

**Changes To
Companion Policy 81-102CP – To National Instrument 81-102
Mutual Funds**

1. *Changes made to Companion Policy 81-102CP – To National Instrument 81-102 Mutual Funds are set out in this Schedule 1.*
2. *Subsection 2.5(4) is deleted.*
3. *Section 3.1 is changed:*
 - (a) *in subsection (1) by replacing “the net assets of the mutual fund, taken at market value at the time of purchase,” with “their net asset value”;*
 - (b) *in paragraphs 1 and 2 of subsection (4) by replacing “net assets, taken at market value at the time of purchase” with “net asset value”;*
 - (c) *by deleting subsection (6); and*
 - (d) *in subsection (7) by*
 - (i) *replacing “In addition to the limitation described in subsection (6), the” with “The”;*
 - (ii) *replacing “subsections (4) and (6)” in paragraph (a) with “subsection (4)”;* **and**
 - (iii) *replacing “net assets” in paragraph (c) with “net asset value”.*
4. *Subsection 3.2(3) is changed by deleting “simplified”.*
5. *Section 3.4 is amended by:*
 - (a) *deleting subsection (1); and*
 - (b) *replacing subsection (2) with the following:*

(2) Subsection 2.5(7) of the Instrument provides that certain investment restrictions and reporting requirements do not apply to investments in other mutual funds made in accordance with section 2.5. In some cases, a mutual fund’s investments in other mutual funds will be exempt from the requirements of section 2.5

because of an exemption granted by the regulator or securities regulatory authority. In these cases, assuming the mutual fund complies with the terms of the exemption, its investments in other mutual funds would be considered to have been made in accordance with section 2.5. It is also noted that subsection 2.5(7) applies only with respect to a mutual fund's investments in other mutual funds, and not for any other investment or transaction..

6. *The following section is added:*

3.7.1 **Money Market Funds** – Section 2.18 of the Instrument imposes daily and weekly liquidity requirements on money market funds. Specifically, money market funds must keep 5% of their assets invested in cash or readily convertible into cash within one day, and 15% of their assets invested in cash or readily convertible into cash within one week. Assets that are “readily convertible to cash” would generally be short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Such assets can be sold in the ordinary course of business within one business day (in the case of the daily liquidity requirement) or within five business days (in the case of the weekly liquidity requirement) at approximately the value ascribed to them by the money market fund. The CSA note that the securities do not have to mature within the one and five business day periods. For example, direct obligations of the Canadian or U.S. government, or of a provincial government, that mature after one or five business days but that can be readily converted to cash within one or five business days, would likely be eligible for the 5% and 15% liquidity requirements..

7. *Subsection 6.2(3) is changed by deleting “simplified”.*

8. *Section 13.1 is changed:*

(a) *in subsection (3) by deleting “simplified” wherever it occurs; and*

(b) *in subsection (5) by deleting “simplified”.*

9. *Subsection 13.2(5) is changed by replacing “a simplified prospectus” wherever it occurs with “a prospectus”.*

10. These changes become effective on April 30, 2012.