxy-related materials to the registered holder or beneficial owner, or

(c) prevent a person or company that solicits proxies, an intermediary or any other person or company from sending proxy-related materials to a registered holder or beneficial owner using a method to which the registered holder or beneficial owner has consented prior to January 5, 2022.

12.2.6 Instructions to Receive Paper Copies

(1) Despite section 12.2.1, an investment fund or its manager or management may obtain standing instructions from a registered holder of securities of the investment fund, and an intermediary may obtain standing instructions from a client that is a beneficial owner of securities of the investment fund, that a paper copy of the information circular or the financial statements of the investment fund be sent to the registered holder or beneficial owner in all cases when using notice-and-access in respect of a meeting of the investment fund.

(2) If an investment fund or its manager or management has obtained standing instructions from a registered holder under subsection (1), the investment fund, its manager or management must do all of the following:

(a) include with the notice referred to in paragraph 12.2.1(a) any paper copies of information circulars or financial statements of the investment fund referred to in the registered holder's standing instructions;

(b) notify the registered holder, by including a statement in the notice referred to in paragraph 12.2.1(a) or by another method, of the means by which the registered holder may revoke the registered holder's standing instructions.

(3) If an intermediary has obtained standing instructions from a beneficial owner under subsection (1), the intermediary must do all of the following:

(a) if the investment fund or its manager or management is sending proxy-related materials directly under section 2.9 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, indicate in the NOBO list provided to the investment fund or its manager or management, those NOBOs who have provided standing instructions under subsection (1) as at the date the NOBO list is generated;

(b) if the intermediary is sending proxy-related materials to a beneficial owner on behalf of an investment fund or its manager or management using notice-and-access, request appropriate quantities of paper copies of the information circular and, if applicable, the financial statements of the investment fund, from the investment fund or its manager or management, for forwarding to beneficial owners who have provided standing instructions to be sent paper copies;

(c) include with the notice a description, or otherwise inform the beneficial owner of, the means by which the beneficial owner may revoke the beneficial owner's standing instructions.

12.2.7 Compliance with National Instrument 51-102 and National Instrument 54-101 – (1) A person or company that solicits proxies must comply with the following:

(a) Items 7.12 and 9.9 of Form 54-101F2 *Request for Beneficial Ownership Information*;

(b) Form 54-101F5 *Electronic Format for NOBO List*.

(2) For the purposes of subsection (1), "notice-and-access" and "stratification", as used in Items 7.12 and 9.9 of Form 54-101F2 and in Form 54-101F5, have the same meaning as in this Instrument**.**

Transition

4. Before September 6, 2022, if an investment fund has not designated a website as its designated website, the reference to "designated website" in paragraph 12.2.1(g) of National Instrument 81-106 *Investment Fund Continuous Disclosure* must be read as a reference to the investment fund's or its manager's website.

Effective Date

5. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. Companion Policy 81-106 Investment Fund Continuous Disclosure is changed by this Document.

2. The following is added after section 8.1:

8.2 Notice-and-access

(1) In the Instrument and this Companion Policy, references to registered holders and beneficial owners should be read to correspond with references to forms of proxy or voting instruction forms, as appropriate.

We expect that persons or companies that solicit proxies will only use notice-and-access for a particular meeting where they have no reason to believe it is inappropriate or inconsistent with the purposes of notice-and-access to do so, taking into account factors such as

- the purpose of the meeting,
- whether a better participation rate would be obtained by sending the information circular with the other proxy-related materials, and
- whether notice-and-access resulted in material declines in beneficial owner voting rates in prior meetings where notice-and-access was used.

(2) With respect to matters to be voted on at the meeting, the notice must only contain a description of each matter or group of related matters identified in the form of proxy, unless that information is already included in the form of proxy or voting instruction form. We expect that persons or companies who use notice-and-access will state each matter or group of related matters in the form of proxy or voting instruction form in a reasonably clear and user-friendly manner. For example, it would be inappropriate to identify the matter to be voted on solely by referring to disclosure contained in the information circular as follows: “To vote For or Against the resolution in Schedule A of the management information circular”.

The plain-language explanation of notice-and-access required in the notice can also address other aspects of the proxy voting process. However, there should not be any substantive discussion of the matters to be considered at the meeting.

(3) Paragraph 12.2.1(h) requires establishment of a toll-free telephone number for the registered holder or beneficial owner to request a paper copy of the information circular. A person or company soliciting proxies may choose, but is not required, to provide additional methods for requesting a paper copy of the information circular. If persons or companies soliciting proxies do so, they must still comply with the fulfillment timelines in paragraph 12.2.1(i).

(4) Section 12.2.2 is intended to restrict intentional information gathering about registered holders or beneficial owners who make requests for paper copies of information circulars or access the non-SEDAR website.

(5) Section 12.2.3 is intended to enable registered holders and beneficial owners to access the posted proxy-related materials in a user-friendly manner. For example, requiring the registered holder or beneficial owner to navigate through several web pages to access the proxy-related materials, even within the same website, would not be user-friendly. Providing the registered holder or beneficial owner with the specific URL where the documents are posted would be more user-friendly. We encourage persons or companies soliciting proxies and their service providers to develop best practices in this regard.

(6) We expect that where stratification is used for purposes other than complying with registered holder or beneficial owner instructions, it is used to enhance effective communication, and not used if it would potentially disenfranchise registered holders or beneficial owners.

(7) Section 12.2.5 permits other delivery methods, such as electronic means, to be used to send proxy-related materials if the consent of the registered holder or beneficial owner has been obtained.

(8) National Policy 11-201 *Electronic Delivery of Documents* discusses the sending of materials by electronic means. The guidelines set out in National Policy 11-201 *Electronic Delivery of Documents*, particularly the suggestion that consent be obtained to an electronic transmission of a document, are applicable to documents sent under the Instrument.

(9) Whether persons or companies soliciting proxies may do so in compliance with foreign notice-and-access rules is not contemplated.

(10) A single investor may hold securities of the same class or series in two or more accounts with the same address. Delivering a single set of securityholder materials to that person or company would satisfy the delivery requirements under the Instrument. We encourage this practice as a way to help reduce the costs of securityholder communications.

(11) "Notice-and-access", as used in all of the following provisions of Companion Policy 54-101CP – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, have the same meaning as in the Instrument, in addition to any other required adaptations:

- subsection 3.1(1);
- subsection 3.4.1(2);
- section 5.1**.**

WORKSTREAM FOUR

AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Subparagraph 9.1(1)(b)(ii) is replaced with the following:

(ii) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed personal information form for,

(A) each director and executive officer of the issuer,

(B) each promoter of the issuer, and

(C) if the promoter is not an individual,

(I) in the case of an issuer that is not an investment fund, each director and executive officer of the promoter, and

(II) in the case of an issuer that is an investment fund, and the promoter is not the manager of the investment fund, each director and executive officer of the promoter; and***.***

3. Section 9.1 is amended by adding the following subsection after 9.1(1):

(1.1) Despite subparagraph 9.1(1)(b)(ii), an investment fund is not required to deliver a personal information form for an individual referred to in subparagraph (1)(b)(ii) if the individual has submitted a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* under National Instrument 33-109 *Registration Information*.***.***

Effective Date

4. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Subparagraph 2.3(1)(b)(ii) is replaced with the following:

(ii) a personal information form for all of the following:

(A) each director and executive officer of the mutual fund;

(B) each promoter of the mutual fund;

(C) if the promoter is not an individual and is not the manager of the mutual fund, each director and executive officer of the promoter,***.***

3. The following is added after subsection 2.3(1):

(1.0.1) Despite subparagraph 2.3(1)(b)(ii), a mutual fund is not required to deliver a personal information form for an individual referred to in subparagraph (1)(b)(ii) if the individual has submitted a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* under National Instrument 33-109 *Registration Information*.***.***

4. Subparagraph 2.3(2)(b)(iv) is replaced with the following:

(iv) a personal information form for all of the following:

(A) each director and executive officer of the mutual fund;

(B) each promoter of the mutual fund;

(C) if the promoter is not an individual and is not the manager of the mutual fund, each director and executive officer of the promoter, and***.***

5. The following is added after subsection 2.3(2):

(2.0.1) Despite subparagraph 2.3(2)(b)(iv), a mutual fund is not required to deliver a personal information form for an individual referred to in subparagraph (2)(b)(iv) if the individual has submitted a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* under National Instrument 33-109 *Registration Information*.***.***

Effective Date

6. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

WORKSTREAM FIVE

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating***" with the following:***

"designated rating" means a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of the successor credit rating organization, that is at or above one of the following corresponding rating categories, or that is at or above a category that replaces one of the following corresponding rating categories, if

(a) there has been no announcement from the designated rating organization, from a DRO affiliate of the organization, from a designated rating organization that is a successor credit rating organization or from a DRO affiliate of the successor credit rating organization, of which the investment fund or its manager is or reasonably should be aware that the credit rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that is not referred to in this definition, and

(b) no designated rating organization listed below, no DRO affiliate of an organization listed below, no designated rating organization that is a successor credit rating organization of an organization listed below and no DRO affiliate of such successor credit rating organization, has rated the security or instrument in a rating category that is not referred to in this definition:

Designated Rating Organization	**Commercial Paper/Short Term Debt**	**Long Term Debt**
DBRS Limited	R-1 (low)	A
Fitch Ratings, Inc.	F1	A
Moody's Canada Inc.	P-1	A2
S&P Global Ratings Canada	A-1 (Low)	A

.

3. Section 1.1. is amended

(a) by deleting "and***" after the definition of "***underlying interest***",***

(b) by replacing ".***" with "***;***" after the definition of "***underlying market exposure***", and***

(c) by adding the following definitions:

"U.S. GAAP" has the same meaning as in section 1.1. of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"U.S. AICPA GAAS" has the same meaning as in section 1.1 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"U.S. PCAOB GAAS" has the same meaning as in section 1.1. of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.**.**

4. Section 1.2 is amended by adding the following subsection:

(2.1) Despite subsection (1), section 2.5.1 also applies to an investment fund that is not a reporting issuer**.**

5. **The Instrument is amended by adding the following section:**

2.5.1 Investments in Other Investment Funds by Funds Not Reporting Issuers –

(1) In this section, “significant interest” and “substantial security holder” have the meaning,

(a) except in British Columbia, ascribed to those terms in the investment fund conflict of interest investment restrictions, and

(b) in British Columbia, ascribed to those terms in section 2 of BC Instrument 81-513 *Self-Dealing*.

(2) The investment fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to an investment fund that is not a reporting issuer and that purchases or holds securities of another investment fund that is not a reporting issuer if

(a) the investment fund’s securities are distributed solely under an exemption from the prospectus requirement,

(b) the purchase or holding is in accordance with paragraphs 2.5(2)(b), (d), (e) and (f),

(c) the other investment fund prepares annual financial statements for its most recently completed financial year, and obtains an auditor’s report with respect to those statements, within 90 days after the end of that financial year,

(d) the other investment fund prepares interim financial statements for its most recently completed interim period within 60 days after the end of that interim period,

(e) the audited annual financial statements referred to in paragraph (c) and the interim financial statements referred to in paragraph (d) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, IFRS or U.S. GAAP,

(f) the audited annual financial statements referred to in paragraph (c) are audited in accordance with Canadian GAAS, International Standards on Auditing, U.S. AICPA GAAS or U.S. PCAOB GAAS and the auditor’s report referred to in paragraph (c) expresses an unmodified or unqualified opinion, as applicable,

(g) the other investment fund complies with section 2.4,

(h) the other investment fund has the same redemption and valuation dates as the investment fund,

(i) any purchase of the other fund’s securities is made at a price that equals the net asset value per security of the other fund calculated in accordance with section 14.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*,

(j) before an investor purchases securities of the investment fund, the investor is provided a document that discloses

(i) that the fund may purchase securities of other related funds from time to time,

(ii) that the manager of the fund is any of the following, as applicable:

(A) the manager of each of the other funds;

(B) the portfolio adviser of each of the other funds;

(C) an affiliate of the manager of each of the other funds;

(D) an affiliate of the portfolio adviser of each of the other funds,

(iii) the approximate or maximum percentage of net assets of the fund that is intended to be invested in securities of the other fund,

(iv) the fees, expenses and any performance or special incentive distributions payable by the other fund,

(v) the process or criteria used to select the other fund,

(vi) for each officer, director or substantial security holder of the fund's manager, or of the fund, that has a significant interest in the other fund, the approximate amount of the significant interest that each officer, director or substantial securityholder holds in the other fund expressed as a percentage of the other fund's net asset value, and any conflicts of interest or potential conflicts of interest,

(vii) if the officers, directors and substantial securityholders of the fund's manager or of the fund, in aggregate, hold a significant interest in the other fund,

(A) the actual or approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the other fund's net asset value, and

(B) any conflicts of interest or potential conflicts of interest, and

(viii) that investors are entitled to receive, on request and free of charge,

(A) a copy of the offering memorandum or other similar disclosure document of each other fund, if available, and

(B) the audited annual financial statements, accompanied by an auditor's report, and interim financial statements, if any, relating to each other fund, and

(k) investors are informed annually of their right to receive, on request and free of charge, a copy of the documents referred to in subparagraph (j)(viii)**.**

(3) The investment fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to an investment fund that is not a reporting issuer and that purchases or holds securities of another investment fund if the other investment fund is a reporting issuer and the purchase or holding is in accordance with section 2.5.**.**

6. Subsection 4.1(4) is replaced with the following:

(4) Subsection (1) does not apply to an investment in a class of securities of a reporting issuer if,

(a) at the time of the investment,

(i) the independent review committee of the dealer managed investment fund has approved the transaction in accordance with subsection 5.2(2) of NI 81-107, and

(ii) the distribution of securities of the reporting issuer is made by prospectus or under an exemption from the prospectus requirement;

(b) during the 60 days after the period referred to in subsection (1), any of the following apply:

(i) the investment is made on an exchange on which the securities of the reporting issuer are listed and traded;

(ii) if the security is a debt security that does not trade on an exchange, the ask price is readily available and the price paid is not higher than the available ask price of the debt security at the time of the investment, and

(c) no later than the time the dealer managed investment fund files its annual financial statements, the manager of the dealer managed investment fund files the particulars of each investment made by the dealer managed investment fund during its most recently completed financial year**.**

7. ***The*** **second row of Appendix D is replaced by the following row:**

All Jurisdictions	Paragraphs 13.5(2)(a) and (b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and subsection 4.1(2) of this Instrument

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8. **The table in Appendix E is deleted and replaced by the following:**

Jurisdiction	Securities Legislation Reference
Alberta	Paragraph 191(1)(a) of the *Securities Act* (Alberta)
British Columbia	Paragraph 9(a) of BC Instrument 81-513 *Self-Dealing*
New Brunswick	Paragraph 143(1)(a) of the *Securities Act* (New Brunswick)
Newfoundland and Labrador	Paragraph 118(1)(a) of the *Securities Act* (Newfoundland and Labrador)
Nova Scotia	Paragraph 125(1)(a) of the *Securities Act* (Nova Scotia)
Ontario	Item 117(1)1 of the *Securities Act* (Ontario)
Saskatchewan	Paragraph 126(1)(a) of the *Securities Act, 1988* (Saskatchewan)

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Effective Date

9. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 81-102 *INVESTMENT FUNDS*

1. Companion Policy 81-102 Investment Funds is changed by this Document.

2. Section 3.4 is changed by adding the following subsection:

(3) Section 2.5.1 of the Instrument provides that certain investment restrictions and reporting requirements do not apply to investments by investment funds that are not reporting issuers, including investments in other investment funds that are not reporting issuers, made in accordance with the conditions in section 2.5.1 of the Instrument. Paragraphs 2.5.1(2)(c) to (f) of the Instrument also specify the accounting preparation and auditing standards that apply to the preparation and auditing of financial statements of an underlying fund in which an investment fund that is not a reporting issuer, determines to invest in reliance on the exemption.***.***

3. Subsection 3.8(1) is changed by adding the following sentence at the end of the first paragraph: "For purchases of debt securities made during the 60-day period after distribution, commentary 7 to section 6.1 of NI 81-107 provides guidance to assist in determining if the ask price for a debt security is readily available.*".***

AMENDMENTS TO NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS*

1. National Instrument 81-107 Independent Review Committee for Investment Funds is amended by this Instrument.

2. Subsection 1.1 is amended by adding the following after subsection (2):

(3) Despite subsection (1), sections 6.1 to 6.5 also apply to an investment fund that is not a reporting issuer.

(4) Despite subsection (1), sections 6.1 and 6.5 also apply in respect of a managed account.**.**

3. Paragraph 5.2(1)(b) is replaced with the following:

(b) a transaction in securities of an issuer described in any of the following:

(i) subsection 6.2(1);

(ii) subsection 6.3(1);

(iii) subsection 6.4(1);

(iv) subsection 6.5(1);**.**

4. Section 6.1 is amended

(a) by replacing "is quoted; or***" at the end of clause (1)(a)(i)(C) with "***is quoted, or***",***

(b) by adding the following after clause (1)(a)(i)(C):

(D) the last sale price as defined under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, as amended from time to time; or**,**

(c) by deleting "and***" after paragraph (1)(a),***

(d) by adding the following after paragraph (1)(a):

(a.1) "managed account" means an account, or an investment portfolio, that is managed by a portfolio manager or portfolio adviser on behalf of a client under an investment management agreement but does not include

(i) an account of a "responsible person" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations,* or

(ii) an account of an investment fund; and**,**

(e) by replacing subsection (2) with the following:

(2) A portfolio manager of a managed account or a portfolio manager of an investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, may purchase a security of an issuer from, or sell a security of an issuer to, another investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, managed by the same manager or an affiliate of the manager, if, at the time of the transaction,

(a) the portfolio manager, on behalf of the investment fund or managed account, is purchasing from or selling to another investment fund that is a reporting issuer or, if the investment fund is not a reporting issuer, the manager has appointed an

independent review committee that complies with sections 3.7 and 3.9 for the purpose of approving the transaction,

(b) the independent review committee has approved the transaction under subsection 5.2(2),

(c) the investment management agreement for the managed account authorizes the purchase or sale of the security,

(d) the bid and ask price of the security is readily available,

(e) the investment fund receives no consideration and the only cost for the transaction is the nominal cost incurred by the investment fund to print or otherwise display the trade,

(f) the transaction is executed at the current market price of the security, and

(g) the transaction is subject to market integrity requirements.***,***

(f) by adding the following after subsection (2):

(2.1) An investment fund, or a portfolio manager on behalf of a managed account, referred to in subsection (2), must keep records in accordance with the record-keeping requirements applicable to registered firms set out in sections 11.5 and 11.6 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.***,***

(g) by replacing subsection (3) with the following:

(3) With respect to a purchase or sale of a security referred to in subsection (2), National Instrument 21-101 *Marketplace Operation*, and Parts 6 and 8 of National Instrument 23-101 *Trading Rules*, do not apply to any of the following:

(a) a portfolio manager or portfolio adviser of an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(b) a portfolio manager or portfolio adviser of a managed account;

(c) an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(d) a managed account.***,***

(h) by replacing subsection (4) with the following:

(4) With respect to a purchase or sale of a security referred to in subsection (2), the inter-fund self-dealing investment prohibitions do not apply to any of the following:

(a) a portfolio manager or portfolio adviser of an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(b) a portfolio manager or portfolio adviser of a managed account;

(c) an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(d) a managed account.***, and***

(i) by replacing subsection (5) with the following:

(5) With respect to a purchase or sale of a security referred to in subsection (2), the dealer registration requirement does not apply to a portfolio manager or portfolio adviser of an

investment fund, including, for greater certainty, an investment fund that is not a reporting issuer.

5. Section 6.2 is replaced with the following:

(1) An investment fund, including for greater certainty, an investment fund that is not a reporting issuer, may make or hold an investment in the security of an issuer related to it, to its manager or to an entity related to its manager, if,

(a) at the time the investment is made,

(i) in the case of an investment made by an investment fund that is not a reporting issuer,

(A) the manager of the investment fund has appointed an independent review committee that complies with sections 3.7 and 3.9 for the purpose of approving the investment, and

(B) the independent review committee has approved the investment in compliance with subsection 5.2(2), and

(ii) in the case of an investment made by an investment fund that is a reporting issuer, the investment fund's independent review committee has approved the investment in compliance with subsection 5.2(2), and

(b) the purchase is made on an exchange on which the securities of the issuer are listed and traded.

(2) After an investment referred to in subsection (1) is made, and no later than the time the investment fund files its annual financial statements, the manager of the investment fund must file the particulars of the investment with the securities regulatory authority or regulator.

(3) The investment fund conflict of interest investment restrictions do not apply to an investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, with respect to an investment fund referred to in subsection (1) if the investment is made in accordance with that subsection.

(4) For the purpose of subsection (3), "investment fund conflict of interest investment restrictions" has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*.

6. The Instrument is amended by adding the following sections:

6.3 Transactions in securities of related issuers – Secondary market non-exchange traded debt securities

(1) An investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, may make an investment in the secondary market in a non-exchange traded debt security of an issuer related to it, to its manager or to an entity related to the manager, and continue to hold the debt security, if the conditions set out in subsection (2) are satisfied.

(2) For the purposes of subsection (1), an investment fund may make an investment in a debt security referred to in subsection (1) if,

(a) at the time the investment is made,

(i) in the case of an investment made by an investment fund that is not a reporting issuer,

(A) the manager of the investment fund has appointed an independent review committee that complies with sections 3.7 and 3.9 for the purpose of approving the investment, and

(B) the independent review committee has approved the investment in compliance with subsection 5.2(2), and

(ii) in the case of an investment made by an investment fund that is a reporting issuer, the investment fund's independent review committee has approved the investment in compliance with subsection 5.2(2),

(b) at the time the investment is made, the debt security has a designated rating as defined in paragraph (b) of the definition of "designated rating" in National Instrument 44-101 *Short Form Prospectus Distributions,*

(c) in the case of an investment made on a marketplace, the price paid for the debt security is not more than the price for the debt security determined in accordance with the requirements of that marketplace,

(d) in the case of an investment that is not made on a marketplace, the price paid for the debt security is not more than

(i) the price at which an arm's length seller is willing to sell the debt security,

(ii) the price quoted publicly, immediately before the investment is made, by an independent marketplace, or

(iii) the price quoted, immediately before the investment is made, by an arm's length purchaser or seller of the debt security, and

(e) the investment is subject to the applicable "market integrity requirements" as defined in section 6.1, if any.

(3) After an investment referred to in subsection (2) is made, and no later than the time the investment fund files its annual financial statements, the manager of the investment fund must file the particulars of the investment with the securities regulatory authority or regulator.

(4) The investment fund conflict of interest investment restrictions do not apply to an investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, with respect to an investment referred to in subsection (2) if the investment is made in accordance with that subsection.

(5) For the purpose of subsection (4), "investment fund conflict of interest investment restrictions" has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*.

6.4 Transactions in securities of related issuers – Primary market distributions of long-term debt securities

(1) An investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, may make an investment in a long-term debt security of an issuer related to it, to its manager or to an entity related to the manager, if the investment is made under a distribution of the long-term debt security of that issuer, and continue to hold the debt security, if,

(a) at the time the investment is made,

(i) in the case of an investment made by an investment fund that is not a reporting issuer,

(A) the manager of the investment fund has appointed an independent review committee that complies with sections 3.7 and 3.9 for the purpose of approving the investment, and

(B) the independent review committee has approved the investment in compliance with subsection 5.2(2), and

(ii) in the case of an investment made by an investment fund that is a reporting issuer, the investment fund's independent review committee has approved the investment in compliance with subsection 5.2(2),

(iii) the debt security has a term to maturity greater than 365 days,

(iv) the debt security is not asset-backed commercial paper,

(v) the debt security has a designated rating as defined in paragraph (b) of the definition of "designated rating" in National Instrument 44-101 *Short Form Prospectus Distributions*,

(vi) the distribution is for at least $100 million, and

(vii) at least two purchasers that are arm's length purchasers, including, for greater certainty, "independent underwriters" within the meaning of National Instrument 33-105 *Underwriting Conflicts*, have collectively purchased at least 20% of the distribution,

(b) the price paid for the long-term debt security is not higher than the lowest price paid by any arm's length purchaser that participates in the distribution, and

(c) immediately after the investment is made,

(i) the investment fund holds no more than 5% of its net assets in long-term debt securities of the issuer, and

(ii) the investment fund, together with other investment funds managed by the manager, hold no more than 20% of the long-term debt securities issued in the distribution.

(2) After an investment referred to in subsection (1) is made, and no later than the time the investment fund files its annual financial statements, the manager of the investment fund must file the particulars of the investment with the securities regulatory authority or regulator.

(3) The investment fund conflict of interest investment restrictions do not apply to an investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, with respect to an investment referred to in subsection (2) if the investment is made in accordance with that subsection.

(4) For the purpose of subsection (3), "investment fund conflict of interest investment restrictions" has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*.

6.5 Transactions in debt securities with a related dealer – principal trades in debt securities

(1) A portfolio manager or portfolio adviser, acting on behalf of an investment fund, including, for greater certainty, an investment fund that is not a reporting issuer, or acting on behalf of a managed account as defined in section 6.1, may cause the investment fund or managed account to purchase a debt security of any issuer from, or sell a debt security of any issuer to, a dealer related to the portfolio manager, acting for its own account, if, at the time of the transaction,

(a) in the case of an investment fund that is not a reporting issuer,

(i) the manager of the investment fund has appointed an independent review committee that complies with sections 3.7 and 3.9 for the purpose of approving the transaction, and

(ii) the independent review committee has approved the transaction in compliance with subsection 5.2(2),

(b) in the case of an investment fund that is a reporting issuer, the investment fund's independent review committee has approved the transaction in compliance with subsection 5.2(2),

(c) the investment management agreement for the managed account authorizes the purchase or sale of the debt security,

(d) the bid and ask price of the security transacted is readily available,

(e) the purchase is not executed at a price that is higher than the available ask price or the sale is not executed at a price that is lower than the available bid price, and

(f) the purchase or sale is subject to the applicable market integrity requirements as defined in section 6.1.

(2) An investment fund, or a portfolio manager on behalf of a managed account referred to in subsection (1), must keep records in accordance with the record-keeping requirements applicable to registered firms set out in sections 11.5 and 11.6 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

(3) With respect to a purchase or sale of a security referred to in subsection (1), the inter-fund self-dealing investment prohibitions do not apply to any of the following:

(a) a portfolio manager or portfolio adviser of an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(b) a portfolio manager or portfolio adviser of a managed account;

(c) an investment fund, including for greater certainty, an investment fund that is not a reporting issuer;

(d) a managed account.**.**

7. Appendix B Inter-Fund Self-Dealing Conflict of Interest Provisions is replaced with the following:

APPENDIX B INTER-FUND SELF-DEALING CONFLICT OF INTEREST PROVISIONS

JURISDICTION	LEGISLATION REFERENCE
Alberta	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
British Columbia	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Manitoba	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
New Brunswick	Paragraph 144(1)(b) of the *Securities Act* (New Brunswick) Subsection 11.7(6) of Local Rule 31-501 *Registration Requirements* Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*

Newfoundland and Labrador	Paragraph 119(2)(b) of the *Securities Act* (Newfoundland and Labrador) Subsection 103(6) of Reg. 805/96 Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Northwest Territories	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Nova Scotia	Paragraph 126(2)(b) of the *Securities Act* (Nova Scotia) Subsection 32(6) of the General Securities Rules Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Nunavut	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Ontario	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Prince Edward Island	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Quebec	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Saskatchewan	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*
Yukon	Paragraph 13.5(2)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and section 4.2 of National Instrument 81-102 *Investment Funds*

Effective Date

8. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMMENTARY IN NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS*

1. The Commentary to National Instrument 81-107 Independent Review Committee for Investment Funds is changed by this Document.

2. Commentary 2 to section 1.1 is changed by adding the following:

*Part 6, however, provides exemptions that may be relied on in connection with certain trades involving managed accounts and investment funds that are not reporting issuers.***.**

3. Commentary to section 2.2 is changed by adding the following paragraph:

5. The CSA do not consider a manager's organization of an investment fund (such as the initial setting of fees or the initial choice of service providers) to be subject to IRC review, unless the manager's decisions give rise to a conflict of interest concerning the manager's obligations to existing investment funds within the manager's fund family. However, the CSA expect the manager will establish policies and procedures for any conflict of interest matters arising from the investment fund's organization or otherwise and refer to the IRC these policies and procedures and any decisions related to such matters.

*It is anticipated that the manager will wish to engage the IRC early in the establishment of any new investment fund to ensure the IRC is adequately informed of potential new conflicts of interest.***.**

4. Commentary to section 5.1 is changed by adding the following paragraph:

*5. The CSA do not consider the expenses incurred by existing investment funds in establishing an IRC under this Instrument to be caught in section 5.1 of NI 81-107. We do not view section 5.1 as intending to capture the costs associated with compliance by an investment fund with new regulatory requirements.***.**

5. Commentary 2 to section 6.1 is changed

(a) by adding the following after "*investment funds****":***

*, including investment funds that are not reporting issuers and managed accounts,***,**

(b) by adding the following at the end of the first paragraph:

The CSA are of the view that this section applies to inter-fund trades between fund families of the same manager provided the purchase or sale is made in accordance with subsection (2). ***, and***

(c) by replacing the second paragraph with the following:

Funds that are not reporting issuers must appoint an IRC for the purpose of approving inter-fund trades in order to be eligible to rely upon the exemption. At a minimum, the IRC for the funds that are not reporting issuers must comply with sections 3.7 and 3.9 of the Instrument. It is up to the IRC and the manager to tailor the IRC's responsibilities for investment funds that are not reporting issuers beyond that.

*The portfolio manager or portfolio adviser of a managed account must obtain the authorization of its client to conduct inter-fund trades in the investment management agreement in order to be eligible to rely upon the exemption.***.**

6. Commentary 7 to section 6.1 is changed by replacing the reference to "Paragraph 2(c)" **with "**Paragraph 2(d)"***.***

7. Commentary 8 to section 6.1 is changed by replacing the reference to "paragraph 2(f)" ***with*** "paragraph 2(g)"***.***

8. Commentary 9 to section 6.1 is changed by replacing the paragraph with the following:

Subsection 2.1 sets expectations regarding the records of the investment fund must keep of its inter-fund trades made in reliance on this section. These records should comply with the recordkeeping

*requirements applicable to registered firms as set out in sections 11.5 and 11.6 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.***.**

9. Commentary 1 to section 6.2 is changed

(a) by replacing "*mutual funds****" with "****investment funds****", and***

(b) by adding "*including investment funds that are not reporting issuers,****" after "****elsewhere in Canada,****".***

10. Commentary 2 to section 6.2 is changed by adding the following after the second paragraph:

*Funds that are not reporting issuers must appoint an IRC for the purpose of approving inter-fund trades in order to be eligible to rely upon the exemption. At a minimum, the IRC for the funds that are not reporting issuers must comply with sections 3.7 and 3.9 of the Instrument. It is up to the IRC and the manager to tailor the IRC's responsibilities for investment funds that are not reporting issuers beyond that.***.**

11. The following is added after section 6.3:

Commentary

1. *This section is intended to relieve investment funds, including investment funds that are not reporting issuers, from the prohibitions in the securities legislation of each securities regulatory authority that preclude investments in debt securities of related issuers that do not trade on an exchange. Because these securities do not trade on an exchange, paragraphs (2)(c) and (2)(d) impose alternative criteria to help ensure the investments occur at a fair and objective price.*

2. *This section sets out the minimum conditions for purchases to proceed without regulatory exemptive relief. An IRC may consider including in any approval any terms or conditions in prior exemptive relief orders, waivers or approvals obtained from the securities regulatory authorities. The CSA expect that the IRC may give its approval in the form of a standing instruction as described in section 5.4 to allow the manager greater flexibility in its decisions.*

   Funds that are not reporting issuers must appoint an IRC for the purpose of approving inter-fund trades in order to be eligible to rely upon the exemption. At a minimum, for the funds that are not reporting issuers, the IRC must comply with sections 3.7 and 3.9 of the Instrument. It is up to the IRC and the manager to tailor the IRC's responsibilities for investment funds that are not reporting issuers beyond that.

3. *The designated rating referred to in this section is the "designated rating" as defined in paragraph (b) of its definition in National Instrument 44-101 Short Form Prospectus Distributions. Fund managers should note that the definition of designated rating in paragraph (b) of National Instrument 44-101 Short Form Prospectus Distributions also identifies the specific Designated Rating Organizations that are contemplated for the purpose of determining the designated rating.*

4. *This section contemplates that the manager will comply with the applicable reporting requirements under securities legislation for each purchase. The filing referred to in subsection (3) should be filed on the SEDAR group profile number of the investment fund, as a continuous disclosure document.*

5. *If an IRC gives its approval for the investment fund to purchase securities of an issuer described in this section, and then subsequently withdraws its approval for additional purchases, the CSA will not consider the continued holding of the securities to be subject to paragraph 1.2(b) of the Instrument. However, we will expect the manager to consider whether continuing to hold those securities is a conflict of interest matter that paragraph 1.2(a) of the Instrument would require the manager to refer to the IRC.***.**

12. The following is added after section 6.4:

Commentary

1. *This section is intended to relieve investment funds, including investment funds that are not reporting issuers, from the prohibitions in the securities legislation of each securities regulatory authority that preclude investments in debt securities of related issuers under primary treasury offerings or distributions by those issuers. The additional conditions in this section to IRC approval are designed to mitigate the risk of the related*

issuer using the investment funds as captive financing vehicles and impose alternative criteria to help ensure the investments occur at a fair and objective price.

2. *This section sets out the minimum conditions for purchases to proceed without regulatory exemptive relief. An IRC may consider including in any approval any terms or conditions in prior exemptive relief orders, waivers or approvals obtained from the securities regulatory authorities. The CSA expect that the IRC may give its approval in the form of a standing instruction as described in section 5.4 to allow the manager greater flexibility in its decisions.*

   Funds that are not reporting issuers must appoint an IRC for the purpose of approving inter-fund trades in order to be eligible to rely upon the exemption. At a minimum, for the funds that are not reporting issuers, the IRC must comply with sections 3.7 and 3.9 of the Instrument. It is up to the IRC and the manager to tailor the IRC's responsibilities for investment funds that are not reporting issuers beyond that.

3. *The designated rating referred to in this section is the "designated rating" as defined in paragraph (b) of its definition in National Instrument 44-101 Short Form Prospectus Distributions. Fund managers should note that the definition of designated rating in paragraph (b) of National Instrument 44-101 Short Form Prospectus Distributions also identifies the specific Designated Rating Organizations that are contemplated for the purpose of determining the designated rating.*

4. *This section contemplates that the manager will comply with the applicable reporting requirements under securities legislation for each purchase. The filing referred to in subsection 6.4(2) should be filed on the SEDAR group profile number of the investment fund, as a continuous disclosure document.*

5. *If an IRC gives its approval for the investment fund to purchase securities of an issuer described in this section, and then subsequently withdraws its approval for additional purchases, the CSA will not consider the continued holding of the securities to be subject to paragraph 1.2(b) of the Instrument. However, we will expect the manager to consider whether continuing to hold those securities is a conflict of interest matter that paragraph 1.2(a) of the Instrument would require the manager to refer to the IRC..*

13. The following is added after the newly added section 6.5:

Commentary

1. *The term "inter-fund self-dealing investment prohibitions" is defined in section 1.5 of this Instrument. For the purposes of this section, it is intended to capture the prohibitions in the securities legislation and certain regulations of each securities regulatory authority regarding trades in securities between an investment fund or a managed account and a related dealer acting as principal for its own account.*

   This section is intended to relieve investment funds, including managed accounts and investment funds that are not reporting issuers, from the inter-fund self-dealing prohibitions in connection with principal trades in debt securities. Because debt securities do not generally trade on an exchange, the additional conditions in this section to IRC approval impose alternative criteria to help ensure the investments occur at a fair and objective price.

2. *This section sets out the minimum conditions for purchases to proceed without regulatory exemptive relief. An IRC may consider including in any approval any terms or conditions in prior exemptive relief orders, waivers or approvals obtained from the securities regulatory authorities. The CSA expect that the IRC may give its approval in the form of a standing instruction as described in section 5.4 to allow the manager greater flexibility in its decisions.*

   Funds that are not reporting issuers must appoint an IRC for the purpose of approving principal trades in debt securities in order to be eligible to rely upon the exemption. At a minimum, the IRC for the funds that are not reporting issuers must comply with sections 3.7 and 3.9 of the Instrument. It is up to the IRC and the manager to tailor the IRC's responsibilities for investment funds that are not reporting issuers beyond that. The portfolio manager or portfolio adviser of a managed account must obtain the authorization of its client to conduct principal trades with a related dealer in the investment management agreement in order to be eligible to rely upon the exemption.

3. *Subsection (2) sets out the minimum expectations regarding the records an investment fund must keep of its trades made in reliance on this section. The records should be detailed and sufficient to establish a proper audit trail of the transactions..*

14. Commentary 1 to section 7.2 is deleted.

15. The Commentary to section 8.2 is deleted.

AMENDMENT TO NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

1. National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.

2. In Section 1.1, the definition of "designated rating***" is replaced with the following:***

"designated rating" has the same meaning as in National Instrument 81-102 *Investment Funds*;***.***

Effective Date

3. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENT TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. In Section 1.1, the definition of "designated rating***" is replaced with the following***:

"designated rating" has the same meaning as in National Instrument 81-102 *Investment Funds*;**.**

Effective Date

3. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENT TO NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. In Section 1.1, the definition of **"**designated rating**"** ***is replaced with the following*****:**

"designated rating" has the same meaning as in National Instrument 81-102 *Investment Funds*;**.**

Effective Date

3. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

WORKSTREAM SIX

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Subparagraph 5.3(2)(a)(iii) is replaced with the following:

(iii) all of the following apply to the reorganization or transfer of assets of the investment fund:

(A) subparagraph 5.6(1)(a)(i), clause 5.6(1)(a)(ii)(A), subparagraph 5.6(1)(a)(iii) and subparagraph 5.6(1)(a)(iv);

(B) subparagraph 5.6(1)(b)(i);

(C) paragraph 5.6(1)(c);

(D) paragraph 5.6(1)(d);

(E) paragraph 5.6(1)(g);

(F) paragraph 5.6(1)(h);

(G) paragraph 5.6(1)(i);

(H) paragraph 5.6(1)(j);

(I) paragraph 5.6(1)(k);**.**

3. Subparagraph 5.6(1)(a) is replaced with the following:

(a) the investment fund is being reorganized with, or its assets are being transferred to, another investment fund to which this Instrument applies, and all of the following apply:

(i) the other investment fund is managed by the manager, or an affiliate of the manager, of the investment fund;

(ii) either of the following apply:

(A) a reasonable person would consider the other investment fund to have substantially similar fundamental investment objectives and valuation procedures, and a substantially similar fee structure, to those of the investment fund;

(B) if the other investment fund has different fundamental investment objectives or valuation procedures or a different fee structure, the following apply:

(I) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the differences;

(II) the circular referred to in subparagraph (f)(i) includes disclosure of the differences and explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the differences;

(iii) the other investment fund is not in default of any requirement of securities legislation;

(iv) the other investment fund is a reporting issuer in the local jurisdiction and, if it is a mutual fund, has a current prospectus in the local jurisdiction;**.**

4. Paragraph 5.6(1)(b) is replaced with the following:

(b) either of the following apply:

(i) the transaction is a "qualifying exchange" within the meaning of section 132.2 of the ITA or is a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA;

(ii) if the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA, the following apply:

(A) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;

(B) the circular referred to in subparagraph (f)(i)

(I) discloses that the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA,

(II) discloses the reason why the transaction is not structured so that subparagraph (i) applies, and

(III) explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;**.**

Effective Date

5. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGE TO COMPANION POLICY 81-102 *INVESTMENT FUNDS*

1. ***Companion Policy* 81-102 *Investment Funds is changed by this Document.***

2. ***Section 7.2 is replaced with "***Subsection 5.6(1) of the Instrument provides that mergers of investment funds may be carried out on the conditions described in that subsection without prior approval of the securities regulatory authority. The Canadian securities regulatory authorities consider that the types of transactions contemplated by subsection 5.6(1) of the Instrument when carried out in accordance with the conditions of that subsection address the fundamental regulatory concerns raised by mergers of investment funds. This includes circumstances where a transaction does not satisfy the pre-approval criteria in clause 5.6(1)(a)(ii)(A) or subparagraph 5.6(1)(b)(i) but certain conditions are satisfied. In particular, the manager must come to the determination that the transaction is in the best interests in the investment fund and explain that view in the materials sent to securityholders. In circumstances where portfolios of the consolidating investment funds will be required to be realigned before a merger, the Canadian securities regulatory authorities note that paragraph 5.6(1)(h) of the Instrument provides that none of the costs and expenses associated with the transaction may be borne by the investment fund. Brokerage commissions payable as a result of any portfolio realignment necessary to carry out the transaction would, in the view of the Canadian securities regulatory authorities, be costs and expenses associated with the transaction.***".***

WORKSTREAM SEVEN

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Subsection 5.4(2) is replaced by the following:

(2) The notice referred to in subsection (1) must contain or be accompanied by the following:

(a) a statement in an information circular that includes all of the following:

(i) a description of the change or transaction proposed to be made or entered into;

(ii) in the case of a matter referred to in paragraph 5.1(1)(a) or (a.1), the effect that the change would have had on the management expense ratio of the investment fund if the change were in effect throughout the investment fund's last completed financial year;

(iii) in the case of a matter referred to in paragraph 5.1(1)(b),

(A) all material information regarding the business, management and operations of the new manager, including, for greater certainty, details of the history and background of its executive officers and directors within the 5 years preceding the date of the notice or statement,

(B) a description of all material effects the change will have on the business, operations or affairs of the investment fund,

(C) a description of all material effects the change will have on the investment fund's securityholders, and

(D) a description of any material changes made to any material contract regarding the administration of the investment fund;

(iv) the date of the proposed implementation of the change or transaction;

(b) all information and documents required to be sent in order to comply with the applicable proxy solicitation provisions of securities legislation for the meeting.***.***

3. Subsection 5.5(1) is amended

(a) by repealing paragraphs (a) and (a.1),

(b) by adding "or***" at the end of paragraph (b), and***

(c) by repealing paragraph (c).

4. Paragraphs 5.7(1)(a) and (c) are repealed.

Effective Date

5. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGE TO COMPANION POLICY 81-102 *INVESTMENT FUNDS*

1. ***Companion Policy* 81-102 *Investment Funds* is changed by this Document.**

2. ***Section 7.1 is repealed.***

WORKSTREAM EIGHT

AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Part 3C is amended by adding the following sections:

3C.2.2 Delivery of ETF facts documents for subsequent purchases under a pre-authorized purchase plan or a portfolio rebalancing plan

(1) In this section:

"portfolio rebalancing plan" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"pre-authorized purchase plan" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

(2) Despite subsection 3C.2(2), a dealer is not required to deliver or send to the purchaser the most recently filed ETF facts document for the applicable class or series of securities of the ETF in connection with a purchase of a security of an ETF made pursuant to a pre-authorized purchase plan or a portfolio rebalancing plan if all of the following apply:

(a) the purchase is not the first purchase under the plan;

(b) the dealer has provided a notice to the purchaser that states

(i) that the purchaser will not receive an ETF facts document after the date of the notice, unless the purchaser specifically requests the document,

(ii) that the purchaser is entitled to receive upon request, at no cost to the purchaser, the most recently filed ETF facts document by calling a specified toll-free number, or by sending a request by mail or e-mail to a specified address or e-mail address,

(iii) how to access the ETF facts document electronically,

(iv) that the purchaser will not have a right of withdrawal under securities legislation for subsequent purchases of a security of an ETF under the plan, but will continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus, and

(v) that the purchaser may terminate the plan at any time;

(c) at least annually during the term of the plan, the dealer notifies the purchaser in writing of how the purchaser can request the most recently filed ETF facts document;

(d) the dealer delivers or sends the most recently filed ETF facts document to the purchaser if the purchaser requests the document.

3C.2.3 Delivery of ETF facts documents for managed accounts and permitted clients

(1) In this section:

"managed account" has the same meaning as in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"permitted client" has the same meaning as in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

(2) Despite subsection 3C.2(2), a dealer is not required to deliver or send to the purchaser the most recently filed ETF facts document for the applicable class or series of securities of the ETF in connection with the purchase of a security of the ETF if either of the following apply:

(a) the purchase is made in a managed account;

(b) the purchaser is a permitted client that is not an individual.

3C.2.4 Delivery of ETF facts documents for automatic switch programs

(1) In this section:

"automatic switch" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"automatic switch program" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

(2) Despite subsection 3C.2(2), a dealer is not required to deliver or send to the purchaser the most recently filed ETF facts document for the applicable class or series of securities of the ETF in connection with the purchase of a security of the ETF made as an automatic switch pursuant to an automatic switch program if all of the following apply:

(a) the purchase is not the first purchase under the automatic switch program;

(b) the dealer has provided a notice to the purchaser that states

(i) that the purchaser will not receive an ETF facts document after the date of the notice, unless the purchaser specifically requests the document,

(ii) that the purchaser is entitled to receive upon request, at no cost to the purchaser, the most recently filed ETF facts document by calling a specified toll-free number, or by sending a request by mail or e-mail to a specified address or e-mail address,

(iii) how to access the ETF facts document electronically, and

(iv) that the purchaser will not have a right of withdrawal under securities legislation for subsequent purchases of a security of an ETF under the automatic purchase program, but will continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus;

(c) at least annually, the dealer notifies the purchaser in writing of how the purchaser can request the most recently filed ETF facts document;

(d) the dealer delivers or sends the most recently filed ETF facts document to the purchaser if the purchaser requests the document;

(e) with respect to the first purchase under the automatic switch program, the ETF facts document delivered or sent to the purchaser included the ETF facts automatic switch program information as defined in Appendix F.**.**

3. Subsection 3C.3(1) is amended by replacing "3C.2***" with "***3C.2, 3C.2.2 or 3C.2.4***".***

4. The following appendix is added:

APPENDIX F

ETF Facts Automatic Switch Program Information for Section 3C.2.4

For the purposes of paragraph 3C.2.4(2)(e),"ETF facts automatic switch program information" means a completed Form 41-101F4 *Information Required in an ETF Facts Document* modified as follows:

(a) the heading under item 1(d) of Part I includes the name of each class or series of securities of the ETF in the automatic switch program;

(b) the brief introduction to the ETF facts document under item 1(h) of Part I includes the name of each class or series of securities of the ETF in the automatic switch program;

(c) item 2(1) of Part I includes, for each class or series of securities of the ETF in the automatic switch program, the date the securities of the class or series first became available to the public;

(d) item 2(1) of Part I includes the management expense ratio of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(e) the "Quick Facts" table referred to in item 2(1) of Part 1 includes a footnote that states all of the following:

(i) that the ETF facts document pertains to all of the classes or series of securities of the ETF in the automatic switch program;

(ii) that further details about the automatic switch program are disclosed in the "How much does it cost?" section of the ETF facts document;

(iii) that further details, about the minimum investment amount applicable to each of the classes or series of securities of the ETF in the automatic switch program, are disclosed in the fee decrease table under the sub-heading "ETF expenses" of the ETF facts document ;

(iv) that the management expense ratio of each of the classes or series of securities of the ETF in the automatic switch program is disclosed in the "ETF expenses" section of the ETF facts document;

(f) item 2(2) of Part I includes the ticker symbols of each of class or series of securities of the ETF in the automatic switch program;

(g) item 2(2) of Part I includes the average daily volume of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(h) item 2(2) of Part I includes the number of days traded of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(i) item 2(3) of Part I includes the market price of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(j) item 2(3) of Part I includes the net asset value of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(k) item 2(3) of Part I includes the average bid-ask spread of only the class or series of securities of the ETF in the automatic switch program with the highest management fee;

(l) item 5(1) of Part I includes all of the following as part of the introduction:

(i) under the heading "How has the ETF performed?", the name of only the class or series of securities of the ETF with the highest management fees;

(ii) a statement explaining that the performance for each of the classes or series of securities of the ETF in the automatic switch program will be similar to the performance of the class or series of securities of the ETF with the highest management fee, but will vary as a result of the difference in fees, as set out in the fee decrease table under the sub-heading "ETF expenses";

(m) item 5(3), (4) and (5) of Part I, under the sub-headings "Year-by-year returns," "Best and worst 3-month returns," and "Average return", includes the required performance data relating only to the class or series of securities of the ETF with the highest management fee;

(n) item 1(1.1) of Part II includes all of the following:

(i) under the heading “How much does it cost?”, in the introductory statement, the name of each class or series of securities of the ETF in the automatic switch program;

(ii) as a part of the introductory statement, a summary of the automatic switch program that includes all of the following:

(A) an explanation that the automatic switch program offers separate classes or series of securities of the ETF that charge progressively lower management fees;

(B) an explanation of the scenarios in which the automatic switches will be made, including, for greater certainty, the scenario in which automatic switches will be made due to the purchaser no longer meeting the minimum investment amount for a particular class or series of securities of the ETF;

(C) a statement that a purchaser will not pay higher management fees as a result of the automatic switches than those charged to the class or series of securities of the ETF with the highest management fee;

(D) a statement that information about the progressively lower management fees for the classes or series of securities of the ETF in the automatic switch program is available in the fee decrease table under the sub-heading “ETF expenses” of the ETF facts document;

(E) a statement that further details about the automatic switch program are disclosed in specific sections of the prospectus of the ETF;

(F) a statement that purchasers should speak to their representative for more information about the automatic switch program;

(o) if the ETF is not newly established, item 1(1.3)(2) of Part II includes all of the following:

(i) the management expense ratio and ETF expenses of each of the classes or series of securities of the ETF in the automatic switch program or, if certain expense information is not available for a particular class or series of securities, the words “not available” in the corresponding part of the table;

(ii) a row in the “Annual rate” table

(A) in which the first column states “For every $1,000 invested, this equals:”, and

(B) that discloses the respective equivalent dollar amounts of the ETF expenses of each class or series of securities of the ETF in the automatic switch program included in the table for every $1,000 invested;

(p) item 1(1.3)(2) of Part II includes, at the end of the disclosure under the sub-heading “ETF expenses”, all of the following:

(i) a table that includes

(A) the name of, and minimum investment amounts associated with, each class or series of securities of the ETF in the automatic switch program, and

(B) the combined management and administration fee decrease of each class or series of securities of the ETF in the automatic switch program from the management fee of the class or series of securities of the ETF with the highest management fee, disclosed as a percentage;

(ii) an introduction to the table referred to in subparagraph (i) stating that the table sets out the combined management and administration fee decrease of each class or series of securities the ETF in the automatic switch program from the management fee of the class or series of securities of the ETF with the highest management fee;

(q) if all the classes or series of securities of the ETF in the automatic switch program are not newly established, item 1(1.3)(3) of Part II includes all of the following:

(i) a statement that the class or series of securities of the ETF with the highest management fee has the highest management fee among all of the classes or series of securities of the ETF in the automatic switch program;

(ii) a statement above the "Annual rate" table required under item 1(1.3)(2) of Part II stating "As of [the date of the most recently filed management report of fund performance], the ETF expenses were as follows:";

(r) if some of the classes or series of securities of the ETF in the automatic switch program are newly established, item 1(1.3)(3) of Part II includes all of the following:

(i) a statement that the class or series of securities of the ETF with the highest management fee has the highest management fee among all of the classes or series of securities of the ETF in the automatic switch program;

(ii) a statement disclosing that the ETF expenses information is not available for certain classes or series of securities of the ETF in the automatic switch program because they are new;

(iii) a statement above the "Annual rate" table required under item 1(1.3)(2) of Part II stating "As of [the date of the most recently filed management report of fund performance], the ETF expenses were as follows:";

(s) if the ETF is newly established, item 1(1.3)(4) of Part II includes all of the following:

(i) a statement that the class or series of securities of the ETF with the highest management fee has the highest management fee among all of the classes or series of securities of the ETF in the automatic switch program;

(ii) the rate of the management fee of only the class or series of securities of the ETF with the highest management fee;

(iii) a statement that the operating expenses and trading costs are not yet available because the ETF is new.**.**

5. Subsection (11) of the General Instructions of Form 41-101F4 Information Required in an ETF Facts Document is replaced with the following:

*(11) Unless the exception in section 3C.2.4 of National Instrument 41-101 General Prospectus Requirements applies, an ETF facts document must disclose information about only one class or series of securities of an ETF. ETFs that have more than one class or series that are referable to the same portfolio of assets must prepare a separate ETF facts document for each class or series.***.**

Expiration of exemptions and waivers

6. (1) Any exemption from or waiver of a provision of National Instrument 41-101 *General Prospectus Requirements* in relation to ETF facts document delivery requirements in section 3C.2(2) for ETFs in a pre-authorized purchase plan, portfolio rebalancing plan or an automatic switch program expires on January 5, 2022.

(2) In British Columbia, subsection (1) does not apply.

Transition for pre-authorized purchase plans, portfolio rebalancing plans and automatic switch programs

7. (1) In this section,

"automatic switch" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"automatic switch program" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"portfolio rebalancing plan" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"pre-authorized purchase plan" has the same meaning as in section 1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

(2) For the purposes of section 3C.2.2 and 3C.2.4 of National Instrument 41-101 *General Prospectus Requirements*, as enacted by section 2 of this Instrument, the first purchase of a security of an ETF made pursuant to a pre-authorized purchase plan, portfolio rebalancing plan or an automatic switch program on or after January 5, 2022 is considered to be the first purchase under the plan or program, as applicable.

(3) Subsection (1) does not apply to a pre-authorized purchase plan, portfolio rebalancing plan or an automatic switch program established before January 5, 2022 if a notice providing information substantially similar to the notice referred to in paragraph 3C.2.2(2)(c) or 3C.2.4(2)(c) of National Instrument 41-101 *General Prospectus Requirements*, as enacted by section 2 of this Instrument, was delivered or sent to the purchaser between January 5, 2021 and January 5, 2022.

Effective Date

8. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

"automatic switch" means a purchase of securities of a class or series of securities of a mutual fund, immediately following a redemption of the same value of securities of another class or series of securities of that mutual fund, if the only material differences between the two classes or series are both of the following:

(a) a difference in the management fees;

(b) a difference in the purchaser's minimum investment amounts;

"automatic switch program" means an agreement under which automatic switches are to be made on predetermined dates for a purchaser of securities of a class or series of a mutual fund as a result of the purchaser

(a) satisfying the minimum investment amount for the class or series, and

(b) failing to satisfy, in whole or in part, the minimum investment amount for the class or series of securities of the mutual fund that were subject to the automatic switch because those securities were redeemed;

"portfolio rebalancing plan" means an agreement, that can be terminated at any time, under which a purchaser

(a) selects

(i) a portfolio of securities of two or more mutual funds, and

(ii) target weightings for securities of each of those mutual funds held by the purchaser, and

(b) on predetermined dates, purchases or redeems securities referred to in paragraph (a) in order to bring the holdings of each of those securities within the applicable target weighting;**.**

3. Section 3.2.01 is amended

(a) by replacing subparagraph (4)(a)(ii) with the following:

(ii) delivered or sent to the purchaser in accordance with section 3.2.02 and the conditions set out in that section are satisfied,**,**

(b) by replacing paragraph (4)(b) with the following:

(b) section 3.2.03 or 3.2.05 applies and the conditions set out in the applicable section are satisfied, or**, *and***

(c) by replacing paragraph (4)(c) with the following:

(c) section 3.2.04 or 3.2.04.1 applies**.***.*

4. Section 3.2.03 is replaced with the following:

3.2.03 Delivery of Fund Facts Document for Subsequent Purchases Under a Pre-authorized Purchase Plan or a Portfolio Rebalancing Plan

Despite subsection 3.2.01(1), a dealer is not required to deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund in connection with a purchase of a security of the mutual fund made pursuant to a pre-authorized purchase plan or a portfolio rebalancing plan if all of the following apply:

(a) the purchase is not the first purchase under the plan;

(b) the dealer has provided a notice to the purchaser that states

(i) that the purchaser will not receive a fund facts document after the date of the notice unless the purchaser specifically requests the document,

(ii) that the purchaser is entitled to receive upon request, at no cost to the purchaser, the most recently filed fund facts document by calling a specified toll-free number, or by sending a request by mail or e-mail to a specified address or e-mail address,

(iii) how to access the fund facts document electronically,

(iv) that the purchaser will not have a right of withdrawal under securities legislation for subsequent purchases of a security of a mutual fund under the plan, but will continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus, and

(v) that the purchaser may terminate the plan at any time;

(c) at least annually during the term of the plan, the dealer notifies the purchaser in writing of how the purchaser can request the most recently filed fund facts document;

(d) the dealer delivers or sends the most recently filed fund facts document to the purchaser if the purchaser requests the document**.**

5. Section 3.2.04 is replaced with the following:

3.2.04 Delivery of Fund Facts Document for Managed Accounts and Permitted Clients

Despite subsection 3.2.01(1), a dealer is not required to deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund in connection with the purchase of a security of the mutual fund if either of the following apply:

(a) the purchase is made in a managed account;

(b) the purchaser is a permitted client that is not an individual**.**

6. Section 3.2.05 is replaced with the following:

3.2.05 Delivery of Fund Facts Document for Automatic Switch Programs

Despite subsection 3.2.01(1), a dealer is not required to deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund in connection with the purchase of a security of the mutual fund made as an automatic switch pursuant to an automatic switch program if all of the following apply:

(a) the purchase is not the first purchase under the automatic switch program;

(b) the dealer has provided a notice to the purchaser that states

(i) that the purchaser will not receive a fund facts document after the date of the notice unless the purchaser specifically requests the document,

(ii) that the purchaser is entitled to receive upon request, at no cost to the purchaser, the most recently filed fund facts document by calling a specified toll-free number, or by sending a request by mail or e-mail to a specified address or e-mail address,

(iii) how to access the fund facts document electronically, and

(iv) that the purchaser will not have a right of withdrawal under securities legislation for subsequent purchases of a security of a mutual fund under the automatic purchase program, but will continue to have a right of action if there is a

misrepresentation in the prospectus or any document incorporated by reference into the prospectus;

(c) at least annually, the dealer notifies the purchaser in writing of how the purchaser can request the most recently filed fund facts document;

(d) the dealer delivers or sends the most recently filed fund facts document to the purchaser if the purchaser requests the document;

(e) with respect to the first purchase under the automatic switch program, the fund facts document delivered or sent to the purchaser included the fund facts automatic switch program information as defined in Appendix A**.**.

7. The following is added after section 3.2.05:

3.2.06 Electronic Delivery of the Fund Facts Document

(1) If the purchaser of a security of a mutual fund consents, a fund facts document that may be or is required to be delivered or sent under this Part may be delivered or sent electronically.

(2) For the purposes of subsection (1), a fund facts document may be delivered or sent to the purchaser by means of an e-mail that contains either of the following:

(a) the fund facts document as an attachment;

(b) a hyperlink that leads directly to the fund facts document**.**.

8. Section 5.2 is amended

(a) by replacing "3.2.03, or 3.2.04***" with "***3.2.03, or 3.2.05***" in subsection (4), and***

(b) by replacing "3.2.03, or 3.2.04;***" with "***3.2.03, or 3.2.05;***" in paragraph (4)(c).***

9. The following Appendix A is added following NI 81-101:

APPENDIX A

Fund Facts Automatic Switch Program Information for Section 3.2.05

For the purposes of paragraph 3.2.05(e), "fund facts automatic switch program information" means a completed Form 81-101F3 *Contents of Fund Facts Document* modified as follows:

(a) the heading under item 1(c.1) of Part I includes the name of each class or series of securities of the mutual fund in the automatic switch program;

(b) the brief introduction to the fund facts document under item 1(e) of Part I includes the name of each class or series of securities of the mutual fund in the automatic switch program;

(c) item 2 of Part I includes the fund codes of each of the classes or series of securities of the mutual fund in the automatic switch program;

(d) item 2 of Part I includes, for each class or series of securities of the mutual fund in the automatic switch program, the date the securities of the class or series first became available to the public;

(e) item 2 of Part I includes the management expense ratio of only the class or series of securities of the mutual fund in the automatic switch program with the highest management fee;

(f) item 2 of Part I includes the minimum investment amount and each additional investment amount of only the class or series of securities of the mutual fund in the automatic switch program with the highest management fee;

(g) the “Quick Facts” table referred to in item 2 of Part I includes a footnote that states all of the following:

(i) that the fund facts document pertains to all of the classes or series of securities of the mutual fund in the automatic switch program;

(ii) that further details about the automatic switch program are disclosed in the “How much does it cost?” section of the fund facts document;

(iii) that further details about the minimum investment amount applicable to each of the classes or series of securities of the mutual fund in the automatic switch program are disclosed in the fee decrease table under the sub-heading “Fund expenses” of the fund facts document;

(iv) that the management expense ratio of each of the classes or series of securities of the mutual fund in the automatic switch program is disclosed in the “Fund expenses” section of the fund facts document;

(h) item 5(1) of Part I includes all of the following as part of the introduction:

(i) under the heading “How has the fund performed?”, the name of only the class or series of securities of the mutual fund with the highest management fees;

(ii) a statement explaining that the performance for each of the classes or series of securities of the mutual fund in the automatic switch program will be similar to the performance of the class or series of securities of the mutual fund with the highest management fee, but will vary as a result of the difference in fees, as set out in the fee decrease table under the sub-heading “Fund expenses”;

(i) item 5(2), (3) and (4) of Part I, under the sub-headings “Year-by-year returns,” “Best and worst 3-month returns,” and “Average return”, includes the required performance data relating only to the class or series of securities of the mutual fund with the highest management fee;

(j) item 1(1.1) of Part II includes all of the following:

(i) under the heading “How much does it cost?”, in the introductory statement, the name of each class or series of securities of the mutual fund in the automatic switch program;

(ii) as a part of the introductory statement, a summary of the automatic switch program that includes all of the following:

(A) an explanation that the automatic switch program offers separate classes or series of securities of the mutual fund that charge progressively lower management fees;

(B) an explanation of the scenarios in which the automatic switches will be made, including, for greater certainty, the scenario in which automatic switches will be made due to the purchaser no longer meeting the minimum investment amount for a particular class or series of securities of the mutual fund;

(C) a statement that a purchaser will not pay higher management fees as a result of the automatic switches than those charged to the class or series of securities of the mutual fund with the highest management fee;

(D) a statement that information about the progressively lower management fees for the classes or series of securities of the mutual fund in the automatic switch program is available in the fee decrease table under the sub-heading “Fund expenses” of the fund facts document;

(E) a statement that further details about the automatic switch program are disclosed in specific sections of the simplified prospectus of the mutual fund;

(F) a statement that purchasers should speak to their representative for more information about the automatic switch program;

(k) item 1(1.2) of Part II, under the sub-heading “Sales charges”, includes the names of each class or series of securities of the mutual fund in the automatic switch program in the introduction, if applicable;

(l) if the mutual fund is not newly established, item 1(1.3)(2) of Part II includes all of the following:

(i) the management expense ratio and fund expenses of each of the classes or series of securities of the mutual fund in the automatic switch program or, if certain expense information is not available for a particular class or series of securities, the words “not available” in the corresponding part of the table;

(ii) a row in the “Annual rate” table

(A) in which the first column states “For every $1,000 invested, this equals:”, and

(B) that discloses the respective equivalent dollar amounts of the fund expenses of each class or series of securities of the mutual fund in the automatic switch program included in the table for every $1,000 invested;

(m) item 1(1.3)(2) of Part II includes, at the end of the disclosure under the sub-heading “Fund expenses”, all of the following:

(i) a table that includes

(A) the name of, and minimum investment amounts associated with, each class or series of securities of the mutual fund in the automatic switch program, and

(B) the combined management and administration fee decrease of each class or series of securities of the mutual fund in the automatic switch program from the management fee of the class or series of securities of the mutual fund with the highest management fee, disclosed as a percentage;

(ii) an introduction to the table referred to in subparagraph (i) stating that the table sets out the combined management and administration fee decrease of each class or series of securities of the mutual fund in the automatic switch program from the management fee of the class or series of securities of the mutual fund with the highest management fee;

(n) if all the classes or series of securities of the mutual fund in the automatic switch program are not newly established, item 1(1.3)(3) of Part II includes all of the following:

(i) a statement that the class or series of securities of the mutual fund with the highest management fee has the highest management fee among all of the classes or series of securities of the mutual fund in the automatic switch program;

(ii) a statement above the “Annual rate” table required under item 1(1.3)(2) of Part II stating “As of [the date of the most recently-filed management report of fund performance], the fund expenses were as follows:”;

(o) if some of the classes or series of securities of the mutual fund in the automatic switch program are newly established, item 1(1.3)(3) of Part II includes all of the following:

(i) a statement that the class or series of securities of the mutual fund with the highest management fee has the highest management fee among all of the classes or series of securities of the mutual fund in the automatic switch program;

(ii) a statement disclosing that the fund expenses information is not available for certain classes or series of securities of the mutual fund in the automatic switch program because they are new;

(iii) a statement above the “Annual rate” table required under item 1(1.3)(2) of Part II stating “As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows:”;

(p) if the mutual fund is newly established, item 1(1.3)(4) of Part II includes all of the following:

(i) a statement that the class or series of securities of the mutual fund with the highest management fee has the highest management fee among all of the classes or series of securities of the mutual fund in the automatic switch program;

(ii) the rate of the management fee of only the class or series of securities of the mutual fund with the highest management fee;

(iii) a statement that the operating expenses and trading costs are not yet available because the mutual fund is new**.**

10. Subsection (10) of the General Instructions of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

*(10) Unless the exception in section 3.2.05 of National Instrument 81-101 Mutual Fund Prospectus Disclosure applies, a fund facts document must disclose information about only one class or series of securities of a mutual fund. Mutual funds that have more than one class or series that are referable to the same portfolio of assets must prepare a separate fund facts document for each class or series.***.**

11. Subsection (4) of Item 3 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(4) Unless the mutual fund is a newly established mutual fund, under the sub-heading "Top 10 investments [date]", include a table disclosing all of the following:

(a) the top 10 positions held by the mutual fund, each expressed as a percentage of the net asset value of the mutual fund;

(b) the percentage of net asset value of the mutual fund represented by the top 10 positions;

(c) the total number of positions held by the mutual fund**.**

12. Subsection (5) of Item 3 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(5) Unless the mutual fund is a newly established mutual fund, under the sub-heading "Investment mix [date]" include at least one, and up to two, charts or tables that illustrate the investment mix of the mutual fund's investment portfolio**.**

13. Item 3 of Part I of Form 81-101F3 Contents of Fund Facts Document is amended by adding the following subsection:

(6) For a newly established mutual fund, state the following under the sub-headings "Top 10 investments [date]" and "Investment mix [date]":

This information is not available because this fund is new**.**

14. Subsection (3) of Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(3) If the mutual fund does not have any guarantee or insurance, under the sub-heading "No guarantees", include a statement using wording substantially similar to the following:

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest**.**

15. Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document is amended by adding the following subsection:

(4) If the mutual fund does have a guarantee or insurance feature protecting all or some of the principal amount of an investment in the mutual fund, under the sub-heading "Guarantees", disclose all of the following:

(a) the identity of the person or company providing the guarantee or insurance;

(b) a brief description of the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance**.**.

16. Subsection (1) of Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(1) Unless the mutual fund is a newly established mutual fund, under the heading "How has the fund performed?", include an introduction using wording substantially similar to the following:

This section tells you how [name of class/series of securities described in the fund facts document] [units/shares] of the fund have performed over the past [insert number of calendar years shown in the bar chart required under paragraph (2)(a)] years. Returns are after expenses have been deducted. These expenses reduce the fund's returns**.**.

17. Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is amended by adding the following subsection:

(1.1) For a newly established mutual fund, under the heading "How has the fund performed?", include an introduction using the following wording:

This section tells you how [name of class/series of securities described in the fund facts document] [units/shares] of the fund have performed. However, this information is not available because the fund is new**.**.

18. Subsection (2) of Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(2) Under the sub-heading "Year-by-year returns",

(a) for a mutual fund that has completed at least one calendar year, include all of the following:

(i) a bar chart that shows the annual total return of the mutual fund, in chronological order with the most recent year on the right of the bar chart, for the lesser of

(A) each of the 10 most recently completed calendar years, and

(B) each of the completed calendar years in which the mutual fund has been in existence and which the mutual fund was a reporting issuer;

(ii) an introduction to the bar chart using wording substantially similar to the following:

This chart shows how [name of class/series of securities described in the fund facts document] [units/shares] of the fund performed in each of the past [insert number of calendar years shown in the bar chart required under paragraph (a)]. The fund dropped in value in [for the particular years shown in the bar chart required under paragraph (a), insert the number of years in which the value of the mutual fund dropped] of the [insert number of calendar years shown in the bar chart required in paragraph (a)] years. The range of returns and change from year to year can help you assess how risky the fund has been in the past. It does not tell you how the fund will perform in the future.

(b) for a mutual fund that has not yet completed a calendar year, state the following:

This section tells you how [name of class/series of securities described in the fund facts document] [units/shares] of the fund have performed in past calendar years. However, this information is not available because the fund has not yet completed a calendar year.

(c) for a newly established mutual fund, state the following:

This section tells you how [name of class/series of securities described in the fund facts document] [units/shares] of the fund have performed in past calendar years. However, this information is not available because the fund is new**..**

19. Subsection (3) of Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced with the following:

(3) Under the sub-heading "Best and worst 3-month returns",

(a) for a mutual fund that has completed at least one calendar year, include all of the following:

(i) information for the period covered in the bar chart required under paragraph (2)(a) in the form of the following table:

	Return	**3 months ending**	**If you invested $1,000 at the beginning of the period**
Best return	(see instruction 8)	(see instruction 10)	Your investment would [rise/drop] to (see instruction 12).
Worst return	(see instruction 9)	(see instruction 11)	Your investment would [rise/drop] to (see instruction 13).

(ii) an introduction to the table using wording substantially similar to the following:

This table shows the best and worst returns for the [name of class/series of securities described in the fund facts document] [units/shares] of the fund in a 3-month period over the past [insert number of calendar years shown in the bar chart required under paragraph (2)(a)]. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

(b) for a mutual fund that has not yet completed a calendar year, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the fund facts document] [units/shares] of the fund in a 3-month period. However, this information is not available because the fund has not yet completed a calendar year.

(c) for a newly established mutual fund, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the fund facts document] [units/shares] of the fund in a 3-month period. However, this information is not available because the fund is new**..**

20. Subsection (4) of Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is replaced the following subsection:

(4) Under the sub-heading "Average return",

(a) for a mutual fund that has completed at least 12 consecutive months, include all of the following:

(i) the final value of a hypothetical $1000 investment in the mutual fund as at the end of the period that ends within 60 days before the date of the fund facts document and consists of the lesser of

(A) 10 years, and

(B) the time since inception of the mutual fund;

(ii) the annual compounded rate of return that equates the hypothetical $1000 investment to the final value.

(b) for a mutual fund that has not yet completed 12 consecutive months, state the following:

This section shows the value and annual compounded rate of return of a hypothetical $1,000 investment in [name of class/series of securities described in the fund facts document] [units/shares] of the fund. However, this information is not available because the fund has not yet completed 12 consecutive months.

(c) for a newly established mutual fund, state the following:

This section shows the value and annual compounded rate of return of a hypothetical $1,000 investment in [name of class/series of securities described in the fund facts document] [units/shares] of the fund. However, this information is not available because the fund is new.**.**

21. Instruction (5) of Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document is repealed.

Expiration of exemptions and waivers

22. (1) Any exemption from or waiver of a provision of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in relation to fund facts document delivery requirements in section 3.2.01(1) for mutual funds in a portfolio rebalancing plan or an automatic switch program expires on January 5, 2022.

(2) In British Columbia, subsection (1) does not apply.

Transition for portfolio rebalancing plans and automatic switch programs

23. (1) For the purposes of sections 3.2.03 and 3.2.05 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by sections 4 and 6 of this Instrument, the first purchase of a security of a mutual fund made pursuant to a portfolio rebalancing plan or an automatic switch program on or after January 5, 2022 is considered to be the first purchase under the plan or program, as applicable.

(2) Subsection (1) does not apply to a portfolio rebalancing plan or an automatic switch program established before January 5, 2022, if a notice providing information substantially similar to the notice referred to in paragraph 3.2.03(c) or 3.2.05(c) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by section 4 and 6 of this Instrument, was delivered or sent to the purchaser between January 5, 2021 and January 5, 2022.

Effective Date

24. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

WORKSTREAM NINE

AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 3C.6 is replaced with the following:

Dealer as agent

3C.6 (1) For the purpose of this Part, a dealer acts as agent of the purchaser if the dealer is acting solely as agent of the purchaser with respect to the purchase and sale in question and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase and sale.

(2) Subsection (1) does not apply in Ontario.

(3) Subsection (1) does not apply in Québec.

(4) Subsection (1) does not apply in British Columbia**..**

3. Section 3C.7 is replaced with the following:

Purchaser's right of action for failure to deliver or send

3C.7 (1) A purchaser has a right of action if an ETF facts document is not delivered or sent as required by subsection 3C.2(2), as the purchaser would otherwise have when a prospectus is not delivered or sent as required under securities legislation and, for that purpose, an ETF facts document is a prescribed document under the statutory right of action.

(2) In Alberta, instead of subsection (1), section 206 of the *Securities Act* (Alberta) applies.

(3) In Manitoba, instead of subsection (1), section 141.2 of the *Securities Act* (Manitoba) applies and the ETF facts document is a prescribed document for the purposes of section 141.2.

(4) In Nova Scotia, instead of subsection (1), section 141 of the *Securities Act* (Nova Scotia) applies.

(5) In Ontario, instead of subsection (1), section 133 of the *Securities Act* (Ontario) applies.

(6) In Québec, instead of subsection (1), section 214.1 of the *Securities Act* (Québec) applies.

(7) In British Columbia, for the purpose of subsection (1), "statutory right of action" means section 135 of the *Securities Act* (British Columbia).

(8) In Saskatchewan, instead of subsection (1), section 141 of *The Securities Act, 1988* applies**..**

Effective Date

4. (1) This Instrument comes into force on January 5, 2022.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

APPENDIX A to COMMENTARY — DECISION TREE