

APPENDIX C

SUMMARY OF COMMENTS ON THE 2010 PROPOSAL

Table of Contents	
PART	TITLE
Part I	Background
Part II	General Comments on Proposals
Part III	Comments on the Consequential Amendments to National Instrument 41-101
Part IV	Comments on the Proposed Form 41-101F3
	<i>Comments on Part A – Plan Summary Document</i>
	<i>Comments on Part B – General Disclosure</i>
	<i>Comments on Part C – Plan-Specific Information</i>
	<i>Comments on Part D – Information about the Organization</i>
Part V	Comments in Response to Questions in the Notice
Part VI	List of commenters

Part I – Background

Summary of Comments

On March 24, 2010, the Canadian Securities Administrators (CSA) published a notice (the Notice) seeking comment on *Modernization of Scholarship Plan Regulation Phase 1 – A New Prospectus for Scholarship Plans*, which proposed Form 41-101F3 (the Form), and amendments to *National Instrument 41-101 General Prospectus Requirements* (NI 41-101) and *Form 41-101F2 Information Required in an Investment Fund Prospectus* (Form 41-101F2). The comment period expired June 22, 2010. We received submissions from 13 commenters, which are listed in Part VI. We have considered all comments received and thank all the commenters. The comments we received and the CSA’s responses are summarized below.

Part II - General Comments on Proposals

<u>Issue</u>	<u>Sub-Issue</u>	<u>Comments</u>	<u>Responses</u>
<p>Support for the initiative</p>	<p><i>Improved disclosure for investors</i></p>	<p>Most commenters expressed support for the overall aim of the CSA initiative, which is to provide more meaningful and effective information to investors in a clear, more concise format to assist them in making more informed decisions.</p> <p>One investor advocate commenter added that the Plan Summary in particular has the potential to greatly improve the accessibility of RESPs to lower-income and newcomer groups by making it easier for families to compare and identify RESP products that suit their needs and budgets.</p> <p>However, another commenter said that the purpose of the new Form appears to be less about providing more meaningful and effective disclosure and more about providing investors with information on the issues and concerns about the industry.</p>	<p>We appreciate the support for this initiative. We also believe the changes we have made will result in an improved disclosure document for investors.</p>

<p>CSA focus on scholarship plans</p>		<p>One commenter stated it feels as though the CSA has gone to extraordinary lengths to dictate not just disclosure, but the operation and administration of scholarship plans and that the degree of prescription is unprecedented relative to competing financial services products. The commenter also feels as though the CSA is creating barriers that apply to scholarship plans and not to other types of issuers, and that this will lead to greater costs and administrative burden for existing issuers.</p> <p>Three commenters stated that aspects of the Form far exceed disclosure requirements imposed on other types of investment products. They said that this creates an uneven playing field with other investment funds, particularly mutual funds.</p>	<p>We disagree. Although the specific disclosure requirements of this Form might differ from those of other investment funds, due largely to the unique features of scholarship plans, they are no more onerous than those required of other investment funds, including mutual funds.</p>
<p>Plan Summary document versus Fund Facts</p>		<p>One commenter told us that the Plan Summary should be reviewed against the proposed Fund Facts for mutual funds to ensure that the Plan Summary does not put scholarship plans at an unfair disadvantage against mutual funds or other investment funds. The commenter noted that the Plan Summary is organized inconsistently from the Fund Facts document. We were told it should be similar to what is proposed for the mutual fund Fund Facts document.</p>	<p>The Plan Summary, though similar in concept to the Fund Facts for mutual funds, is not intended to be a copy of that document. Instead, the Plan Summary is designed to focus on those items that are of greater importance to investors in scholarship plans, such as the various rules for contributing to or receiving payments from a plan.</p>
<p>Background information informing the initiative</p>	<p><i>Reliance on findings of HRSDC</i></p>	<p>Two commenters told us that there has been undue reliance on the Federal Report from 2008</p>	<p>As stated in the Notice, the Federal Report helped inform</p>

	<i>Report/National Compliance Review</i>	and industry reports by the CSA in formulating this policy initiative. They said that the conclusions in the reports no longer reflect the industry and that the CSA has failed to take into account the industry’s response to the findings of the Federal Report.	this project, but was not the sole basis for our policy-making. We have also relied on our experience in reviewing scholarship plan prospectuses as well as complaints that have been received by CSA members.
	<i>Complaints received</i>	Two commenters challenged the CSA’s statement in the Notice about complaints received from investors about scholarship plans, particularly group scholarship plans, which they said contradicts their own experiences.	We confirm that CSA members and other government agencies have received, and continue to receive, complaints about scholarship plans, particularly group scholarship plans.
Use of the term “scholarship plan”		One commenter asked that we reconsider the use of the term “scholarship plan” to refer to the securities provided to subscribers. The commenter feels that the term is no longer applicable as it is not widely used by providers in their current promotional materials and that providers do not pay “scholarships”, which have a different meaning under tax law than “educational assistance payments”. The commenter would like us to use the term RESP to refer to the plans.	We do not propose to make this change. We note that investments other than scholarship plans are eligible to be held in registered education savings plans and wish to avoid creating a perception that a scholarship plan is in itself a registered education savings plan, rather than a product that is eligible to be registered as such.
Harmonization with other CSA requirements		One commenter stated that the proposals duplicate certain aspects of the relationship disclosure document introduced under National Instrument 31-103 <i>Registration Requirements</i> (NI 31-103) and said the Plan Summary should be better harmonized with NI 31-103.	We did not specifically seek to harmonize the requirements of this Form with the requirements of NI 31-103, because in the latter case, the requirements are generally tied to account opening, whereas a prospectus

		<p>Another commenter expressed concern that the Form requirements, combined with those in NI 31-103, could make the volume of documents in the sales process overwhelming and intimidating for investors.</p> <p>One commenter suggested removing information in the Form that is also required in other disclosure documents, to eliminate duplication and repetition. The commenter also suggested eliminating superfluous information that does not assist investor decision-making.</p>	<p>will not necessarily only be delivered at account opening. Accordingly, the information in the prospectus must stand on its own. This approach is similar to the approach taken with other investment funds, such as mutual funds.</p> <p>Except as noted above with respect to account opening documentation under NI 31-103, we believe we have substantially eliminated duplication and repetition with other disclosure requirements and that the Form does focus on information that assists investor decision-making.</p>
Delivery requirements	<i>Point of sale</i>	<p>Two investor advocate commenters urged us to require physical delivery of the Plan Summary and prospectus before or at the point of sale, especially given the complex nature and multi-year investing commitment inherent in these plans.</p> <p>One commenter encouraged us to explore point of sale disclosure and delivery options for all investment funds as part of the point of sale initiative for mutual funds.</p>	<p>We are not proposing to mandate point of sale delivery at this time because changing the existing prospectus delivery requirements is outside the scope of this project. We have also been informed by industry participants that they currently deliver the prospectus before or at the point of sale.</p>
	<i>Electronic delivery of financial data</i>	<p>An investor advocate commenter suggested making all financial data in the prospectus</p>	<p>Mandating electronic delivery of financial data is beyond the</p>

		available for download via the World Wide Web in XBRL format, as this would allow prospective investors to use sophisticated tools to help them make decisions based on standardized reported information.	scope of this project.
Transition period		One commenter told us that the proposals do not appear to provide for a transition period to adopt the new prospectus Form. Given the dramatic changes to the disclosure requirements involved in this rule, we should allow for a reasonable transition period prior to implementing the proposals.	We recognize that the various plan providers will require time to implement the required changes when the Form and other amendments to the Instrument take effect. Accordingly, we intend to allow for a transition period when the Form and other amendments to the Instrument are implemented.
Phase 2 of the Modernization Project	<i>Implementation of Phase 2</i>	<p>Two investor advocate commenters made the following suggestions with respect to the second phase of the CSA's initiative to modernize scholarship plan regulation:</p> <ul style="list-style-type: none"> • the first commenter encouraged us in Phase 2 to try to reduce the negative consequences for investors who may miss a deadline and to reduce the restrictions imposed on delays in completion of studies. The commenter also recommended bringing in Phase 2 of the project as quickly as possible, to reduce the chance of investor harm. • the second commenter recommended that for Phase 2, the CSA require all 	We thank the commenters for their suggestions.

		<p>salespersons to provide written confirmation that they have explained all of the information in the Plan Summary to the investor and that the investor confirms their understanding of this information, either by signing an acknowledgement at the end of the Plan Summary or elsewhere. The commenter also recommended that as part of Phase 2, the CSA require salespersons to make specific representations to investors about the potential unsuitability of scholarship plans for some investors, including discussion of alternatives.</p> <ul style="list-style-type: none"> • The second commenter also suggested that we consider regulating fees as part of Phase 2 of the project and in particular look at restructuring the manner in which sales or enrolment fees are charged by scholarship plans. The commenter noted that the Federal Report highlights that enrolment fees charged by plans create incentives for sales representatives that are not aligned with consumers. 	
Phase 3 of the Modernization Project	<i>Proficiency of salespersons</i>	<p>One commenter asked for clarification on the CSA’s statement about possibly considering SRO membership for scholarship plan dealers. The commenter remarked that scholarship plans would not fit well within the MFDA or IIROC structures, and is concerned that any such initiative be in the best interests of investors.</p>	<p>These matters are beyond the scope of this phase of the project.</p>

		<p>However, an investor advocate commenter strongly agreed with requiring SRO membership for scholarship plan dealers. The commenter recommended that the CSA adopt a strengthened suitability standard for salespersons that would require that they act in their client's best interest when offering such products.</p> <p>Another investor advocate commenter suggested that the CSA review the salesperson licensing program to ensure it is adequate to protect investors, is updated to reflect new CSA regulations and is effectively administered by an unbiased third party.</p>	
Investor education	<i>More CSA materials about scholarship plans</i>	<p>An investor advocate commenter recommended that the CSA improve its educational materials on scholarship plans for investors. The commenter noted that these products appear to be aggressively marketed, and investors would benefit from more information from an independent, unbiased perspective.</p> <p>The commenter also suggested that the CSA request that the Ombudsman for Banking Services and Investments (OBSI) issue a scholarship plan case study on its website based on complaints it has received.</p>	<p>We note that there are online resources through CSA member websites that do provide general information and education about various investment products, including scholarship plans. We always appreciate feedback that can assist us in improving the tools provided to investors.</p> <p>As OBSI is beyond the jurisdiction of securities regulators, we do not have the authority to require that it issue such a study.</p>

Part III - Comments on Consequential Amendments to NI 41-101			
<u>Issue</u>	<u>Sub-Issue</u>	<u>Comments</u>	<u>Responses</u>
Part 3A – Scholarship plan prospectus requirements	<i>Section 3A.1(3)(g) – Plan Summary not to exceed 3 pages</i>	<p>One commenter told us that, in preparing a mock-up of the Plan Summary, it was difficult to keep the Plan Summary under three pages.</p> <p>Another commenter noted that the French version of the sample Plan Summary document in the Notice was longer than 3 pages, which suggests that the page limit is not realistic and should be adjusted.</p>	We recognize that with the Form requirements for the Plan Summary, the 3-page limit could pose some challenges for plan providers and now propose to permit a Plan Summary to be up to 4 pages long (or 2 pages double-sided).

Part IV – Comments on Form 41-101F3			
<u>Issue</u>	<u>Sub-Issue</u>	<u>Comments</u>	<u>Responses</u>
General comments	<i>References to multi-class plans</i>	One commenter remarked that references in the Form to multi-class scholarship plans make the Form unduly complicated. As this commenter is not aware of any multi-class plans, it recommended this concept be dropped from the Form.	We have removed references to “multi-class scholarship plans” from the Form.
	<i>Use of text in the Plan Summary versus Fund Facts</i>	One commenter told us that the Plan Summary appears to make more extensive use of text compared to the Fund Facts document for mutual funds, which contains more visual representations. The commenter noted that the	The Plan Summary is designed to focus on the items that we understand to be of importance to investors in scholarship plans, such as the various rules

		<p>more extensive use of text would create a greater demand on a reader’s language proficiency.</p>	<p>for contributing to or receiving payments from a plan. Information other than fees does not easily lend itself to a visual representation in the form of tables, charts and graphs.</p> <p>However, plan providers may include graphics and visual representations as long as they comply with the Form requirements.</p> <p>The prescribed text in the Plan Summary is written at a similar level as the prescribed text in the Fund Facts for mutual funds. Techniques such as clear and easy-to-read headings, short sentences and paragraphs, and numbered and bulleted lists have been used to assist in readability.</p>
	<p><i>Length of prospectus</i></p>	<p>A few commenters expressed concern about the length and complexity of the prospectus resulting from the proposed Form requirements, noting that many items in Parts B and C in particular were unnecessarily lengthy, complex and repetitive. They estimated that to comply with Form requirements, a prospectus would be over 100 pages long, on average.</p>	<p>In response to these comments, we have made changes to the Form that maintain important disclosure requirements but enable the disclosure to be presented in a more streamlined manner that we believe will greatly reduce the length of the prospectus.</p>

<p>Organization of the prospectus</p>	<p><i>Use of a three-part prospectus form</i></p>	<p>One commenter disagreed with the concept of a three-part prospectus document. The commenter noted that most providers distribute only three types of plans, and that some offer them under separate prospectuses, unlike mutual funds, which may offer 100+ funds in the same document and therefore necessitates some form of mandatory structural organization. We were also told that many sections of Parts B and C are repetitive and duplicative and there are not sufficient differences between types of plans (for instance, family and individual plans) to justify a separate Part C for each plan. It was further remarked that the information in Part D will likely sit on its own without any integration into the body of the document.</p>	<p>We are not proposing any change to the format of the prospectus, although we have amended the Form to reduce duplication, particularly between Parts B and C, and to more clearly delineate the different parts of the prospectus.</p>
<p>Overall tone of the prospectus</p>		<p>A number of commenters remarked that they considered the overall tone of the mandatory wording in the Form, and in particular the Plan Summary, to be unduly negative, and too focused on the potential downside of a scholarship plan investment.</p>	<p>We have reviewed the prescribed wording throughout the Form and have made amendments where appropriate.</p>
<p>Emphasis on risks</p>		<p>These same commenters said that the Form as drafted has an excessive focus on risks associated with scholarship plans and the mandated disclosure does not afford enough opportunity to provide information on the benefits of scholarship plans.</p> <p>One of the commenters added that they felt the discussion of risk is far more extensive than that</p>	<p>We have reviewed and amended the risk disclosure requirements so that they are more focused on the disclosure of the key risks associated with an investment in scholarship plans, and not a recitation of every possible risk, regardless of how significant or remote it might be. We believe</p>

		<p>required of mutual funds, even though the investment risk of scholarship plans is considerably less than for mutual funds generally. It viewed the Form as suggesting that scholarship plans are more risky than mutual funds. We were asked not to hold scholarship plans to a higher standard.</p> <p>Yet, we received congratulations from a commenter for demanding disclosure of the nature and magnitude of the primary risks of group plans: risk of not fulfilling their contribution schedule and qualifying for Educational Assistance Payments (EAPs), and the risk that after maturity a beneficiary does not receive the full EAP entitlement or any EAP at all. We were told that the Plan Summary in particular, provides the information potential subscribers need.</p> <p>An investor advocate commenter suggested that certain key cautions be printed in bold red type to draw more attention to them and cited the disclosure on the impact of failing to qualify for an EAP as an example where this may be appropriate.</p>	<p>this will make it easier for investors to understand and use this information.</p>
<p>Fees disclosure</p>		<p>An investor advocate commenter told us that we should also require that any disclosure of fees in the prospectus be accompanied by clear disclosure of circumstances where subscribers withdraw from a plan. This commenter added that this should include a table that shows the</p>	<p>We are concerned that such a table could be unduly complicated for investors and decided not to propose this change. However, there is ample disclosure in the Plan</p>

		<p>results of withdrawal from a plan at an early stage, a late stage and at maturity, and should include adjustments for inflation for any refunded amounts, and a comparison of these amounts to the investment of similar amounts for the same time period at an appropriate benchmark rate of return. The commenter suggested mandating this table in the Plan Summary and in the main prospectus.</p>	<p>Summary and the rest of the prospectus about the upfront nature of sales charges and other fees, including the impact of sales charges in the early years of an investment in a scholarship plan.</p>
<p>Information versus disclosure</p>		<p>One commenter told us that the proposed disclosure requirements lack context, and that many of the requirements are focused on providing information rather than full, true and plain disclosure of all material facts. We were asked to reconsider the mandatory items with this comment in mind. Notwithstanding the extensive information required under the Form, the commenter remarked that investors will not have a proper understanding of their plans from reading the Plan Summary and the rest of the prospectus.</p>	<p>We have made changes to the Form to eliminate certain of the disclosure requirements to remove duplicative disclosure where appropriate, and to simplify the presentation of information.</p> <p>We believe that the Form, with the proposed changes, will ensure that investors have the material information they need to make an informed investment decision.</p>
<p>Level of language</p>		<p>Two commenters stated that the mandated text in the Form may be less accessible to some investors who do not have English or French as a first language or have limited financial literacy.</p>	<p>We note that the Instrument requires that the prospectus (which includes the Plan Summary) be prepared in accordance with plain language principles. We have worked with experts to ensure that the</p>

			<p>prescribed wording used in the Form is written in accordance with plain language principles as well.</p> <p>Please also see our response to the comments received on Item 1.1 of Part A of the Form below.</p>
<p>Prescriptive nature of disclosure in the Form</p>		<p>One commenter supported the move to more prescribed wording in the Form, particularly because it promotes comparability for investors and clarity for issuers.</p> <p>However, other commenters told us that prescriptive wording can create challenges, particularly when plan features or structures do not fit within the prescribed language, or when the language is otherwise not applicable. The commenters suggest permitting greater flexibility and less prescription to permit issuers to more accurately reflect product offerings.</p> <p>Another commenter expressed concern that the standardized and prescriptive nature of the Plan Summary omits important information about the plan. For example, one plan may have a lower sales charge per unit than another, but without knowing the relative unit sizes, it would be difficult to fairly compare costs and charges between plans. It might appear that one plan is costlier than the other, when in fact, the cost relative to the total investment is roughly the</p>	<p>The prescribed wording and mandatory headings are intended to facilitate greater comparability between plans for investors. The instructions to the Form have been revised to make it clearer that modifications can be made where certain disclosure is not applicable or accurate in respect of a particular plan.</p>

		same. They recommended that we include more information about sales charges and unit sizes to allow for more meaningful comparisons between plans.	
General instructions to Form 41-101F3	<i>Instruction (2) – Terms defined in other National Instruments</i>	One commenter suggested deleting the reference to National Instrument 81-105 <i>Mutual Fund Sales Practices</i> (NI 81-105), which is not applicable to scholarship plans.	The reference to NI 81-105 is in respect of terms defined in that national instrument that are used in the Form, and is intended only to ensure consistent interpretation.
	<i>Instruction (4) – Use of terms common in the industry</i>	One commenter suggested deleting references to “child” or “your child” and instead use the defined term “beneficiary” consistently throughout the Form.	We have avoided technical terms where possible in the Plan Summary and think that the use of “child” is appropriate and meaningful for investors in that document. However, we have amended the disclosure requirements in the rest of the Form to use the term “beneficiary” as that term is defined in Part B of the Form.
	<i>Instruction (6) – Use of prescribed headings and sub-headings in the prospectus</i>	One commenter asked for greater flexibility to use their terms for headings and subheadings.	The use of prescribed headings and sub-heading fosters greater comparability between prospectuses for scholarship plans. We have added a general instruction to the Form to clarify that modification of the prescribed disclosure (including prescribed headings and subheadings) is permitted if the prescribed disclosure is

			inapplicable or inaccurate in respect of a plan. We believe this provides sufficient flexibility for scholarship plans.
	<i>Instruction (8) and (9) - Use of photographs and artwork and other design elements</i>	One commenter told us that photographs could brighten up the prospectus and make it more attractive for a subscriber, who may be more inclined to read it.	The general instructions to the Form support the use of photographs, artwork and other design elements as long as they are relevant and do not detract from the substance of the disclosure in the prospectus.
	<i>Instruction (12) – Use of past performance data</i>	We were told that scholarship plans are similar to insurance products and accordingly, should be permitted to provide projections of future values of a plan, based on reasonable and documented assumptions. The commenter said that this would give subscribers an idea of the amounts that could be generated by their plans.	We do not propose to permit scholarship plans to include projections of future plan benefits in the prospectus. We do not believe this is appropriate disclosure for a prospectus. We note that no investment fund is currently permitted to provide projections of future value in its prospectus.
	<i>Instruction (23)(a) – Use of separate Part A for each Plan offered</i>	An investor advocate commenter agreed with the CSA’s proposal that the Plan Summary be bound separately from the prospectus, stating that a short document is more likely to be read by investors. However, another commenter told us that because many plans allow subscribers to transfer to a different type of plan under certain conditions, it may be appropriate to permit a Plan Summary to be bound with other Plan Summaries.	The Instrument permits different Plan Summaries to be bound together for delivery and requires that Plan Summaries be bound separately from the rest of the prospectus. We are not proposing to change the requirement to prepare one Plan Summary for each plan, as we do not believe that one Plan Summary for multiple plans is

		Another commenter suggested that a combined Plan Summary for multiple plans should be permitted, especially when the information is similar.	consistent with the goals of this document.
	<i>Additional instruction regarding flexibility in disclosure where the mandatory wording is not appropriate</i>	Two commenters requested that a general instruction be added, explicitly acknowledging that certain mandated disclosure does not have to be included where the plan provider is of the view that it does not apply or is not relevant to the specific plan. They also suggested revising the instruction to allow plans to modify the disclosure to accommodate unique features of the plans.	We agree and have added such a general instruction to the Form, as noted above.
Comments on Part A – Plan Summary			
General comments	<i>No reference to SIN requirement</i>	One commenter suggested including a reference to the requirement to have a SIN for the beneficiary in order for the plan to be registered as an RESP.	We agree and have amended the Form to include this in the Plan Summary.
	<i>No cover page</i>	An investor advocate commenter recommended that we not require or allow a cover page on the Plan Summary. They told us that this would allow the information to be prominently displayed without the investor having to open the document.	The Form does not presently permit a cover page for the Plan Summary.
	<i>Order of topics in the Plan Summary</i>	One commenter told us it would be more logical to explain what a group scholarship plan is before giving information about how to cancel a	The Plan Summary, though similar in concept to the Fund Facts for mutual funds, was

		<p>plan in the Plan Summary. The commenter said that the disclosure, as presented, implies that the most important information about group plans for a subscriber is knowing how to cancel one.</p> <p>Another commenter suggested reorganizing the Plan Summary to more clearly lay out information critical for investors, similar to the Fund Facts, including a “Quick Facts” section, a list of top investments and investment mix, a clear statement of past performance and a clear statement of risk. The commenter noted that much of this information is already in the document, but is either less specific than the Fund Facts or is collectively found in different parts of the document. The commenter also suggested that we use a similar level of language as in the Fund Facts for mutual funds document.</p>	<p>never intended to be a copy of that document.</p> <p>Instead, the Plan Summary is designed to focus on those items that we understand to be of greater importance to investors in scholarship plans, such as the various rules for contributing to or receiving payments from a plan.</p> <p>Please also see our response to the comments received on Item 1.1 of Part A of the Form below.</p>
	<p><i>Disclosure of financial performance in the Plan Summary</i></p>	<p>The same commenter also recommended including in the Plan Summary additional information about the financial performance of the plan, current up to the most recent year or quarter so that the quantitative aspects of the plan are described.</p> <p>The commenter noted that this information should include historical financial results for investors who:</p> <ul style="list-style-type: none"> • withdraw early (less than 20% of the time to maturity), • withdraw late (at 80% of the time to maturity) 	<p>We do not propose to make this change. The goal in designing the Plan Summary was to keep the disclosure in a format that is easier for investors to understand and to keep the document short. We are concerned that including these tables would not further this goal.</p>

		<ul style="list-style-type: none"> stay to maturity, but whose beneficiary (a) does not attend a qualifying school or program at all, (b) drops out after one year, and (c) completes four years of a qualifying school or program. 	
	<i>Disclosure of Alternative investments</i>	An investor advocate suggested that we consider mandating disclosure regarding alternatives to scholarship plans in the Plan Summary. This discussion would recommend that investors discuss the plan with their banker, accountant, lawyer or other advisor, and would include a discussion of the option to set up an individual RESP through any bank, broker or financial institution.	We do not propose to make this change. We do not think it is appropriate to require a scholarship plan provider to include specific disclosure about other investment products in its prospectus.
Item 1.1 Reading level			
	<i>Flesch-Kincaid level</i>	<p>Three commenters told us that while they are supportive of plain language disclosure, they believe it may be difficult to deliver the required information in the plan summary at a grade 6 reading level.</p> <p>Two of these commenters added that, to their knowledge, there is no French language equivalent of the Flesch-Kincaid scale. They suggested that the requirement be amended to require plain language in a format that assists readability and comprehension.</p>	Although we remain confident that the Plan Summary can be delivered at a grade 6.0 reading level on the Flesch-Kincaid scale, we accept that there is no French language equivalent and have decided to no longer mandate the use of Flesch-Kincaid in the Form, consistent with the approach for the Fund Facts document for mutual funds. However, we have maintained the requirement in the Instrument that the prospectus, including the Plan Summary be prepared using

			plain language. We are also proposing to include guidance in Companion Policy NI 41-101CP to indicate that a Plan Summary that is drafted to a grade 6.0 reading level on the Flesch-Kincaid scale will generally be considered to be drafted in plain language. This is similar to the approach taken with the Fund Facts document for mutual funds.
Item 1.2 – Plan Summary			
	<i>Instruction (1) – definition of investment fund manager</i>	One commenter told us this instruction was unnecessary because the term “investment fund manager” is defined.	We agree and have removed this instruction.
Item 1.3 – Contents of a Plan Summary			
	<i>Lack of discussion of product benefits</i>	One commenter told us that the Plan Summary limits an investor’s ability to weigh the costs and risks of a scholarship plan investment against the benefits because the prescribed Form does not include disclosure of key product benefits.	We believe that the Plan Summary includes appropriate disclosure of product benefits, in addition to disclosure of risks and other key information about a plan.
	<i>Use of “substantially the following wording” in Item 1.3</i>	The same commenter remarked that the prescribed wording in the Form will not always be applicable to a product. The commenter sought clarification that the phrase “using substantially the following wording” in the Form is flexible enough to account for this.	As noted above, we have added a new general instruction to the Form to clarify that modification of prescribed wording is permitted where it is inapplicable or inaccurate with respect to a plan.

<p>1.3(2) – Summary Introduction</p>	<p><i>“If you change your mind”</i></p>	<p>One investor advocate commenter remarked that they liked the clear articulation of the right to cancel a plan, as stated in this item.</p> <p>Other commenters told us that they think the Plan Summary should begin on a more positive note and that this section is unduly negative and provocative, particularly wording such as “you will lose your earnings” and “you could end up with much less than what you put in”.</p> <p>One of these commenters noted that this section should be moved to follow “How do I make contributions?”. The commenter also told us that the statement “you will lose your earnings” is not necessarily accurate for all plans, and is not applicable for family and individual plans.</p> <p>We were also asked why this section refers to government grants when the Form later prohibits a discussion of grants within the prospectus. The commenter suggested that the wording should make clear that returns of grants occur with the termination of any RESP.</p>	<p>We do not propose to move this disclosure. We continue to believe it is important for investors to understand their cancellation rights, particularly since the effect of cancelling within 60 days can be very different than cancelling after 60 days, especially in the early years of an investment in a plan.</p> <p>Accordingly, we believe this requires a prominent place in the Plan Summary where it will not be overlooked.</p> <p>We agree and have amended this statement to reflect that the impact is greatest in the early years of a plan, when sales charges are collected.</p> <p>We have made changes to the Form to permit disclosure of specified information regarding government grants (see new Item 6.4 of Part B of the Form).</p>
	<p><i>“You’ll get back your contributions, less sales charges and fees”</i></p>	<p>One commenter recommended using a defined term, such as “principal” instead of referring to “contributions, less sales charges and fees” as a</p>	<p>One of the goals of the prospectus form is to limit the number of defined terms used in</p>

		more clearly understandable term.	the prospectus, to assist readability and understanding. We do not believe including this term will assist readability and understanding and do not propose to make this change.
1.3(3) – What is a scholarship Plan?	<i>Opening paragraph</i>	<p>Three commenters told us that the opening sentence “A scholarship plan is one of many ways to save for a child’s education” seems more educational in nature and suggested modifying it to state that RESPs are designed to help save for education, without any indirect reference to competing products.</p> <p>One of the commenters also suggested amending the second sentence in the first paragraph to read “when you enter into a contract to invest in the [name of Plan], we will take the necessary steps to set up your contract as a registered education savings plan.”, to reflect that the Canada Revenue Agency (CRA) has asked scholarship plans to not promote the plans as “registered” education savings plans without explaining that a subscriber enters into a plan that subsequently is registered.</p>	<p>We have amended the wording to focus on scholarship plans without any indirect reference to other products.</p> <p>We agree and have amended that sentence to more clearly indicate that a plan has to be registered with the government as an RESP.</p>
	<i>Description of EAPs</i>	One commenter indicated that the description of EAPs in this paragraph was incomplete because there is no reference to discretionary top up payments paid by group plans. The commenter said that these top-ups are a fundamental feature of group plans. The commenter suggested revising the wording to include all elements of an	The description of EAPs used in the Plan Summary is consistent with the defined term included in the required glossary in Part B of the Form. In the glossary, EAPs do not include discretionary payments made by

		<p>EAP, including discretionary top-ups.</p> <p>Another commenter suggested changing the wording in this paragraph to more clearly refer to earnings that are derived from contributions made by the subscribers, as earnings on grants can be used by the subscriber as an accumulated income payment (AIP) and therefore are not shared.</p>	<p>group plans.</p> <p>We have modified the wording in this paragraph to more clearly reflect that earnings on contributions are shared within a beneficiary group for EAPs, but that this is not necessarily the case with grant money (including earnings on grants).</p>
	<p><i>Failure to receive EAPs</i></p>	<p>One commenter asked us to also note in this paragraph the opportunities to avoid the outcome of not receiving EAPs.</p> <p>Another commenter told us the paragraph fails to account for the ability to transfer to an individual plan if the circumstances described occur.</p> <p>This commenter also indicated that they found the wording in this paragraph to be unduly negative, remarking that they did not think attrition is being presented in a balanced way. According to this commenter, attrition can be positive for subscribers, noting that in its experience, attrition income can increase the rate of return of a plan by 1.5% to 4%.</p> <p>Other commenters echoed this sentiment, and suggested revising the bolded wording at the end of this paragraph to state that “you <i>will</i> benefit from the earnings of those who left the group early”.</p>	<p>We do not propose to make this change. The purpose of this paragraph is to highlight that there is a risk of not receiving EAPs under the plan. Detailed information on mitigating this risk is required to be presented elsewhere in the prospectus.</p> <p>We have made changes to the prescribed disclosure about attrition to make the disclosure more neutral with respect to attrition, although it continues to highlight that subscribers who stay in a group plan may benefit from attrition while those who leave early will not.</p>

		<p>One commenter suggested that we adopt the term “abandon” in place of “drop out” in reference to leaving or ending a plan. They suggested adding a third bullet point that would read, “or if you do not complete your contribution requirements within the required time before the plan matures”. The commenter also asked us to replace “stay in the plan” in bold in this section with “stay in the plan and meet the contribution requirements of the plan until it matures”.</p>	<p>We have replaced the term “drop out” with “leave”, which we believe to be a more neutral term.</p>
<p><i>1.3(4) - Who is this plan for?</i></p>	<p><i>Mandatory wording in this section</i></p>	<p>Two commenters told us that the mandatory wording in this section does not properly describe who should invest in a plan, nor does it allow for a more complete description of the suitability of the plans.</p> <p>An investor advocate commenter noted that this section should more clearly state that subscribers must be certain that they can meet each of the three points referenced. We were also asked to consider a cross-reference to information on the qualifying schools and programs in the prospectus and to provide a brief explanation of the types of programs that do not qualify for EAPs.</p>	<p>We are of the view that the prescribed wording clearly and succinctly describes the key characteristics of an investor for whom a group scholarship plan is suitable for. We note that this is intended to be a summary document, and therefore the information will not be as detailed as in the rest of the prospectus.</p> <p>We do not propose to make this change. We do not believe that any investor, at the time of purchase can be absolutely certain that they can meet the factors listed, and therefore have amended the prior wording to state that investors must be “fairly sure” instead.</p>

			We also note that the Plan Summary encourages investors to read the rest of the prospectus for more details about plan suitability.
	<i>“This is a long term investment plan”</i>	Two commenters noted that the expression “long-term investment” is not necessarily correct in all cases, as some plans can be open for as little as 4 or 5 years. Accordingly, they recommended removing the term.	We agree with this comment and have changed the wording in that part from “long-term investment plan” to “long-term commitment”. We think this better reflects the nature of the investment by the investor.
	<i>Description of investors who are suitable for group plans</i>	<p>One commenter noted that the reference to making scheduled contributions “on time” in the first bullet was redundant and suggested deleting it.</p> <p>Two other commenters noted that the mandatory wording in the first bullet does not accurately reflect flexibility in some plans.</p> <p>One of these commenters also told us that the second bullet in this item simply repeats the first bullet.</p> <p>Two commenters said that the reference in the third bullet to beneficiaries who “will attend a qualifying school and program” could be misleading since this can’t be known for certain in advance. They suggested modifying the third bullet to refer to someone who is planning to save for their child’s post-secondary education or</p>	<p>We have amended the wording in this section to remove redundant language and to better reflect that investors cannot always be certain that they will always be able to meet the terms of the plan or that they will necessarily know the future education plans of their proposed beneficiary.</p> <p>We also note that the Form will permit plan providers some flexibility with the prescribed wording where it is necessary to make the disclosure accurate or factually correct in their particular case.</p>

		who is planning for their child to attend a qualifying post-secondary program.	
<i>Item 1.3(5) – What does the Plan invest in?</i>	<i>Investments in equities</i>	One commenter (which currently invests in equities) told us that the mandatory wording should include a reference to the portion of income from deposits that it can invest in equities.	We understand that there may be differences in this regard and note that the general instructions have been revised to permit modification of prescribed wording, where it is not applicable or accurate in respect of a plan.
	<i>Description of risk</i>	<p>One commenter told us that the reference to a plan’s investments having “some risk” was misleading and should be deleted since no context can be provided. The commenter remarked that scholarship plans have less inherent investment risk than equity mutual funds and it was misleading to suggest that plans have risk “like other investments” without further explanation.</p> <p>This was echoed by another commenter who told us that there is little investment risk in the plans.</p> <p>Another commenter suggested adding a scale of investment risk similar to that proposed for the Fund Facts document for mutual funds under National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i> (NI 81-101). Alternatively, the commenter suggested modifying the statement to say that investment risk is low.</p>	<p>The statement was only intended to convey that the portfolio of a scholarship is not without investment risk, even if that risk is relatively low. It was not intended as a statement comparing investment risk with other types of investments. We have amended the wording to make this clearer.</p> <p>We think that the investment risk section as amended is appropriate for scholarship plans.</p>

1.3(6) – How do I make contributions?	<i>Flexible wording</i>	One commenter asked us to allow plans to adjust the wording according to specific internal policies.	The general instructions to the Form allow for some modification to prescribed wording where it is necessary to make the wording accurate or factually correct in a particular case.
	<i>“You sign up for units”</i>	An investor advocate commenter remarked that they do not consider the phrase “you sign up for one or more units of the plan” to be accurate. Instead, they suggested that the sentence state that a subscriber purchases units that represent their share of the plan.	We have also amended the prescribed wording to better explain how the investment in a scholarship plan is paid for.
	<i>Use of the term “payments”</i>	We were asked by a commenter to clarify that contributions are not “payments”, but rather “contributions” to an investment savings plan.	The use of the term “payments” reflects that an investor is purchasing their units (or the entitlements that the units represent) in a scholarship plan, and that this purchase is paid for by a subscriber’s contributions to the plan.
	<i>Changes to contribution schedules</i>	<p>One investor advocate commenter recommended disclosing in this item any fees that apply to changing the amount of a contribution.</p> <p>Another commenter asked us to change the instruction in this section to take into account group plans that do not charge a fee for changing the contribution schedule.</p>	We have also amended the item to require a statement that changes to contribution schedules will incur a fee, when applicable. If no fee is incurred, then this additional statement will not be required.
1.3(7) – How do the payments work?	<i>Section title</i>	One commenter suggested amending the title of this section to more clearly reflect that the payments are for a student’s education.	We do not propose to make this change. We believe that the purpose of the payments from a scholarship plan is clear.

	<i>Inclusion of additional information</i>	<p>This commenter also suggested clarifying that:</p> <ul style="list-style-type: none"> • there is a prescribed method for how and when EAPs are made, • beneficiaries cannot be changed after EAPs begin, and • the plan decides the precise amount the beneficiary will receive. <p>Another commenter noted that the payment dates and number of EAPs paid varies depending on the plan and the foundation.</p>	<p>We note that these matters are addressed under the “What are the risks?” section of the Plan Summary, so we have not referred to them in this Item.</p> <p>We agree and note that the general instructions to the Form have been amended to permit modification to prescribed wording that is inaccurate or inapplicable to a particular plan.</p>
	<i>Taxation of payments made by the plan</i>	<p>One commenter told us that the information about taxes is incomplete and suggested adding a section on taxation in the Plan Summary.</p> <p>Another commenter suggested modifying the wording regarding the tax treatment of contributions to clarify that contributions returned on plan maturity are not taxed <i>when withdrawn</i> from the plan.</p> <p>An investor advocate commenter remarked that we should delete the reference to taxes altogether, since for many students EAPs will represent taxable marginal income.</p>	<p>We recognize that the Plan Summary does not have a complete description of tax issues concerning a plan. We made the decision to limit discussion of tax issues in the Plan Summary to focus on the information most directly relevant to a potential investor, in recognition of the summary nature of the document. We note that Part B of the prospectus will contain more detailed tax disclosure.</p>
1.3(8) – What are the risks?	<i>Description of plan risks</i>	<p>A few commenters told us that they considered the wording in this section to be overly dire and overstate the risks. In addition, we were told that many of the statements in this section are</p>	<p>We continue to believe that the disclosure of key plan risks is important information for investors and have not removed</p>

		<p>misleading, inaccurate or inappropriate for a prospectus, and we were asked to amend the wording to be more accurate and balanced.</p> <p>For example, we were asked to delete the statement “Your child’s education could be affected” in the first paragraph as it was viewed as unduly negative and inflammatory.</p> <p>We were also asked to adopt the term “abandon” instead of “drop out” in the mandatory wording.</p> <p>Two commenters remarked that any discussion of risk should include wording about the options available to mitigate the risk.</p>	<p>this from the Plan Summary. However, we have amended the disclosure in this part to make the wording more neutral where appropriate. We have also included wording that informs investors that certain risks can be mitigated. We also note that Parts B and C of the prospectus will allow disclosure of more details about how to mitigate certain plan risks.</p>
	<p><i>1. You drop out of the plan before the maturity date</i></p>	<p>One commenter asked us to delete the sentence that reads “Most often, it’s because their financial situation changes due to job loss, divorce or other life events”. Plan providers do not feel comfortable stating this as fact when they have no qualitative data to support it.</p> <p>The commenter also asked that we amend the portion of the statement that reads that after 60 days, “...you’ll lose all or part of your contributions due to...” because it is unduly inflammatory and there is no opportunity to provide an explanation.</p>	<p>We agree and have amended the wording to be more general.</p> <p>We have amended the wording to state that cancellations after 60 days will result in the loss of some of the contributions made.</p>
	<p><i>2. You miss a contribution</i></p>	<p>We were asked to remove the sentence that reads “This can be costly.” at the end of this paragraph because it is unnecessarily negative.</p>	<p>We do not propose to make this change. The sentence refers to the cost to the investor for</p>

			making up missed contributions (and investment earnings that would have been earned) in a lump sum amount and we believe the sentence is accurate in this context.
	<i>4. Your child doesn't go to a qualifying school or program</i>	One commenter remarked that the references to the ability to transfer to another RESP in this section are unclear and seem to refer to competitor products.	The purpose of this sentence is to reflect options that may be available to a subscriber. The reference to a different RESP is general in nature and includes transfers to other plans by that provider, as well as products offered by third parties.
	<i>5. Your child doesn't complete the program</i>	<p>One commenter told us that they believe that the statement “Your child may lose some or all of their EAPs if they take time off from their studies” is not accurate, as all scholarship plans include provisions to accommodate time off from studies. Accordingly, they suggested deleting this statement or allowing additional explanation.</p> <p>The same commenter added that the sentence “Deferrals are at our discretion.” will be inaccurate for some plans and told us that plans should be allowed to describe their features accurately.</p>	<p>We do not propose to delete this statement. We chose wording that was not definitive to make it clear that there are ways to mitigate this risk and indicate the option of deferring receipt of an EAP is available.</p> <p>We also note that the amended general instructions permit modification to the prescribed wording if it is not applicable or accurate in respect of a plan.</p>
	<i>Additional risk disclosure</i>	<p>Investor advocate commenters requested that additional risks be added to this section.</p> <p>One suggested that the description of plan risks should include “fee risk” – the risk that</p>	We do not propose to make this change. The intent of the Plan Summary is to focus on the key risks associated with an investment in scholarship plans.

		<p>management fees and operating expenses could increase during the period a subscriber is invested in the plan.</p> <p>Another suggested adding the risk that the plan is not guaranteed or insured by any government insurer, including the Canada Deposit Insurance Corporation.</p>	<p>We agree and have added wording at the end of the plan summary under the heading “Are there any guarantees?” to reflect this.</p>
1.3(9) – Drop-out rate	<i>Name of heading</i>	<p>Three commenters suggested changing the title of this heading from “Drop-out rate” to “Cancellations” or “Cancellation Rate”.</p> <p>Another commenter suggested changing the title to “Abandonment Rate” and defining it to distinguish between the periods when contributions are made and after they are completed.</p>	<p>We agree and have changed the name of the sidebar to “Plans that did not reach maturity”, to reflect the nature of the information disclosed in this sidebar. Please also see our response below on the methodology for calculation the average percentage of plans that did not reach maturity.</p>
	<i>Methodology for calculating and disclosing drop-out rate</i>	<p>Two commenters remarked that there does not appear to be any instructions or methodology to assist in completing the data necessary in this item, which will hurt comparability.</p>	<p>We have provided instructions at (what is now) Item 8(2) for how to calculate the percentage of plans (averaged over five maturity dates) that did not reach maturity.</p> <p>We believe that this measure of “non-maturity” is more easily determined as it would simply require a group scholarship plan to determine the total number of plans that joined a beneficiary group, but did not reach</p>

		<p>Two commenters recommended that the calculations exclude plans cancelled during the 60-day cooling off period.</p> <p>One of these commenters told us a more meaningful measure would be number of units cancelled (instead of plans) as this has a more direct impact on future EAP values. The commenter also suggested excluding plans where the subscriber elected to transfer to another plan with the same issuer.</p> <p>Another commenter recommended using this item to disclose the average percentage of subscribers who have left the plan each year and the typical length of an investment.</p>	<p>maturity on the date of maturity that beneficiary group. We believe that this information will give investors an indication of the proportion of plans that failed to mature at the maturity date, based on data from the most recent five beneficiary groups to have reached maturity.</p> <p>The instructions clarify that plans cancelled during the 60 day cooling off period are not to be included in this calculation.</p> <p>We believe that cancelled plans is the more meaningful measure as it better reflects the actual experience of individual subscribers in a plan, which we believe will have more relevance to investors.</p> <p>We initially considered this, but on further reflection determined that such a calculation would involve assumptions that may not be the same for all issuers. Instead, we have proposed the disclosure of an average rate of plans that did not reach maturity to reflect the actual experience</p>
--	--	--	---

		<p>Two commenters remarked that the Form appears to require a projection of future cancellation rates based on historical numbers, which is not something they think is appropriate, especially given the liability attached to the document.</p> <p>One of the commenters said that historical information will be skewed because group plans that have been operating more than 10 years have more restrictive rules. The commenter recommended that further explanation be permitted and that historical information only be presented for one year.</p> <p>An investor advocate commenter told us that the disclosure was an excellent contribution to investor understanding and suggested requiring the amount to be expressed as a ratio (i.e. “1 in 20”), as well as a percentage.</p>	<p>of subscribers whose investment period will have passed their chosen maturity date and will not involve the use of assumptions.</p> <p>We have removed the requirement to make future projections of plan cancellations in this Item.</p> <p>We have changed the time frame for the calculations to the last five beneficiary groups to have reached maturity, as this will be recent enough to better reflect the more current policies of most plan providers.</p> <p>We appreciate the support. However, we are not proposing to require that these amounts be expressed as ratios, as well as a percentage. We believe that expressing these amounts as a percentage will be sufficiently clear for investors, especially</p>
--	--	--	--

			since percentages may not always be easily expressed as ratios.
1.3(10) – Lost EAPs		One commenter asked us to confirm that the information in this section is intended to reflect plans that have matured and have no opportunity for additional EAPs, or situations where a beneficiary has collected all EAPs to which they are entitled.	We have removed this Item as we are of the view that the information regarding the number of payments of EAPs to the five most recent beneficiary groups required to be provided in Item 22 of Part C of the Form sufficiently illustrates that some beneficiaries do not collect all EAPs.
1.3(11) - How much does it cost?	<i>Location of information</i>	An investor advocate commenter told us that they think this section should be much more prominently displayed in the Plan Summary, perhaps immediately after the section “Who is this plan for?”.	We do not propose to make this change. We think that providing information on how a plan works before providing fee information gives the necessary context for investors.
	<i>Description of fees</i>	The same commenter remarked that the disclosure in this section should be more fulsome and should use the same wording as the disclosure in the section titled “ongoing plan fees”. The commenter also asked that fees be expressed as both a dollar amount and a percentage. Two commenters suggested that plans be granted the flexibility to use their current terminology to	The requirement in this Item is to disclose the most relevant fees associated with the plans. In some cases, it would not be practical to mandate that certain fees be expressed as both a percentage and dollar amount, and therefore we have not required this. We have required that fees be disclosed in the manner in

		<p>explain fees, provided that what the fees cover are adequately described.</p>	<p>which they are charged (i.e. a dollar amount or a percentage) with a clear explanation of what the fee is intended for. The general instructions to the Form allow some flexibility for plans to amend the prescribed wording where appropriate.</p>
	<p><i>Fees deducted from your contributions</i></p>	<p>One commenter suggested renaming “sales charge” to “enrolment fee” in this table, as the fee covers distribution costs, not just the sales transaction. The commenter also noted that the fee for its plans covers more than the commission for sales representatives, as stated in the table. A portion of the fee may also be set aside for paying enrolment fee refunds, and the commenter suggested allowing the description of the fee to be modified to reflect this.</p> <p>The same commenter also suggested changing “Processing fee” to “Account Maintenance Fee” to more accurately reflect what it covers.</p> <p>Another commenter asked that we allow disclosure in the Plan Summary that membership fees are refunded to subscribers at maturity, where applicable.</p>	<p>We have chosen the term “sales charge” to reflect that the charge is assessed at the point of sale. The description under “What this fee is for” may reflect that it is also used for paying distribution costs.</p> <p>We have not made this change, as we continue to be of the view that the term “processing fee” generally reflects the nature of this charge.</p> <p>We do not propose to allow this. The disclosure in this Item is only intended to reflect fees applicable to an investment in a plan. We note that the body of the prospectus permits disclosure about sales charge</p>

			and other applicable fee rebates.
	<i>Ongoing plan fees</i>	<p>One commenter noted that it has changed to an all-inclusive fee, which represents all the fees referred to in the “ongoing plan fees” section. The commenter asked that the item be modified to allow for this.</p> <p>The same commenter told us that the fees in this section can only be meaningfully expressed as a percentage and also remarked that the Form should indicate that fees are subject to GST/HST.</p> <p>Another commenter remarked that the introductory wording to “Ongoing plan fees” seems to suggest that the concept of fees reducing returns is unique to scholarship plans.</p>	<p>The general instructions to the Form permit some flexibility in the disclosure requirements of this section to account for the particulars of a specific plan.</p> <p>The instructions to this Item specifically permit the fees to be stated based on how they are paid (i.e. percentage of assets or dollar amount). The instructions will also permit wording stating that taxes may be payable on the fee(s), where applicable.</p> <p>It is common practice in the investment fund industry to refer to fees reducing returns. There is no suggestion that this is unique to scholarship plans. We note that a similar statement is made in the Fund Facts document for mutual funds.</p>
	<i>Impact of ongoing plan fees on a subscriber’s investments</i>	<p>Two commenters expressed concerns with the requirement to provide a calculation of how the fees would impact a subscriber’s investment in a particular year. They asked us to clarify how this should be calculated.</p> <p>One of the commenters noted that similar</p>	<p>We have removed this requirement.</p>

		disclosure is not required of mutual funds.	
1.3(12) – Are there any guarantees?	<i>Mandatory wording</i>	<p>Two commenters told us they felt the first sentence in this section was unduly negative and inflammatory).</p> <p>However, an investor advocate commenter suggested amending the wording to read, “There are no guarantees that your child will ever receive any payments from this plan, or the amount of any payment contributed”.</p> <p>To make the wording less inflammatory, one commenter suggested adding the following to provide some context:</p> <p>“We describe the requirements that must be met before your beneficiary will receive EAPs in the prospectus. The amount of the EAPs will depend on many factors described in detail on Page X. We do not guarantee the amount of any payment or that the amount will cover the full cost of your beneficiary’s post-secondary education.”</p> <p>Another commenter told us that it should be made clear in this item that principal contributions are guaranteed.</p>	<p>We do not propose to change this statement. The statement has been included to convey that a scholarship plan investment does not come with any guarantees of investment return. We do not believe that the wording is unduly negative and we note that similar disclosure is currently found in a number of scholarship plan prospectuses.</p>
1.3(13) – For more information	<i>Allow flexibility over primary contact name</i>	<p>One commenter suggested changing the wording to say “[insert name of firm here]” instead of “[insert name of dealer here]” as the dealer or Foundation will not necessarily be the appropriate contact name in all cases.</p>	<p>This Item largely adopts wording used in the Fund Facts document for mutual funds. The dealer representative is the point of contact with the</p>

			subscriber for their investment in a plan, so it is appropriate that the dealer be the first point of contact for additional information or questions about the plans. We note that the dealers for all scholarship plans are all related to the plan providers whose plans they sell, so we do not anticipate any confusion in the industry on this point.
	<i>Complaint resolution contacts</i>	Two investor advocate commenters suggested adding information about complaint resolution to this section, including information on who consumers should contact if they have complaints about their investment.	The wording of this requirement contemplates disclosing the appropriate contacts at the plans for investors if they have complaints. The requirement is similar to that in the Fund Facts document for mutual funds.
<i>Comments on Part B – General Disclosure</i>			
General comments	<i>Duplication with Part C</i>	Two commenters told us that a number of the Items in Part B duplicate disclosure required in Part C. They suggested removing all of the Items from Part B except: <ul style="list-style-type: none"> • Item 5 to Item 8, • Item 9.1, • Item 10 to Item 12, • Item 13(3), Item 13(4), and Item 13(5) (modified to specifically discuss government grants), and • Item 19 to Item 21. 	We have revised the Form to eliminate many duplicative disclosure requirements between Parts B and C of the Form such that Part B is focused on disclosure common to the plans distributed under the prospectus, and Part C is focused on the disclosure specific to a particular Plan, as contemplated by the overall scheme of structuring the

			<p>prospectus into four parts. However, where necessary to achieve clearer and more user-friendly disclosure, we have required that certain information be disclosed in both Parts B and C.</p> <p>Because there is now little duplication between Parts B and C, we have also amended the Instrument to specify that like Part A, the rest of the Form may contain only the information required by the Form.</p>
	<i>Disclosure about maturity of group plans</i>	One commenter remarked that Parts B and C have no disclosure about maturity of group plans. The commenter felt that this is an important stage in a group plan's lifecycle and should be included in the prospectus.	We have made the suggested change and amended the Form so that the concept of plan maturity will now be briefly described in Part B as part of the overview of a scholarship plan's lifecycle in Item 6 of that Part. As well, Part C of the Form will have a separate section, Item 18, discussing plan maturity in greater detail.
Item 1 – Cover page disclosure			
Item 1.3 Basic disclosure about the distribution	<i>Description of securities offered</i>	Three commenters asked us to remove references to 'options and warrants' in the mandated wording in this section, as scholarship plans do not issue these	We have removed the reference to options and warrants in this Item.

		securities.	
Item 2 – Inside cover page			
Item 2.2 – No Social Insurance Number warning	<i>Required heading title</i>	One commenter told us the heading required under this item “No social insurance number=no grants, no tax benefits” was unduly negative and suggested using a different heading such as “why is a SIN important?”	We have not changed the required heading of this Item. The purpose of the heading is to clearly highlight the importance of having a SIN for the purposes of a scholarship plan investment, since many of the benefits of an investment in a scholarship plan flow from its registration as an RESP. We believe the heading will draw a reader’s attention to this important information, and do not believe it is unduly negative.
	<i>Changes to mandatory wording in this section</i>	<p>One commenter suggested that the first sentence of the second paragraph should make specific reference to the beneficiary, i.e. “if you don’t provide the social insurance numbers <i>for the beneficiary</i> when you enrol...”</p> <p>Another commenter suggested making the wording in the second paragraph more flexible. The wording suggests that subscribers will pay income tax on contributions deposited in an unregistered education savings account, which is not always the case. The commenter remarked that the wording in the fourth paragraph of</p>	<p>We have not made this change as the first sentence in the first paragraph makes it clear that social insurance numbers are needed for the subscriber and the beneficiary named under the plan.</p> <p>We continue to be of the view that the prescribed wording is generally applicable to scholarship plans which require social insurance numbers of the subscriber and beneficiary in order to register a plan. If a subscriber is able to sign up for</p>

		<p>this item is misleading. The wording about receiving less than you put in if a plan is cancelled as a result of failing to provide a SIN implies that the SIN requirement is a requirement of the plan, when it is a government requirement for RESPs.</p>	<p>a plan notwithstanding the absence of social insurance numbers, we note that the general instructions have been amended to permit modification to the prescribed wording if it is not applicable or accurate in respect of a plan.</p> <p>We note that the prescribed wording does not state that a subscriber will pay income tax on contributions deposited in an unregistered education savings account. Rather, the prescribed wording states that subscribers will be taxed on any income earned in an unregistered education savings account.</p> <p>We do not propose to amend the last paragraph. While a SIN is a requirement to register a plan as an RESP, we also know under a plan's rules, a subscriber's plan will be cancelled if a SIN is not provided within a specified period of time. Therefore, we continue to believe that the prescribed wording is not misleading.</p>
--	--	---	--

		<p>Finally, the commenter also suggested rephrasing the last paragraph of this item to convey a positive message that subscribers continue with enrolment and then contact the plan provider once SINs are available.</p>	<p>We do not propose to make this change. We continue to believe that the wording is neutral as it simply states that if a potential investor does not believe that they can provide SINs within the necessary time frame, then they shouldn't invest in the plan.</p>
<p>Item 2.3 – Speculative investment</p>	<p><i>Item 2.3(1) – Payments not guaranteed</i></p>	<p>A number of commenters told us that the required disclosure in this Item was unduly negative.</p> <p>One commenter proposed revising the first sentence of the prescribed disclosure to specifically state that it refers to EAPs and not to “any payments under the plan”.</p> <p>Three of these commenters suggested changing the title of the subheading to something like “payments under the plan” and amend the disclosure to state that if all plan requirements are met, a subscriber will be eligible for a return of principal, and that to qualify for payments under the plan, the beneficiary must meet the requirements as described in the prospectus.</p>	<p>We have amended the prescribed wording to specifically reference “educational assistance payments” and have revised the wording under the sub-heading “Payments from group plans depend on several factors” to simplify the disclosure.</p> <p>We believe that general disclosure that a plan will return contributions and make EAPs if the terms of the plan are met should not be located in the inside cover page, as the disclosure required in this Item would be. Instead, we propose such disclosure be made in (now) Item 5.2 of Part B under the heading “What is a scholarship plan?”</p>

		<p>The commenters also suggested adding a reference in the item to a calculator to anticipate the cost of post-secondary education, and a statement that the amount of payment cannot be predicted in advance, nor whether it will be sufficient to cover the cost of a beneficiary's post-secondary education.</p>	<p>We note that the wording also clearly addresses that there is no guarantee that payments received from the plan will be sufficient to cover the cost of a beneficiary's post-secondary education.</p>
	<p><i>Item 2.3(2) – Payments from group plans depend on several factors</i></p>	<p>One commenter suggested clarifying that “payments” means EAPs. The commenter added it would be accurate to refer to “percentage” of beneficiaries who qualify for payments rather than “number”.</p> <p>Another commenter suggested that this section should simply make a clear reference to attrition, a defined term in the prospectus, rather than the vague reference to the “number of beneficiaries who do not qualify for payments”.</p>	<p>We have made the suggested change from “payments” to “EAPs”. We believe that the reference to “number of beneficiaries” is also accurate.</p> <p>We do not propose to make references to attrition in the inside cover page. We continue to believe that the wording we have chosen is easier for investors to understand in the early pages of the prospectus, where general information about the scholarship plan(s) offered under the prospectus is provided. We also note that the concept of attrition is not discussed until later in the Form and believe it appropriate not to introduce the term earlier in the document, as it may be confusing for investors.</p>

	<p><i>Item 2.3(3) – Discretionary payments are not guaranteed</i></p>	<p>One commenter told us that the first sentence in this section is overly aggressive and should be removed or modified. The commenter suggested that references to receiving less than has been paid in the past should be more balanced and say “more or less” than in the past.</p> <p>Another commenter suggested including in this section disclosure about the source of funds for discretionary payments and historical information about previous discretionary payments, to provide context to investors.</p> <p>Another commenter thinks that discretionary top-up payments (which its plans do not make) should not be allowed. The commenter said that all revenues should be paid to the cohorts and any such distribution must be made by a process validated by an independent actuary. The commenter believes that discretionary payments lead to confusion and could cause subscribers to have unrealistic expectations.</p>	<p>We do not propose to make these changes as we believe the warning is necessary. We note that this warning statement is already provided in the prospectuses of scholarship plans that make discretionary payments. In addition, a more detailed discussion of the sources of discretionary payments is required under Item 21 of Part C.</p> <p>These matters are beyond the scope of this project.</p>
	<p><i>Item 2.3(4) – Understand the risks</i></p>	<p>Three commenters told us that the mandatory disclosure in this item was unduly negative and omits certain important information.</p> <p>Two of these commenters suggested modifying the disclosure to say something to</p>	<p>We continue to believe that the wording in this Item is accurate and is not unduly negative. We also note that the prospectus will allow for greater detail on how the plan(s) work, including</p>

		<p>the effect that “if you cancel your plan and withdraw contributions early, you will be eligible for a refund of principal only. You will lose earnings on your principal and the government grants will be returned to the government. You may be eligible to receive earnings on grants provided certain criteria are met. If your beneficiary does not meet the terms of the plan, the beneficiary may not be eligible to receive some or all of the payments from the plan.”</p> <p>The third commenter told us it was inappropriate to refer to early withdrawals as a “risk” since it is not inherent to the product, but rather a consequence of a subscriber’s decision-making.</p>	<p>necessary terms and conditions, as well as the impact of not meeting those terms and conditions.</p> <p>We do not believe it is inappropriate to use the word “risk” in this context and do not propose to make this change.</p>
<p><i>Item 2.4 – Sixty day withdrawal right</i></p>	<p><i>Impact of cancelling a plan after 60 days</i></p>	<p>Two commenters remarked that it was important to include information in this item about what will happen to earnings on grant money.</p> <p>One commenter added that the disclosure in this item was alarmist and misleading.</p> <p>Another commenter told us that the statement that “you will lose your earnings” in this item may not necessarily apply in cases where the subscriber may have the option of transferring to a different plan by the same provider, such as a family or individual plan. The commenter also felt that the reference to</p>	<p>We have revised this paragraph so that it contains the same language used in the Plan Summary concerning cancellations before and after 60 days.</p> <p>The purpose of the prescribed statement is to highlight the difference between cancelling a plan within 60 days and cancelling after 60 days, and mainly to emphasize that after 60 days, a subscriber will not</p>

		<p>grants is not consistent with Instruction (3) of Item 13.1, which indicates that references to grants should not be included in the prospectus.</p> <p>Another commenter told us that it was not clear what we meant by “fees” in the second paragraph. The commenter also told us it was inappropriate to say that a subscriber will lose their earnings because as soon as a subscriber enters into a scholarship plan contract, they have already agreed to sacrifice their earnings for the benefit of the beneficiary.</p>	<p>receive all that they contributed to the plan.</p> <p>We note that the prospectus will allow for greater detail about what happens to all of the money in a plan in the event of cancellation.</p> <p>We are satisfied that the meaning of “fees” is sufficiently clear.</p> <p>The reference to “losing earnings” refers to earnings on the contributions made by the subscriber in the event the plan is cancelled, which includes earnings that would otherwise have been payable to a beneficiary on plan maturity.</p>
Item 4 - Introduction			
Item 4.1 – Documents incorporated by reference	<i>Item 4.1(1) - Introduction</i>	<p>Two commenters suggested that the mandatory disclosure about documents incorporated by reference be part of the inside cover disclosure in Item 2.</p>	<p>We do not propose to add to the disclosure on the inside cover page. We continue to believe that listing the documents incorporated by reference in the introduction section of the prospectus alerts investors to the possibility of obtaining additional information by contacting the investment fund manager.</p>

		<p>One commenter suggested that the introductory disclosure include references to the benefits of scholarship plans.</p>	<p>We do not propose to make this change. The Form contains Items for a scholarship plan to discuss its features.</p>
<p>Item 4.2 – Terms used in the prospectus</p>	<p><i>Item 4.2(1) – Terms used in the prospectus</i></p>	<p>Two commenters told us that they consider this item to be too prescriptive. They expressed a concern that the use of mandatory definitions could restrict their ability to change termination circumstances or accommodate changes to government regulation. They also said that some of the prescribed definitions are not accurate or include extraneous or subjective information not necessary for the definition.</p> <p>Another commenter told us that the defined terms must correspond to the specific features of each plan, and a plan should not have to include defined terms that are not applicable to the plan.</p> <p>Two of the commenters also suggested adding a new defined term “principal”, which is a commonly understood term by subscribers.</p>	<p>The intent of the glossary is to develop common terminology to foster greater comparability between scholarship plans for investors. The proposed glossary is limited to concepts that are commonly used in the industry and we note that it will be much shorter than glossaries most scholarship plan prospectuses currently provide. In accordance with the general instructions to the Form, plans may omit defined terms that are not applicable to the plans described in the prospectus.</p> <p>We do not propose to include a new defined term “principal”. We think it adds unnecessary complexity for investors to have two defined terms that refer to what is essentially the same amount. Adding a defined term for “principal” would not be consistent with our goals for the glossary.</p>

		<p>The other commenter made the following suggestions for the glossary:</p> <ul style="list-style-type: none"> • the fact that a maturity date can be changed should be reflected, • the definition of grants should include grants made by provincial governments, and • attrition should be defined as a redistribution of earnings generated by savings in a plan where the plan is cancelled or a beneficiary fails to enrol in an eligible program, and is provided for the benefit of those who remain in the plan. <p>One commenter supported the use of standardized terms, but suggested the following changes:</p> <ul style="list-style-type: none"> • remove all but the first sentence in the definition of “contribution”, • the definition of “discretionary payment” should reflect that payments are made by the Foundation, not the investment fund manager, • the definition of “discretionary payment account” should reflect the source of discretionary payments for their group plan, • modify the definition of “units” to reflect that they are purchased and not assigned, • the prescribed definition of educational 	<p>We have not made some of the suggested changes because:</p> <ul style="list-style-type: none"> • the definition of “maturity date” does not make reference to the fact that it can be changed as this is discussed in the prospectus, • the definition of “grants” clearly includes grant programs offered by provincial governments, as well as the federal government, and • We have used a plain language definition of “attrition” to make it easier for investors to understand the concept. We note that attrition can be discussed in greater detail in Part C of the Form. <p>We did however, make the following changes to the defined terms in the glossary in response to the comments received:</p> <ul style="list-style-type: none"> • we have simplified the definition of “contribution”
--	--	---	---

		<p>assistance payments (EAPs) should include discretionary payments, as is the case with the commenter’s plan, and</p> <ul style="list-style-type: none"> • additional information in the prospectus about government grants would give greater context and lead to better understanding of the term “grant contribution room” 	<p>to remove the reference to calculations of CESGs,</p> <ul style="list-style-type: none"> • we have removed the reference to the entity that pays discretionary payments, since this will be disclosed in Part C of the Form, and • we have removed the reference to “assigning” units in the definition of “unit” . <p>We have not changed the definition of “EAP” to include discretionary payments. The definition of EAP is intended to include only payments (other than sales refunds) that are entitlements under a plan. Payments that are discretionary are not consistent with this. The prospectus allows for discussion of government grants in Part B, where context may be provided for the term “grant contribution room”.</p>
--	--	---	---

Item 5 – Description of scholarship plans			
Item 5.1 – Overview of RESPs	<i>“What is a scholarship plan?”</i>	One commenter told us it was unclear what is meant by the prescribed statement that reads “It is set up as a [describe legal structure]”.	We have removed this requirement in Part B. The disclosure of a plan’s legal structure (as a trust, a corporation, etc.) will now be part of the disclosure in Part D of the prospectus.
Item 6 – Plan details and comparisons			
Item 6.1 – Common features of the plans	<i>Item 6.1(5) – Table of key features</i>	<p>One commenter told us that the requirement to incorporate a table of key features should be deleted as it will only add to the size of the prospectus. The commenter noted that it is not possible to shorten the disclosure in a significant way for many of the items, so it would only repeat information disclosed elsewhere. The commenter was also concerned that if a subscriber only read the table, they could miss key information about the plan that may not be included.</p> <p>Another commenter asked for clarification on what is to be included in the “Making contributions” portion of the table.</p>	We have removed the requirement to provide a table, as we agree it would add unnecessary length to the prospectus. However, we continue to believe it is important for investors to understand that there can be significant differences between the types of plans offered by a plan provider. Therefore, Item 5.3 now requires a statement (if applicable) highlighting that there are differences between the plans offered by the manager with regards to specific features such as enrolment criteria, contribution requirements, fees, eligible studies, flexibility in receiving EAPs. For a multiple prospectus qualifying more than

			one plan, a cross-reference to the specific disclosure about each plan in Part C must also be included.
Item 7 – General plan risks			
Item 7.1 – General plan risks	<i>Required disclosure</i>	<p>Two commenters said that the emphasis on specific risk disclosure was out of line with other investment products and unnecessary, given the nature of scholarship plans. The commenters wondered if the disclosure could be presented without the mandated sub-headings and degree of detail required in subsections (5) to (8) of this Item.</p> <p>They further expressed a concern with the instructions that appear to require full disclosure even where the risk is quite small. They said that many of the “risks” mandated to be disclosed in this item are not “risks”, but rather product features or requirements. The commenter added that other investment products that are not required to make similar disclosure.</p> <p>Another commenter told us that many of the risk factors described in the item are within the subscriber’s sole control, such as failing to provide a SIN or failing to maintain contributions, and questioned whether these are actually risk factors. The commenter remarked that rules subscribers must follow should not be considered risk factors, similar</p>	<p>We continue to believe that disclosure of the risks pertaining to the structure, terms and rules of certain scholarship plans, particularly group plans, is as important, if not more so, than the risks relating to the investments a plan may hold. However, we have substantially revised the disclosure in this Part to address the comments received.</p> <p>Detailed discussion of “plan risks” will now take place in Item 10 of Part C, as “plan risks” differ depending on the type of plan (i.e. group plans will likely have more plan risks than individual or family plans due to their more restrictive rules). Since Part C is focused on plan-specific disclosure, we believed it was more appropriate to provide specific plan-risk disclosure there.</p>

		<p>to other investment products.</p> <p>Another commenter told us that the use of the term “risk” to describe many of the risk factors in this item was inappropriate and should be classified as “considerations” or “conditions”. The commenter said that the last sentence of the introductory paragraph should be deleted because it portrays the practices of the scholarship plan providers as being unfair, when they are consistent with National Policy 15 <i>Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses</i> (NP 15).</p>	<p>The required disclosure (now in Item 10 of Part B) will only focus on the importance of understanding and following the terms of a plan in order to avoid the negative consequences of failing to abide by those terms, by requiring the inclusion of a statement to that effect.</p>
	<p><i>Item 7.1(5) – Subscriber-specific risks</i></p>	<p>While supportive of disclosing the risks for subscribers, one commenter told us that the disclosure must be proportionate. They suggested deleting a number of the following “subscriber-specific” risks listed in Item 7.1(5), such as:</p> <ul style="list-style-type: none"> • failure to provide a SIN, • contributions over the CESG contribution room, • failure to apply for an EAP, • loss of unclaimed contribution, • failure of beneficiary to enrol in eligible studies within the allowable time period, and • whether the plan will meet the education costs of the beneficiary. 	<p>We have made changes to the plan risk disclosure such that it does not simply repeat disclosure provided elsewhere in the prospectus.</p> <p>The new plan-specific disclosure requirements in Part C provide more flexibility and focus on material plan risks that are not risks that arise solely as a result of a subscriber or beneficiary not meeting the terms of the plan.</p>

		<p>Two commenters suggested restricting applicable risks to material risks for subscribers.</p> <p>Another commenter echoed these comments and suggested that in addition, the following other risks listed in Item 7.1(5) should be removed because they are not risks of the plan, but rather are rules that must be followed, are legal requirements applicable to RESPs or have consequences that are solely a function of subscriber actions and are not risks inherent to the plans:</p> <ul style="list-style-type: none"> • withdrawal from, or cancellation of, a plan more than 60 day after signing the contract, • withdrawal of contributions before the beneficiary begins eligible post-secondary education, • failure to meet deadlines, • risk of not receiving all EAPs, and • inability to determine the scholarship amounts in advance. <p>Another commenter questioned why this disclosure is necessary in the “risks” section of the prospectus, when the prospectus already discloses the rules associated with the plans elsewhere in the document, including the implication for failing to follow the rules.</p>	
--	--	---	--

	<p><i>Item 7.1(6) - Discussion of plan risks</i></p>	<p>One commenter remarked that the list of “plan risks” in this item is excessive and suggested deleting the following:</p> <ul style="list-style-type: none"> • the risk that the types of investments the scholarship plans invest in may not provide a sufficient return for future education costs, and • the risk of changes in government policy. <p>As noted with respect to Item 7.1(5), this commenter suggested restricting the requirement to list all other applicable risks to material risks.</p> <p>Another commenter said that the risks enumerated in this item were not, in its view, classic “risks” of investing in the plan.</p> <p>Another commenter provided a number of comments on the risks listed in Item 7.1(6), including:</p> <ul style="list-style-type: none"> • the effect of a possible change in attrition rates is an advantage and should be highlighted as such in the prospectus, not presented as a risk, • the risk that the types of investments that the scholarship plan invests in may not provide a sufficient return for future education costs should be deleted since this is not a promise made by plans, • the risk of a decision not to provide a discretionary payment in a given year 	<p>Please see our response to Item 7.1(5) above.</p>
--	---	--	--

		<p>and the effect on the payment available, as well as the risk that the current sources of fund for discretionary payments may not be available at the maturity of the plan, should not be required disclosure for plans that do not make discretionary payments, and</p> <ul style="list-style-type: none"> • the risk of changes in government policy is highly unlikely and too vague to be required risk disclosure. 	
	<i>Item 7.1(7) – Protection of subscriber’s plan assets from bankruptcy proceedings</i>	One commenter told us that many investments are subject to similar risk and that this risk is not inherent to scholarship plans.	We have removed this requirement.
	<i>Item 7.1(8) – No government guarantees</i>	<p>One commenter told us that the prescribed language unfairly requires scholarship plans to compare themselves to other products, and suggested removing the references to bank accounts or guaranteed investment certificates.</p> <p>Another commenter said that plans should be permitted to add to this wording that they invest primarily in treasury bills and government bonds and are managed by experienced portfolio managers, which makes scholarship plans a safe investment.</p> <p>However, an investor advocate commenter remarked that we should add to this</p>	<p>The prescribed language under “No government guarantees” does not compare scholarship plans to guaranteed products. Rather, similar to mutual fund disclosure requirements under National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i>, this disclosure is intended to inform investors that this investment product is not covered by the Canada Deposit Insurance Corporation or other government deposit insurer.</p> <p>We do not propose to permit disclosure regarding the</p>

		disclosure whether something similar to the Canadian Investor Protection Fund or Provincial Contingency Trust Fund is applicable to scholarship plans. If not, warning language should be added to explicitly state this.	investment portfolio of a scholarship plan under this Item, as this is required to be disclosed under the investment objectives of the scholarship plan.
	<i>Item 7.1 - Instruction (1)</i>	One commenter told us that it is not reasonable to expect plans to discuss the significance and likelihood of each risk and to classify the risks from most to least serious. The commenter said that such classification is purely subjective.	We have removed the requirement to discuss the significance and likelihood of each risk. We continue to believe that risks must be disclosed from the most to least serious, similar to the current risk disclosure requirement in Form 41-101F2
	<i>Item 7.1 - Instruction (3)</i>	One commenter asked us to clarify what would be deemed “excessive caveats and conditions”, as they believe any discussion of risk should include information as to how that risk can be mitigated.	We expect that a prospectus will describe the factors that could result in loss or product underperformance concisely and accurately so that investors understand the risks associated with an investment in a product; risk disclosure should not be accompanied by so many caveats and conditions such that the disclosure is no longer meaningful.
Item 8 – Investment risk			
Item 8.1 – Investment risk	<i>Emphasis on risk disclosure</i>	Two commenters told us that they felt that given the conservative investment portfolios of scholarship plans, the emphasis on	We note that the Form requires discussion only of the risks that are applicable to a scholarship

		<p>disclosure of investment risk of scholarship plans in the Form was unwarranted and in their view, was in excess of that required to be disclosed by mutual funds.</p> <p>Another commenter told us that this entire section should be deleted on the basis that (a) it unnecessarily complicates the prospectus, (b) much of the required disclosure is already provided in the notes to the financial statements of the plans, and (c) it was doubtful that the commenter could rank the various investment risks in the manner required in the instructions to this item.</p>	<p>plan. However, we have revised the investment risk disclosure requirements to clarify that issuers are only required to describe the investment risks applicable to the plan(s) offered under the prospectus, consistent with investment risk disclosure requirements for other investment funds.</p>
	<i>Item 8.1(3)(j) – Legal and operational risks</i>	<p>One commenter asked us to clarify what is meant by “legal and operational risk” in this Item.</p>	<p>We are no longer requiring this specific disclosure in this Item.</p>
	<i>Item 8.1 - Instruction(3)</i>	<p>One commenter asked us to explain what would be deemed “excessive caveats and conditions” under this instruction. The commenter added that it believes that any discussion of risk in a plan should include information as how that risk can be mitigated.</p>	<p>Please also see our response to Item 7.1, Instruction (3) above.</p>
Item 9 – Enrolment			
Item 9.2 - Subscriber	<i>Item 9.2(3) – Table of key decisions</i>	<p>One commenter told us that the table of key decisions required under this item is unnecessary since the prescribed disclosure would already be provided elsewhere in the prospectus. They suggested removing this</p>	<p>We agree with these comments and have removed the requirement to include this table.</p>

		<p>item from the Form.</p> <p>Another commenter expressed concern that this table could be implied as suggesting that a plan provider is directing the decision-making of a subscriber instead of just providing the information to allow the subscriber to make their own decisions. The commenter told us that they believe that determining the key decisions a subscriber needs to make is a purely subjective exercise.</p>	
Item 11 – Optional services			
Item 11.1 – Optional services	<i>Disclosure regarding insurance products</i>	<p>A number of commenters disagreed with the instructions to Item 11.1 that suggest that insurance for subscribers currently offered by plan providers is not material to the plan and should not be described in the prospectus. They told us that providers should be permitted to make the determination of whether these products or services are material. They noted that for some providers, insurance is mandatory and the premiums are included in the contributions made by subscribers.</p>	<p>Although we continue to have reservations about excessive disclosure of tied insurance products in the prospectus, we have now permitted limited disclosure about available insurance as part of the “additional services” in Item 6.6 of Part B of the Form. Disclosure of any associated costs or fees for this insurance will be required in the plan-specific description of fees and expenses in Part C of the Form. We have allowed this primarily to recognize that some plans require that this insurance be purchased in conjunction with an investment in a plan.</p>

Item 12 – Statements of rights			
Item 12.1 – Rescission rights	<i>60-day withdrawal right</i>	Two commenters questioned the prescribed wording in Item 12.1 that states that the right of a subscriber to withdraw from an agreement to buy scholarship plan securities within 60 days is granted under securities legislation. The commenters noted that the only reference in securities legislation to a 60-day withdrawal right from an agreement to purchase scholarship plan securities is in NP 15, which is not a rule. They suggested that it would be more accurate to refer to this as a right granted by the plan provider.	We have amended the prescribed wording in this Item (now Item 13.1) so that it no longer refers to the 60-day withdrawal right as a right granted under securities legislation.
Item 13 – Contributions			
Item 13.1 – Making contributions	<i>Item 13.1(1) – Description of available purchase options</i>	<p>One commenter asked us to clarify whether the reference to “purchase options” in this item actually refers to “contribution frequencies”.</p> <p>Another commenter objected to the requirement in Item 13.1(1) to describe how the choice of purchase options by a subscriber impacts the compensation received by the sales representative. The commenter told us that they believe that this would imply that a sales representative would not give advice regarding purchase options based on the needs of the subscriber, but rather on how they will be compensated.</p>	<p>As part of the revisions to reduce duplication between the requirements in Parts B and C of the Form, we have removed this Item from Part B. Specific disclosure of how to make contributions (and the various contribution options or frequencies available) has been moved to Part C of the Form (in Item 12).</p> <p>Item 5.3(2) of Part B now requires disclosure (where applicable) highlighting that there are difference between the plans offered by the plan provider, including with respect</p>
	<i>Item 13.1(2) – Discussion of positive and negative</i>	Two commenters told us that they view the different contribution frequencies offered by	

	<p><i>consequences of purchase options</i></p>	<p>plans as simply “convenience” options and not as “purchase options”, in the same way that DSC or ISC may be purchase options for a mutual fund. They suggested that we not use the term “purchase option” to refer to different contribution frequencies available to subscribers. The commenters were also not sure what “consequences” there would be in connection with each option, particularly negative ones, and asked that we explain what is expected to be disclosed in this item.</p> <p>These commenters also said that the instruction applicable to this item was a direction from the CSA on how a scholarship plan organization should operate its business and in particular, the options it must provide to subscribers to contribute to their plans. They suggested that this was not appropriate for a disclosure document.</p>	<p>to contribution options or schedules.</p> <p>Both of those items make reference to contribution options, instead of purchase options.</p> <p>We have also removed the requirement to describe how the choice of contribution frequency affects the compensation paid to the sales representative. Instead we are now requiring disclosure of whether the choice of plan affects the compensation paid to the dealer.</p> <p>The Form will no longer require a description of the positive and negative consequences of each contribution option.</p>
	<p><i>Item 13.1(3) – Description of government programs for RESPs</i></p>	<p>Three commenters expressed concern with the restrictions in Item 13.1(3) regarding disclosure of government programs for RESPs that a plan may be eligible to participate in. We were told that this is important disclosure for subscribers since an intrinsic feature of scholarship plans is that they become registered as RESPs and</p>	<p>We agree that discussion of government incentives is important for scholarship plans, as they are sold as RESP products. Accordingly, we have amended the Form to include a separate section (now in Item 6.4) under which the different</p>

		<p>become eligible for the different government programs for RESPs.</p> <p>The commenters also noted that the Plan Summary, as well as other parts of the prospectus, makes numerous references to government grants, which further underscores the importance of these programs to the plans.</p> <p>One commenter told us that placing the description of the government programs in the Contributions section of the Form at Item 13 may not be appropriate, since not all of the government grants for RESPs are based on or tied to contributions. The commenter instead proposed that we create a separate sub-item within Item 5 of Part B that provides an overview of the key features of RESPs and any related government incentives.</p> <p>We were also told that our instructions requiring that any additional information on government programs be provided using only government-produced documents, while admirable, may not be practical. The commenters told us that the documents produced by the various government agencies are not all updated on a current basis or at the same time and have varying levels of detail, meaning the availability of information for subscribers may be</p>	<p>government incentive programs can be discussed. However, we require that such disclosure be limited to a summary of these programs that is no longer than two pages in total. Plan providers may supplement the disclosure in the prospectus with more detailed information either produced by them or by the governments that offer the grants or incentives.</p>
--	--	---	---

		<p>inconsistent. The commenters expressed concern that the instruction is unduly restrictive and could result in less than optimal information being provided to subscribers.</p> <p>One of the commenters added that the promoter agreements with the different governments offering these programs do not impose similar restrictions on the materials that can be provided to subscribers.</p>	
	<p><i>Item 13.2 – Over contribution</i></p>	<p>One commenter told us that the disclosure in Items 13.2(2), (3) and (4) regarding the impact of over contributions was unnecessary in that subscribers cannot make over contributions under applicable tax legislation and that the consequences for doing so are described in <i>Income Tax Act</i>. The commenter suggested removing the disclosure.</p> <p>Another commenter told us the disclosure in this item appears to be addressing three different issues that have been generally referred to as over contributions, but do not necessarily have that meaning within the context of the <i>Income Tax Act</i>. The commenter suggested separating the disclosure in this item into three parts:</p> <ul style="list-style-type: none"> • contribution limits, • if you contribute more than your plan requires, and 	<p>We <i>have</i> changed this Item to require disclosure of contribution limits and made the suggested changes. The tax consequences of contributions beyond the limits set by the <i>Income Tax Act</i> (Canada) will be described in the “Income Tax Considerations” section of the Form at Item 11.</p>

		<ul style="list-style-type: none"> if you contribute above the limits set for receiving government grants. 	
Item 14 – Payments under a plan			
Item 14.1 – Payments to beneficiaries	<i>Inclusion of attrition income and discretionary payments</i>	<p>One commenter suggested adding wording to the prescribed wording in this item to state that payments to a beneficiary may include income that arises from pre- and post-maturity attrition, and discretionary payments from the plan.</p> <p>The commenter also suggested that the portion of the prescribed wording that refers to factors affecting payment is not entirely accurate and suggested we change it to “the plan you have, the number of units you have purchased, the percentage of students in the beneficiary group who qualify for payments, the performance of the plan’s investments, the availability of any discretionary payments and the grants you have in the plan”.</p> <p>Another commenter told us that the prescribed wording should specifically make reference to amounts resulting from attrition.</p>	<p>The disclosure in this Item (now Item 6.9 of Part B) makes reference to EAPs, the definition of which includes income from attrition. We do not prescribe wording that makes specific reference to discretionary payments because this is not a feature common to all plans.</p> <p>We have not made this change. We note that the proposed wording in what is now Item 6.9 of Part B was intended to be sufficiently broad to cover all types of plans: for example, “type of plan” would necessarily include the features of those plans, such as attrition, or the possibility of discretionary payments in a group plan, and “how much you contributed” would include number of units purchased under a plan, (where applicable). The wording proposed by this commenter</p>

			would be specific to group plans and would not be as pertinent to an individual or family plan.
Item 14.2 – Payments to subscribers	<i>Refund of membership fees</i>	One commenter suggested that the disclosure in this Item include a reference to membership fees being returned to a subscriber on the plan’s maturity.	We have not included a reference to refunds of sales charges because this is not a feature common to all plans. Part C of the prospectus contains an Item for disclosure of fee refunds.
	<i>Accumulated income payments</i>	The same commenter also told us that disclosure in this item about accumulated income payments should be required to make clear that these payments are only available in family or individual plans and are not permitted in group plan.	We have not changed this Item because an accumulated income payment may be available under a group plan.
Item 16 – Withdrawals			
Item 16.1 - Withdrawals	<i>Consolidation with Items 17 and 18</i>	Two commenters suggested consolidating Items 16, 17 and 18 since they felt the required disclosure is essentially the same.	We have removed disclosure requirements relating to withdrawals, transfers and cancellations from Part B in order to reduce duplication with substantially similar disclosure requirements in Part C of the Form. Within Part C, we have not consolidated these Items (now Items 15, 16 and 17 of Part C) because we continue to believe that each item is sufficiently

			distinct and separate disclosure items would assist investors in finding this information more easily.
Item 17 – Transfers			
Item 17.1 – Transfers	<i>The “risks” of transfers</i>	One commenter told us that they believe the term “risk” in this item should be replaced by “condition”.	We agree with this comment and Part C no longer refers to the “risk” of a transfer.
Item 18 – Cancellations			
Item 18.1 - Cancellations	<i>Items 18.1(1) – Cancelling your plan and Item 18.1 (3) – Description of subscriber entitlement</i>	One commenter told us that while they did not object to providing the disclosure required in these items, the matters described are not unique to scholarship plans, but rather are applicable to all RESPs. The commenter also felt that the required discussion of the effect on government grants is inconsistent with the restrictions on the discussion of government programs under Item 13.1 of Part B.	The Form requires a description of what happens in the event a plan is cancelled. We do not believe that this suggests that such outcomes are unique to scholarship plans relative to other RESP products. As noted above, we have amended the Form to make it clear that the prospectus may contain a brief discussion of government programs.
	<i>Item 18.1(6) – Financial consequences of cancelling a plan</i>	One commenter told us that they do not agree with referring to loss of income, loss of grant contribution room and fees paid by the subscriber in this item as they believe it could be misleading to investors.	We do not think that this is misleading to investors.
Item 19 – Income tax considerations			
Item 19 – Taxation of the scholarship plan	<i>Discussion of impact of GST/HST</i>	One commenter told us that we should require that the disclosure in this item clearly make reference to the applicability of	We do not propose to make this change. The disclosure of the impact of taxation required in

		GST/HST to the management fees charged to a plan, and that this will reduce the plan's return.	the Form is consistent with that required of other investment funds.
Comments on Part C – Plan-Specific Information			
General comments	Order of items	<p>One commenter suggested that we put the items in Part C in a chronological order related to a plan's lifecycle (i.e. enrolment, contributions, changes to plans, maturity, EAPs). The commenter added that in its opinion, Item 20 (cancellation) seemed out of place in Part C.</p> <p>Another commenter suggested that plan providers that offer similar plans with similar Part C disclosure in a prospectus be permitted to combine their Part C disclosure in the prospectus, rather than prepare a separate Part C for each plan. The commenter told us that this would reduce duplication and keep the prospectus shorter.</p>	<p>We agree with this comment and have re-organized the disclosure in Part C so that it better corresponds to a plan's lifecycle.</p> <p>We do not propose to make this change.</p> <p>As noted above, Parts B and C of the prospectus are intended to provide different information for investors. With limited exception, Part B is intended to provide general information about scholarship plans and information about the features common to each plan offered under a multiple prospectus.</p> <p>Part C is designed to contain detailed and specific information about each plan offered in a prospectus. We believe that this information should be prepared separately for each plan and not</p>

			<p>conflated, in order to assist investors in finding the information pertaining to the plan they are considering.</p> <p>We recognize that each Part C may contain some disclosure that is similar for all the plans offered under a prospectus. However, we also note that Parts B and C have been revised to limit duplicative disclosure requirements in Parts B and C and to limit instances of similar disclosure being reproduced in each Part C.</p>
	<p><i>Overlap with Part B disclosure</i></p>	<p>A number of commenters told us that some of the required disclosure in Part C repeats disclosure required in Part B.</p> <p>One commenter highlighted Items 9-11 (investments) and 12 (risks) as repeating disclosure in Part B. Another pointed to the disclosure in Item 3 as repeating disclosure in Part B. These commenters suggested that we put this disclosure in Part B or C, but not in both.</p>	<p>As noted above in the responses to comments on Part B, we have revised Parts B and C to eliminate much of the duplication between them and to make the disclosure provided under each part more distinct.</p> <p>We have amended disclosure requirements in Part B so that plans offered under a multiple prospectus with the same investment objectives, investment strategies, investment restrictions and investment risks may provide this disclosure once in Part B rather than multiple</p>

			times in each Part C.
	<i>Discussion of plan maturity</i>	<p>Two commenters told us that Part C is missing specific disclosure about maturity. The commenters added that maturity is an important stage in a plan’s lifecycle in which key decisions need to be made by a subscriber. They suggested that we create a separate item in Part C for this.</p> <p>One of the commenters suggested adding this disclosure to Item 17 in Part C.</p>	We agree and have created a separate Item in Part C of the Form (Item 18) for disclosure about plan maturity.
Item 4 – Plan description			
4.1 Plan description	<i>Item 4.1(1)(c) – The legal nature of the securities offered</i>	Three commenters were not clear on what is meant by “the legal nature of the securities offered”. They were unsure of what is expected to be disclosed.	We have modified the wording in this section to just refer to the nature of the securities offered. We expect the scholarship plan to describe the securities being offered under the prospectus, e.g. whether the securities are units of a trust or another type of security, such as investment contracts evidencing an interest in the scholarship plan. It is not always clear to investors what exactly they are purchasing when they make an investment. We note that this disclosure is consistent with similar requirements for mutual funds.
	<i>Item 4.1(1)(d) – Whether the plan is eligible as an investment for RESPs</i>	These same commenters told us that the requirements of this item are confusing since they believe that the fundamental	We agree with this comment and have removed this requirement.

		nature of a scholarship plan is that it will be registered to become an RESP, making this item unnecessary. They suggested removing this item.	
Item 5 – Cohort description (for group scholarship plans)			
5.1 – Beneficiary group	<i>Eligibility for beneficiary groups</i>	A number of commenters told us that the disclosure requirements in this item are confusing. They explained that beneficiary groups are not “available” to subscribers since subscribers don’t select a group for their beneficiary to join, but rather a beneficiary is assigned to a particular group based on their age. They suggested that this item could instead be used to describe how maturity date and year of eligibility are determined for a subscriber’s plan and how they can be changed by the subscriber.	We agree and have re-worded the requirements in this Item so that it is clearer that the disclosure is focused on how the maturity date and beneficiary group are determined for a subscriber’s plan. Changes to a plan are required to be disclosed under a separate Item in Part C.
Item 6 – Eligibility and suitability			
6.1 Eligibility and suitability	<i>Duplicates other disclosure in the prospectus</i>	One commenter told us that the disclosure required in this Item is similar to disclosure elsewhere in the prospectus.	We have amended this Item so that it no longer duplicates disclosure elsewhere in the Form.
	<i>Description of suitability</i>	One commenter expressed concern that the disclosure of suitability for the plan required in this Item could be viewed as making subjective value judgements about potential subscribers. The commenter also expressed concern that this disclosure could potentially usurp the role of sales	We do not propose to change or eliminate this requirement. This Item only requires a brief description of the characteristics of an investor for whom a plan may be suited, and is similar to the suitability disclosure required

		<p>representatives in providing advice to subscribers about the suitability of a particular plan for their needs.</p> <p>On the other hand, an investor advocate commenter recommended that the requirements of this item also include specific disclosure about alternative investments to scholarship plans for education savings. The commenter further suggested that we include a requirement that the salesperson discuss other types of education savings plans or investments with prospective subscribers.</p>	<p>of mutual funds in NI 81-101. We also note that this disclosure is similar to disclosure that scholarship plans presently provide in their prospectuses.</p> <p>We do not propose to make this change. We do not believe it would be appropriate to require the prospectus for a scholarship plan to provide specific disclosure about other types of investments.</p> <p>Including a requirement for sales representatives to discuss other types of education savings plans with prospective investors is beyond the scope of this project.</p>
	<p><i>Item 6.1 – Instructions</i></p>	<p>One commenter told us that the requirement in the instructions to indicate the level of investor risk tolerance was an example of what they believe is the undue emphasis on risk in the Form.</p> <p>The commenter also asked us to clarify the requirements in the instructions regarding plan suitability and whether a plan is an appropriate investment for a particular subscriber/beneficiary or not.</p>	<p>We have removed the instruction requiring disclosure of the level of risk tolerance from the Form. We have also amended the instructions to clarify that the disclosure required in this Item must align with the disclosure provided under (now) Item 4 of Part A of the Form.</p>

Item 7 – Summary of eligible studies			
Item 7.1 – Summary of eligible studies	<i>Item 7.1(2) – List of institutions or programs</i>	<p>A number of commenters told us that the information necessary to complete the table in this item will make the table unnecessarily lengthy and confusing for subscribers and will not help them to better understand the disclosure.</p> <p>We were also asked for guidance on what is to be included in the “What else to consider” column in the table.</p> <p>Another commenter told us that while they support the intent behind requiring a listing of all programs eligible for EAPs, they were concerned that the requirements of this item exceed those of other products that are eligible for RESPs, but which comply with similar federal requirements for EAPs.</p> <p>They also expressed concern that the format of the table makes it difficult to complete accurately as there may be various exceptions for each type of institution or program under the <i>Income Tax Act</i> or the rules of the plan. The commenter suggested that the disclosure should instead require an explanation of what determines an eligible program and provide examples of the types of programs that will and will not qualify.</p>	<p>We agree with these comments and have removed the prescribed table in this Item. The revised Item focuses on providing a description of the types of programs that qualify as eligible studies for the plan, as well as a description of programs that do not generally qualify, instead of providing a detailed list.</p> <p>However, if a provider does have a detailed list of each program and institution that would qualify as eligible studies, the revised Item would require the provider to disclose that such a list is available to investors on request.</p>

Item 8 – Deadlines			
8.1 –Missing deadlines	<i>8.1(1) – Prescribed warning</i>	Two commenters told us that the statement in the prescribed warning that missing deadlines could cause a subscriber to lose the earnings on their investment is misleading since that is not necessarily the case. They asked that we remove that wording from the warning.	As part of the revisions to eliminate duplicative disclosure requirements, we have eliminated this Item. The deadlines that were described in the tables are included in the Items in the Form describing the matters to which those deadlines pertain, where they would have more direct relevance to investors.
	<i>8.1(2) – Key deadlines table</i>	<p>One commenter suggested adding a timeline in the disclosure required in this item so that subscribers can quickly find the relevant information.</p> <p>Two other commenters, however, told us that this table seemed out of place in this Part and repeated other disclosure in the prospectus. They also told us that the table may be more appropriate in the risk factors disclosure in Part C.</p>	
Item 9 – Investment objective			
9.1 – Investment objectives	<i>Move description of investment objectives and fundamental features elsewhere in the Form</i>	One commenter suggested moving this item to Part B since all of the plans have the same investment objective. The commenter also suggested moving any description of a plan’s fundamental features to the beginning of the plan’s Part C disclosure.	We agree with this comment. Parts B and C have been revised such that if the plans offered in a multiple prospectus all have the same investment objectives and strategies, they will only have to be described once in Part B of the prospectus. If the plans offered have different investment objectives and strategies, they

			would have to be disclosed separately in each Part C section for the respective plans in the prospectus.
	<i>Item 9.1(3)and (4) – Describe if the plan guarantees or ensures protection of principal</i>	<p>Two commenters expressed concern with the requirements to include enhanced disclosure of whether plans guarantee or ensure protection of principal. They told us that the concepts are very different, as “guarantee” suggests a formal, contractual and legal arrangement, while “ensure protection of principal” is more of an investment strategy. The commenters told us that the required disclosure in Items 9.1(3) and 9.1(4) suggests that the concepts are similar.</p> <p>One of the commenters suggested that the requirement in Item 9.1(3) to add disclosure to the investment objectives only apply where a plan actually provides a formal guarantee of principal protection.</p> <p>Another commenter suggested that we reconsider the requirements of Item 9.1(4).</p>	<p>We agree and have amended the requirements in this Item (now Item 7.4(4)) so that the disclosure is only required if the plan purports to arrange a guarantee or insurance of some or all of a subscriber’s contributions to a plan, consistent with similar disclosure required of other investment funds.</p> <p>We have removed the former Item 9.1(4) from the Form.</p>
Item 10 – Investment strategies			
Item 11 Overview of the sector(s) that the scholarship plan invests in			

<p>10.1 - Investment strategies, 11.1 - Specific investments, 11.2 - Investment restrictions</p>	<p><i>Repeats information already in Part B</i></p>	<p>One commenter told us that the required disclosure in Items 10 and 11 is similar to disclosure already required in Part B and should be moved to Part B.</p>	<p>We agree and have amended the requirements in Part B and C so that this disclosure only needs to be provided once in Part B if this disclosure would be substantially similar for each plan offered under a multiple prospectus. If not, then this disclosure will have to be provided separately under each plan’s Part C disclosure.</p>
<p>Item 12 - Risks</p>			
	<p><i>Repeats information already in Part B</i></p>	<p>Two commenters suggested deleting Item 12 because it repeats similar disclosure required under Part B and is therefore unnecessary.</p>	<p>We agree and have amended the requirements in Part B and C so that disclosure regarding investment risk only needs to be provided once in Part B if this disclosure would be substantially similar for each plan offered under the prospectus. If not, then this disclosure will have to be provided separately under each plan’s Part C disclosure.</p>
<p>12.1 – Investment risk</p>	<p><i>Item 12.1(6) – Description of series or class risk</i></p>	<p>One commenter asked for clarification on what is required to be disclosed in this item under “series or class risk”, specifically the definition of “class” or “series” in reference to the plans.</p>	<p>As noted in the response to comments in Part B, the required investment risk disclosure has been changed to be more flexible. Disclosure of risks that are inapplicable to a plan is not required. For example, If a plan does not offer more than one series or class of securities within the same plan or investment funds (like a mutual fund with</p>

			multiple series of the same fund) then “class or series risk” will generally be inapplicable to that plan.
	<i>Item 12.1(7) – Disclosure of large holdings</i>	One commenter asked that we clarify how current the required disclosure of large holdings should be in the prospectus.	As stated in the Form (now at Item 10.1(4) of Part C), the disclosure must be current as of the date of the prospectus and pertains to holdings during the period up to 12 months before the date of the prospectus.
12.2 - Plan risks	<i>Item 12.2(7) – No government guarantees</i>	One commenter told us that the prescribed wording in this item regarding lack of government guarantees may be discriminatory because other types of investment funds or mutual funds are not required to provide similar disclosure. The commenter told us that this disclosure implied that scholarship plans have a higher level of risk than other types of investment funds. They said that this disclosure may direct potential subscribers to RESP products that are protected under CDIC. The commenter suggested removing the comparison to bank accounts or guaranteed investment certificates.	This disclosure is now located only in Part B under “Risks of investing in a scholarship plan”. Please see our response to Item 7.1(8) of Part B above.
Item 13 – Making contributions			
Item 13	<i>Change location of item within Part C</i>	One commenter told us that information about making contributions should be made available to subscribers earlier in the prospectus and suggested moving this item	We do not propose to make this change. We continue to believe that information about contributions should be located

		to follow immediately after Item 8 of Part C.	after investors have been provided with information regarding the nature of the investment they are considering.
	<i>Item 13.1(2) - Your purchase options</i>	One commenter told us that the disclosure in this item is similar to disclosure required under Item 13.1(1) of Part B and proposed that we remove the similar disclosure from Part B. The commenter also questioned why there is a requirement to include a cross-reference to Item 1.3(11) in Part A of the Form.	We agree with this comment and have revised Parts B and C to reduce overlap. Part C will now require specific information about contribution options available to subscribers.
	<i>Item 13.1(3) – What is a unit?</i>	<p>A few commenters told us that it wasn't clear in the Form what is required under this item. They also suggested that the required disclosure describing the units of the plan was not necessarily relevant to investors.</p> <p>They also suggested removing the requirement to compare units of one plan to another since providers will be unable to comply with this requirement without access to confidential, proprietary information about their competitors.</p>	<p>We propose to keep the requirement to describe what a unit is. Securities of most scholarship plans, particularly group plans are sold in “units” or portions of units. It is important for investors to understand what purchasing a unit means in respect of their investment.</p> <p>We agree with this comment and have deleted this requirement.</p>
	<i>Item 13.1(5) – Purchase price table</i>	A few commenters told us that the information required under this item is already provided in the contribution tables	We agree with these comments. Part C has been revised so that issuers will be required to

		<p>that the plan providers produce. The commenters noted that the table in this item does not include a column for subscribers who make annual contributions to a plan. They suggested either eliminating and replacing the table with the contribution tables already prepared by the plans, or modifying the table to include all contribution options available to a subscriber, including annual contributions.</p> <p>They also told us that it would be more accurate for the prescribed wording before the table to refer to a “contribution schedule” rather than saying a subscriber pays for units, and amending the wording accordingly.</p>	<p>prepare a contribution table outlining all of the available contributions options and the cost per unit under each option in Item 12 for each plan offered under the prospectus (where applicable). This is similar to the contribution schedules currently presented by group plans in their prospectuses. Part D of the Form has also been revised so that the contribution tables are no longer to be included in that part.</p>
	<p><i>Item 13.1(6) – How to determine price per unit</i></p>	<p>A few commenters suggested that we only require plans to disclose the contribution per unit before fees are deducted because the table could get very complicated if the required disclosure was net of fees.</p> <p>One of these commenters also told us that requiring disclosure of the price per unit based on the “typical” age of a beneficiary at time of purchase is overly complex and of limited value to investors, unless the purchase is being made at this “typical” age used for making the calculations. The</p>	<p>We agree and have made this change with respect to the price per unit. The contribution schedule in Part C will present the amounts a subscriber has to contribute under the plan to pay for a unit.</p> <p>We agree and have eliminated this requirement. Instead, the Form has been amended to require two examples to be provided to assist an investor in understanding the contribution table: choosing the monthly</p>

		commenter suggested eliminating the table or simplifying it to only include required contributions per unit for beneficiaries under a year old, at 5 years old and at 10 years old.	contribution option for a beneficiary who is a newborn, and choosing the annual contribution option for a beneficiary who is five years old.
13.2 – Missing contributions	<i>13.2(1) – If you have difficulty making contributions</i>	The industry commenters told us that the prescribed wording was overly negative and misleading since it does not allow for a proper explanation of what happens when a contribution is missed or describe the options available. For example, a missed contribution will not always be costly. One of these commenters added that the prescribed wording does not adequately explain why missing a contribution can be costly.	We do not agree that the prescribed wording is overly negative. Additionally, we note that this Item presently allows plan providers to explain the options available in the event a contribution is missed under subsection (5) of (now) Item 12.2.
Item 14 – Fees			
	<i>Combine with Item 13</i>	One commenter suggested that we combine the disclosure required under Item 14 with Item 13 as it includes much of the same information.	We do not agree that disclosure about making contributions to a plan (now Item 12) and the fees and expenses associated with an investment in a plan (Item 14) includes the same information. We continue to believe these should be separate and distinct Items within the Form.
14.1 – Costs of investing in this scholarship plan	<i>14.1(2) – Table of fees deducted from contributions</i>	One commenter suggested renaming two of the fees referred to in the table to more accurately reflect what they represent. Specifically, the commenter suggested changing “sales charge” to “enrolment fee”	We do not propose to make these changes. We continue to be of the view that the required description of each fee will ensure that its purpose is made

		<p>to reflect that the fee may include more than just the sales transaction, such as distribution costs and other costs. The commenter suggested changing “processing fee” to “account maintenance fee”. The commenter also suggested allowing some flexibility in the description to ensure that the fees for each plan provider are accurately described.</p> <p>We were told by commenters that the discussion of how the sales charge is applied is very simplistic and deserves more explanation. They also suggested that more detailed descriptions of the fees be permitted.</p> <p>Another commenter suggested removing the last sentence of the prescribed wording preceding the table, which refers to fees reducing returns, because it is biased.</p>	<p>clear. One reason for using common terminology for these fees is to help investors compare and contrast the fees and expenses associated with each plan. The name selected reflects that the charge is tied directly to the sale of securities of the plan. If the sales charge includes more than the sales commission paid to the sales representative, we note that the general instructions to the Form permit a plan to amend prescribed wording to ensure accuracy.</p> <p>With respect to the processing fee, we agree and have amended the instructions to require that the issuer give a description of the fee.</p> <p>We do not propose to make this change. References to fees reducing returns are widely used in the context of an investment in an investment fund and accordingly, we do not agree with this comment.</p>
	<p><i>14.1(3) - Allocation of sales charges between the dealer, sales representative and other</i></p>	<p>A few commenters suggested removing this item from the Form. They told us that information about the allocation of the sales charge among the sales representative,</p>	<p>We agree and have deleted this requirement.</p>

	<i>parties</i>	<p>principal distributor and any other party more appropriately belongs in a Relationship Disclosure Document provided under NI 31-103 and not in a prospectus designed to disclose product details. They also said that requiring this disclosure is unwarranted and imposes a higher standard of disclosure on scholarship plans compared to mutual funds, which are not required to make similar disclosure when the dealer is integrated with the fund manager.</p> <p>We were told by a different commenter that subscribers do not need this kind of internal information to help choose a plan that best suits them. They suggested removing it from the Form.</p>	
	<i>14.1 (4) – Describe how fees are deducted</i>	A few commenters told us that they were unclear about what is required under this item. Nonetheless, they suggested including it in the table required in Item 14.1(2), rather than as separate disclosure.	We have clarified this requirement to refer to how a particular fee is calculated (i.e. \$X per unit, etc.) and to require a description of how it is charged (such as the manner in which sales charges are deducted in a group plan). We have also clarified that this information is to be included directly in the table.
14.2 – How fees affect your contributions	<i>Necessity of disclosure</i>	We were told by one commenter that the required information in this Item about how fees affect contributions is not relevant	We have deleted this Item from the Form. The disclosure was intended to highlight that in some

		<p>because the sales charges are proportional to the number of units purchased by a subscriber.</p>	<p>plans, the manner in which certain fees, in particular sales charges, were deducted would result in a smaller portion of a subscriber’s contributions being invested in the plan in the early years of the investment.</p>
	<p><i>14.2(2) – Higher fees in the early years</i></p>	<p>A few commenters told us that the subheading “higher fees in the early years” was unduly negative and potentially misleading because fees are not necessarily higher in the early years, but rather their <i>impact</i> is higher. This is because the largest portion of the fee is deducted in the early years of the plan. They suggested changing the title of the subheading.</p> <p>A number of commenters also told us that it may not be possible to precisely calculate the number of years required to pay off the sales charges, as suggested in the prescribed wording to this Item. That number will depend on different factors, such as the age of the beneficiary, the number of units purchased and the contribution frequency selected. These commenters were concerned that including an “approximate” number of years without explaining the assumptions behind that number could be misleading to investors.</p> <p>One of these commenters added that some fees are paid directly by subscribers and not out of contributions, so the requirements of this item should take that into consideration.</p>	<p>However, we recognize that the table that was required in Item 14.2 may be confusing for investors, partially due to the various assumptions required to be made, and that the purpose of the disclosure in that table might not be clear as a result.</p> <p>Instead, we have changed this Item to require a sidebar statement near the Fees table to provide a simple example of how long it would take to pay off a sales charge that is deducted at a higher rate from initial contributions and the impact of the method of deduction on initial contributions made by a subscriber. The example is based on the purchase of one unit, paid for on a monthly basis, for a beneficiary who is a newborn.</p>

<p>14.3 – Transaction fees deducted from your contributions</p>	<p><i>Prescribed language</i></p>	<p>Two commenters told us that the prescribed wording before the table in this item is not completely accurate in all cases. They suggested changing the wording to “the following fees will be charged for the following transactions”. They also suggested adding a column to the table that lists where the fee comes from (i.e. contributions, plan assets). They suggested adding an instruction allowing any fees listed in the table that are not applicable to a particular plan to be excluded from the prospectus.</p>	<p>We agree and have revised this Item (now in Item 14.4). The general instructions to the Form permit a scholarship plan to exclude any prescribed disclosure that is not applicable to the plan.</p>
<p>14.4 Ongoing plan expenses</p>	<p><i>Similarities with items 15 and 16</i></p>	<p>One commenter suggested combining Item 14.4 with Items 15 and 16 in Part C as there are many similarities among these Items.</p>	<p>We recognize that there may be some overlap in these Items, but we note that the disclosure in Items 15 and 16 is more focused on fee refunds and the procedures and the conditions that must be met for making changes, respectively, than on the fees themselves.</p>
	<p><i>Fees as dollar amounts versus percentages</i></p>	<p>One commenter told us that the requirement in this Item to show the share of fees paid on a \$2,500 investment by a subscriber may be difficult to comply with. For example, some fees, such as investment counsel or administrative fees, are variable amounts based on assets under management and are not stated as a fixed dollar amount.</p>	<p>We agree and have deleted this requirement.</p>

Item 15 – Refund of sales charge and other fees			
15.1 – Refund of sales charges and other fees	<i>Clarification on requirements</i>	<p>One commenter asked us to provide examples of the types of arrangements contemplated in this Item.</p> <p>An investor-advocate commenter suggested mandating clearer disclosure about upfront fees and including a table in this Item that requires plans to show the results for the “refund of fees” if a subscriber withdraws at an early stage, a late stage or holds until maturity. This table should also show total upfront fees paid, include adjustments for inflation, and compare this to the investment of such fees for the same period, at a benchmark rate. The commenter told us that such a table would show the relative amount of fees that are refunded and how that refund would compare against an investment in an RESP that did not have a similar fee structure.</p>	<p>We have clarified the requirements of this Item (now Item 14.6) so that the disclosure is focused on arrangements by which certain fees paid by a subscriber can be refunded.</p> <p>We do not propose to make this change. We understand that each scholarship plan that offers fee or sales charge refunds typically ties refunds to a plan reaching maturity and qualifying for EAPs. Accordingly, the suggested table would not provide any additional information for investors. Additionally, including information about the effect of inflation and the investment of fees at a benchmark rate would entail assumptions that in our view would result in a table that is overly complex.</p>
	<i>Clarification on instructions</i>	<p>One commenter suggested changes to some of the requirements under instruction (2) of this Item, for example:</p> <ul style="list-style-type: none"> the information in paragraph (e) is best expressed as a percentage of subscribers whose plans have matured and closed and who have 	<p>As part of the amendments to this Item, we made a number of changes to these disclosure requirements as follows:</p> <ul style="list-style-type: none"> The Form no longer requires the information formerly

		<p>received the full refund historically. We were told that reporting this information in the manner specified in the instruction could result in the final number being understated,</p> <ul style="list-style-type: none"> • in paragraph (f), plan providers should also be required to provide an actuarial certification confirming that they have the ability to provide for a future refund of sales charges and other fees, and • the requirements in instruction (2) should be expanded to also require disclosure in Item 15 of funding sources for the refund of sales charges, the frequency of actuarial validation, any sales charge deficit funding schedules, and the strategies in place by the plan sponsor to increase funding as needed. <p>A few other commenters suggested removing paragraph (g) from the instructions since it is not clear how a refund of sales charges affects other subscribers.</p>	<p>found in paragraph (e) of that instruction.</p> <ul style="list-style-type: none"> • We have retained the disclosure formerly required in paragraph (f) but do not propose to require actuarial certification of the funding of these amounts at this time. • We have revised this Item to require disclosure of the sources of funding for each fee refund (similar to the disclosure required in respect of discretionary payments). An issuer may include information about funding strategies under this Item. • We have deleted the requirement in paragraph (g).
Item 16 – Changes			
	<i>Disclosure in the item may require undue speculation</i>	A few commenters expressed concern with the parts of this Item that require plan providers to describe the circumstances that may prompt a subscriber to make various changes to a plan. They were concerned that	We have deleted this requirement from the Item (now Item 15 of the Form).

		this would require undue speculation about a subscriber’s circumstances, which is not appropriate for a prospectus document. It is also unreasonable to expect plan providers to provide disclosure that would encourage a subscriber to move to another provider’s plans. They suggested removing this disclosure from the Form.	
16.1 – Changing purchase options	<i>Meaning of purchase option</i>	Two commenters asked us to clarify what “purchase option” refers to in this Item.	This was intended to refer to the different options for making contributions (i.e., monthly, annual, etc). We have changed the title of this section to “Changing contributions” to make this clearer.
16.2 – Changing the year of eligibility	<i>Change order of item with 16.3</i>	One commenter suggested changing the order of the headings so that <i>Item 16.3 – Changing the Maturity Date</i> precedes Item 16.2, since that better follows a plan’s lifecycle.	We have made the suggested change (now Items 15.2 and 15.3 of Part C).
16.6 – Death or disability of the beneficiary	<i>Combine with 16.5</i>	This same commenter also suggested adding the disclosure in Item 16.6 to Item 16.5 as an additional circumstance that could lead to a change in beneficiary, rather than as a separate category of changes to a plan.	We do not propose to make this change, because the death or disability of a beneficiary will not necessarily result in a change of beneficiary.
Item 17 – Payments to subscribers/beneficiaries			
17.2 – Payments to beneficiaries	<i>Use of the term “educational assistance payment”</i>	One commenter suggested that we not require plans to only use the term “educational assistance payments” to refer	We note that the term “EAP” is defined in the glossary in Part B and is required to be used by all

		to payments described in this item, since different plan providers may not use this term to refer to the same thing.	scholarship plans in respect of payments from a plan for a beneficiary's education, so the meaning will not be different.
	<i>17.2(3) – Differences in eligibility criteria for EAPs</i>	A few commenters told us that plans should not be required to provide the disclosure required under this Item since plans are not required to have the same eligibility rules as government grants for receiving payments from the plan. They also told us that subscribers will not understand this disclosure and will perceive it negatively. They suggested instead that the prospectus disclose the government rules and then any additional plan-specific rules.	We have deleted this requirement from the Form. The Form will now only require the issuer to disclose whether it has more restrictions on the types of educational programs that qualify for EAPs than what is permitted for RESPs under the <i>Income Tax Act</i> (see Item 6.3 of Part C).
	<i>17.2(4) – If your beneficiary does not enrol in eligible studies</i>	<p>Two commenters told us that the first sentence in the prescribed wording in this Item is unduly negative and could be misleading because the plans are not required to have the same rules as government programs. They suggested removing that sentence and replacing it with wording that states that “In addition to the current income tax provisions, the plan has specific requirements for beneficiaries to qualify for EAPs”.</p> <p>One of the commenters also told us that they did not understand why the table in this Item includes the options to “Cancel your plan” or “Transfer to an RESP with another provider”. The commenter told us that</p>	<p>We have deleted this statement from the Form. We have also removed the requirement to prepare a table with specified options. Instead, the prospectus will require issuers to outline each available option in this circumstance.</p> <p>We do not propose to make this change. The purpose of the disclosure requirement is to describe all of the available options in this circumstance, so</p>

		those two options would likely never be recommended in the case of a beneficiary who does not go to a qualifying school or program.	that investors have complete information, rather than just the options that the plan would likely recommend.
	<i>17.2(5) – If your beneficiary does not complete or advance in eligible studies</i>	<p>A few commenters told us that the prescribed disclosure in this Item fails to mention other options that may be available if a beneficiary doesn't complete or advance in their studies. They suggested giving plan providers flexibility in the Form to disclose all available options.</p> <p>These commenters also told us that the prescribed disclosure about beneficiaries that failed to collect some or all of their EAPs was negative and unfairly skewed, and would not be useful or relevant to subscribers.</p>	<p>We have made the suggested change (see Item 19.5 of Part C).</p> <p>We have deleted the last paragraph of the prescribed disclosure in this Item as recent information regarding EAP collection history can be found in Item 22.3 of Part C.</p>
	<i>17.2(7) – Payments tailored to programs of less than four years</i>	Two commenters asked us to clarify how this disclosure should be calculated and were unsure of its relevance.	We have clarified this Item to require a group scholarship plan to disclose whether beneficiaries will receive less than the maximum total amount of EAPs based on the number of years of eligible studies. We also added a requirement for the plan to disclose the duration of eligible studies that would qualify for the maximum total amount of EAPs under the plan and to disclose the percentage of the maximum total

			<p>amount of EAPs payable for a program of less than four years (a reduced program) if the amount of EAPs payable for a reduced program is less than the maximum total amount of EAPs. For example, for a group plan under which a beneficiary must attend four years of eligible studies in order to receive four equal payments for each year of study (the total of the four payments being the maximum total amount of EAPs under the group plan), if the group plan offers an EAP payment option tailored to reduced programs that pays three EAPs that add up to 95% of the maximum total amount of EAPs, after a discount rate has been applied, the group plan will be required to disclose that a beneficiary who selects this EAP payment option will receive 95% of the maximum total amount of EAPs.</p>
17.3 – Calculation of payments	<i>Level of detail</i>	<p>One commenter told us that the information required for this item is redundant and would be too detailed relative to what subscribers need to know for making an informed decision.</p>	<p>We do not propose to make this change. We believe that it is important for investors to understand how EAPs that may be received by their beneficiaries are funded.</p>

<p>17.4 – Historical Payment of EAPs</p>	<p><i>17.4(1) – Sources of EAP money table</i></p>	<p>One commenter suggested that the table showing the composition of EAPs should also require providers to include all component parts of an EAP, such as discretionary payments, or state that the table only refers to a subset of all sources.</p> <p>The commenter also noted that the prescribed introductory wording refers to payments over the past five years, yet the table refers to “year of eligibility for the beneficiary group” which is a different thing. The commenter suggested modifying one or the other to make them consistent.</p> <p>Another commenter told us that it is not clear from the Form which cohorts are to be used, which makes completing the table difficult. The commenter also asked that the row titled “income from cancelled plans” be changed to the more neutral-sounding “attrition”.</p>	<p>We have amended the table to only refer to payments of earnings from the EAP account, which does not include discretionary payments.</p> <p>We have also clarified the description of the table to be clearer as to which beneficiary groups are to be referred to in the table. The table is intended to show the breakdown of income in the EAP account for each of the five beneficiary groups that most recently reached their year of eligibility, and not payments made to all beneficiary groups in each of the past five years.</p> <p>We kept the name of the row. We continue to believe that “Income from cancelled plans” better and more intuitively describes the source of money for the EAP account and is a neutral term.</p>
	<p><i>17.4(2) – Table of past payments of EAPs</i></p>	<p>One commenter noted that the introductory language refers to payments over the past five years, yet the table refers to “year of eligibility for the beneficiary group”, which is a different thing. The commenter suggested modifying one or the other to</p>	<p>We have made the suggested change. We clarified this Item to refer to money from the EAP account paid annually to each of the five beneficiary groups that most recently reached their year</p>

		make them consistent.	of eligibility.
	<i>Item 17.4, Instruction (1)</i>	This same commenter told us that it would be misleading to not include discretionary payments in the EAP table, as required in the instructions because those amounts do form part of the EAPs made by the group plans.	We have amended this table to refer only to payments from the EAP account, which does not include discretionary payments. We note that the definition of “EAPs” in the glossary in Part B of the Form does not include discretionary payments. Historical discretionary payments are required to be presented in a separate Item in the Form.
Item 18 – Discretionary payments to subscribers and beneficiaries	<i>Applicability of this item to plans that don’t make discretionary payments</i>	One commenter told us that the disclosure in this Item should only be required for plans that make discretionary payments, and that this should be made clear in the Form.	Plans that do not make discretionary payments will not be required to complete this Item. We note that the general instructions to the Form state that a plan does not need to complete Items that are not applicable to it.
18.1 – Discretionary payments to subscribers and beneficiaries	<i>18.1(7) – Sustainability of future discretionary payments</i>	<p>One commenter told us that if plans are required to disclose the future sustainability of discretionary payments under this Item, the Form should also require some form of third party certification of sustainability.</p> <p>However, another commenter expressed concern about requiring disclosure of the future sustainability of payments that are entirely discretionary. This could imply some form of guarantee or promise of these payments in the future. The commenter suggested removing this Item.</p>	We have deleted this requirement.

<p>18.2 – Historical payment of discretionary amounts</p>	<p><i>Item 18.2(1) – Amount of discretionary payments</i></p>	<p>One commenter noted that the introductory language in Item 18.1(1) refers to payments over the past five years, but the table in Item 18.1(2) refers to “year of eligibility for the beneficiary group”, which is a different thing. The commenter suggested modifying one or the other to make them consistent.</p>	<p>We have made the suggested change. We clarified that the table is intended to refer to the five beneficiary groups that most recently reached their year of eligibility.</p>
	<p><i>Item 18.2(2) – Table of historical discretionary payments</i></p>	<p>One commenter told us that it would be difficult to provide the required information in this Item, since it does not track discretionary payments by beneficiary group. We were told that it would be possible to disclose discretionary payments according to a specific period instead.</p> <p>However, other commenters suggested presenting the information in the table on a per unit basis, similar to the table in Item 18.1</p>	<p>We have amended the requirements of this Item (now Item 21.2) to require disclosure of discretionary payments to be provided on a per unit basis for the five beneficiary groups that most recently reached their year of eligibility. We understand that plan providers have records of the total amount of funds used to make discretionary payments in each year and the total number of units for each beneficiary group. Therefore, we believe that plan providers will be able to provide this information in the required form.</p>
<p>Item 19 – Accumulated income payments</p>			
<p>19.1 – Accumulated income payments</p>	<p><i>Not applicable to group plans</i></p>	<p>One commenter reminded us that accumulated income payments are not applicable to group plans and that the Form requirements should ensure that this is clear.</p>	<p>We understand that this is not necessarily the case, as some group plans permit subscribers to withdraw earnings on grants as accumulated income payments in</p>

			certain cases. We note that the general instructions to the Form state that a plan does not need to complete Items that are not applicable to it.
Item 20 – Cancellation and re-registration of a plan			
20.1 Cancellation and re-registration of a plan	<i>Repeats information elsewhere in the prospectus</i>	One commenter suggested deleting Item 20 because the disclosure is already provided elsewhere in the Form.	We have amended Parts B and C so that there is no duplication of this disclosure between those Parts of the Form. This disclosure will now only be provided in Part C.
	<i>Use of the term “re-registered”</i>	A couple of commenters told us that the term “re-register” is not the correct terminology for what is described in this Item. They suggested that we use the term “reinstated”, which is a more accurate description.	We have changed the applicable term to “reactivate”.
Item 21 – Specific plan risks attributable to/resulting from subscriber and beneficiary actions in failing to meet the terms of the plan			
21.1 – Suspension of your plan	<i>Repeats information elsewhere in the prospectus</i>	One commenter suggested deleting Item 21 because the disclosure is already provided elsewhere in the Form.	We agree and have deleted this Item.
Item 22 – Attrition disclosure for a plan			
22.1 - Attrition	<i>Negative connotation of attrition</i>	This same commenter told us that they agree with having attrition discussed as a	We do not propose to change the location of the discussion about

		<p>separate Item in the Form. However, they suggested moving the discussion earlier in the Form, as it is a fundamental feature of group plans. The commenter also told us that the prescribed disclosure about attrition in this Item, and the Form generally, is negative and one-sided. The commenter also recommended only using the term “attrition” in the Form, instead of interchanging it with “income from cancelled units”.</p>	<p>attrition in the Form. It is located just after disclosure about payments from a plan, which we believe is appropriate given that attrition impacts the level of those payments.</p> <p>We do not agree that the disclosure in this Item or the Form generally, is negative and one-sided. The Form requires a plain language explanation of what attrition means and the impact of attrition on the amount that may be received by beneficiaries.</p>
	<p>22.1(2) – <i>How attrition affects contributions</i></p>	<p>A few commenters told us that attrition does not affect contributions, but rather the amount of EAPs paid to beneficiaries. We were also told that the statement “you will not get back any earnings” can be misleading if there is no explanation. They said that plan providers must be allowed to explain, for example, how in these circumstances, earnings could have already been partially paid to a beneficiary as part of an EAP and the eligibility for earnings on grants as an AIP if a plan is cancelled.</p>	<p>We have clarified that attrition impacts the level of EAPs, rather than contributions, and that a subscriber may withdraw earnings on grants as an AIP, if applicable.</p> <p>We note that there is a separate Item in the Form that specifically discusses AIPs including eligibility for receiving one. We would expect disclosure about the availability of AIPs in a group plan to be discussed in that Item. Item 22 is intended to be focused on explaining attrition and its impact.</p>

		<p>One of the commenters noted that in all circumstances where a plan is cancelled, a subscriber will receive their contributions, less fees. They suggested replacing the prescribed disclosure in this item with a requirement to discuss the factors that contribute to pre- and post- maturity attrition.</p>	<p>We note that the proposed Item 22.1(1) provides general disclosure about the circumstances that result in pre- and post-maturity attrition.</p>
<p>22.2 – Pre-maturity attrition and payments to beneficiaries</p>	<p><i>22.2(1) – Loss of income from cancelled units warning</i></p>	<p>One commenter suggested that the warning about loss of income from cancelled units at the beginning of this Item was superfluous and should be removed.</p>	<p>We have removed the warning language. The prescribed wording now explains the attrition table that immediately follows it.</p>
	<p><i>22.2(2) – Pre-maturity attrition table</i></p>	<p>Some commenters noted that the mandated table in this Item is already disclosed in the financial statements of the plans. They added that the table is also far too dense and complex to assist a subscriber’s understanding of the information. The commenters instead suggested that we just require providers to include a cross-reference to this table in the financial statements and provide an explanation of why the information may be important.</p>	<p>We continue to believe that information about attrition rates in a plan is important for investors and should be included in the prospectus. Since the financial statements are to be delivered on request under the proposed amendments to NI 41-101, we do not believe it is sufficient to simply include a cross-reference to these tables in the prospectus. Accordingly, we do not propose removing attrition tables from the prospectus. However, we have simplified the table to show the percentage of units that have been cancelled and to show the total and per unit</p>

		<p>Another commenter told us that this table was unnecessary since a subscriber cannot choose their cohort and that its presence only complicates the prospectus. The commenter suggested removing the table. They added that they do not see the relevance to subscribers of providing attrition information by cohort.</p> <p>A third commenter, however, suggested that for the purposes of this table, pre-maturity drop-out rates should be calculated by maturity-date cohorts and that the size of the cohort be measured by all plans that at some point entered into the cohort. The risk of failing to get an EAP would then be measured by dividing the number of plans that failed up to the final year before maturity, by the size of the cohort. This formula could also be used to determine pre-maturity drop-out rates for the prior years. This could be used to determine an average annual drop-out rate. In turn, the risk of not reaching maturity could be determined by adding the failure rates for a cohort for each year up to maturity.</p>	<p>income from cancelled units that is available to the remaining units.</p> <p>We continue to be of the view that attrition information should be provided based on “cohorts” or beneficiary groups because the amount that a beneficiary may receive is affected by the attrition rate of the “cohort” they belong to and not the attrition rate of the group scholarship plan as a whole.</p> <p>We agree with this commenter and have structured the table such that it describes attrition by beneficiary group.</p> <p>With respect to the cancellation rate percentage (now in Item 22.2(3), please see our response to comments on (former) Item 1.3(9) in Part A of the Form, where our proposed methodology is described in more detail.</p>
--	--	--	--

		<p>Alternatively, this commenter suggested that we could compile the combined drop out rates for each of the plans and require each prospectus to disclose this number, which would be an industry average of sorts. If a plan has a cancellation rate that varies significantly from this “industry average”, the plan could be allowed to explain the differences in the prospectus.</p>	<p>We do not propose to require disclosure of an industry average, as it would require providers to share information that may be confidential in order to prepare the industry average; similarly, it may not be possible for a plan to obtain information to explain why its cancellation rate is significantly higher or lower than the industry average.</p>
	<p><i>22.2(3) – Risk of fees in the event of cancellation or withdrawal of contributions</i></p>	<p>One commenter told us that the prescribed wording in this Item about the impact of cancellation on fees is out of place in a discussion about attrition. They said that the information is already disclosed in other parts of the Form. The commenter added that there was little value in repeating it here, as it just makes the document longer, and suggested removing this Item.</p> <p>We were also told by a few commenters that we should allow plan providers to explain that a cancellation within 60 days of opening a plan results in a full refund of contributions (which may also include income in some cases).</p> <p>They also suggested that the last sentence of the prescribed wording was highly inflammatory and should be deleted.</p>	<p>We have deleted the prescribed wording. Instead, similar information regarding the impact of fees charged at a higher rate to earlier contributions can be found in (now) Item 14.2(2) of Part C.</p>

	22.2(4) – If you drop out of the plan	Two commenters suggested removing the disclosure in this item because it repeats disclosure in Part C of the Form.	We agree and have deleted the disclosure from this Item.
	22.2(5) – Drop-out rate	<p>One commenter suggested changing the title “Drop-out rate” to “Cancellation rate” to ensure clarity. The commenter also suggested modifying the required disclosure on historical cancellation rates to 10 years, to align with similar disclosure in the plan summary. The commenter also suggested removing the category “subscriber reduced units” from the table as it does not result in a subscriber leaving or cancelling a plan.</p> <p>Another commenter suggested combining this table with the table in Item 22.3 by purging it and re-working it with a view to making it clear and user friendly for subscribers. The commenter added that it might be difficult for providers to give the detailed disclosure presently required under this table.</p>	We have now changed the requirement to disclose the “drop-out rate” to a requirement to disclose the rate of plans that did not reach maturity. Please see our response above for item 1.3(9) of Part A on the methodology for calculating the average percentage of plans that did not reach maturity.
22.3 – Post-maturity attrition and payments to beneficiaries	22.3(2) – Post-maturity attrition table	Two commenters told us that the table in this Item is too complex and will not necessarily provide meaningful information to subscribers. They also suggested that the prospectus include an explanation of why an investor would want to know this information and how to interpret the charts.	The table is intended to present general information about the collection experience of the beneficiaries in the most recent five beneficiary groups that have completed their studies. We believe that the introductory wording to the post-maturity attrition table explains the

		<p>The commenters also suggested that the only solid information about attrition levels, or percentage of EAPs collected, is for plans that have closed and are no longer eligible for EAPs.</p> <p>One of these commenters asked for clarification on what the category “Deferred and Unclaimed” in the table refers to. They suggested amending that part of the table to simply refer to plans that have closed. The commenter also suggested that it would be more meaningful to base the disclosure on number of units where an EAP is collected, rather than number of beneficiaries who collect EAPs, and proposed amending the required disclosure in the table to reflect this.</p>	<p>information presented to investors.</p> <p>We have amended the tables in this Item so that the required disclosure is clearer and easier to understand. The Item now requires disclosure of the percentage of beneficiaries who received the maximum number of EAPs payable under the plan, and those who received fewer than the maximum number of EAPs as at the most recent financial year end of the scholarship plan. The rows in the table are exclusive of each other, for example, beneficiaries in a beneficiary group who received only two out of a maximum of three EAPs cannot also be counted in the group that received one EAP. In this way, the percentages in each column will add up to 100%, which we believe will make the disclosure more meaningful and easier for investors to comprehend.</p> <p>We kept the requirement to use “beneficiaries who received EAPs” as the measuring point instead of units that received an</p>
--	--	--	--

			EAP, as we believe this provides investors with more meaningful information about the history of EAP collection by participants in the plan.
Item 23 – Annual returns			
23.1 – Performance data	23.1(1) – How the plan has performed	One commenter told us that the prescribed wording in this Item about expenses reducing returns was unfair and should be removed from the Form.	Please see our response to Item 1.3(11) of Part A above.
	23.1(2) – Annual returns table	<p>Two commenters pointed out that that the disclosure requirements of this table are different than what is presently required under National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> (NI 81-106). For example, plans are not presently required to calculate and disclose a plan’s management expense ratio (MER) or trading expense ratio (TER). The commenters suggested changing the Form requirement to adopt the current disclosure requirements of NI 81-106 instead.</p> <p>One of these commenters also noted that the requirement to calculate performance data refers to a National Instrument that does not yet exist. The commenter urged the CSA to include a standard methodology for calculating performance data across the industry in the Form. The commenter suggested that we require the plans to use the AIMR Performance Presentation within</p>	<p>In response to the comments we have changed the disclosure requirement in this Item to conform more closely with the requirements in NI 81-106 as follows:</p> <ul style="list-style-type: none"> • We recognize that scholarship plans are not presently required to disclose the MER or TER in their management reports of fund performance (MRFPs). Therefore, we removed the proposed requirement to disclose MER and TER in the Form. We may consider including this disclosure in future amendments to NI 81-106. • We have clarified that the

		<p>the overall Global Industry Performance Standards in the Form.</p> <p>Another commenter expressed concern with how to calculate “performance return”, “management expense ratios” (MERs) and “trading expense ratios” (TERs) in any meaningful way in the Form. They do not believe that these terms have any relevance to someone looking to invest in a scholarship plan. The commenter added that it is not sufficient to just cross-reference to NI 81-106 for the methodology since scholarship plans are quite different from mutual funds in terms of what is relevant performance data.</p> <p>Another commenter suggested that that gross annual return, MER and TER should be calculated based on the scholarship plan’s total portfolio adjusted for cash flows, which is how plans presently calculate annual return. The commenter added that Item 23.1(2) seems to imply that the difference between gross and net annual return is the total expense ratio (MER + TER), but told us that while this might work primarily if dollar amounts are used, it would not necessarily work if dealing with percentages because of differing calculation methodologies.</p>	<p>annual returns in the Form must be the annual returns for the scholarship plan as disclosed in the most recently filed annual MRF of the plan. In this way, there will be no difference between the annual returns required to be provided for continuous disclosure purposes and the annual returns provided under the prospectus.</p>
--	--	--	--

Item 24 – Management discussion of fund performance			
24.1 - Management discussion of fund performance	<i>Similar to disclosure in MRFPs</i>	A number of commenters told us that this item requires the inclusion of significant portions of disclosure already required in a plan’s Management Reports of Fund Performance (MRFPs) under Form 81-106F1. The commenters added that repeating this disclosure in the prospectus will only result in a longer prospectus, without adding any meaningful information for subscribers. They suggested removing this Item.	We agree and have deleted this requirement.
<i>Comments on Part D – Information about the Organization</i>			
General comments	<i>Onerous disclosure requirements</i>	One commenter told us that the information required in Part D was too onerous for plans and that subscribers would not require this type of internal information about a plan’s management to make an informed investment decision about which plan to purchase.	We note that the disclosure requirements proposed for Part D of the Form are substantially similar to what scholarship plans currently are required to disclose under Form 41-101F2.
Item 1 – Legal structure of the Plan			
1.1 – Legal structure	<i>1.1(1) – About the plan</i>	Two commenters pointed out that scholarship plans are presently organized as trusts and therefore do not have directors, officers and partners. They also do not have shareholders. The commenter suggested revising this Item so that it only refers to the current structure used by the plans.	We do not propose to make this change. The requirements are drafted so that they can apply to different structures that may be used now or in the future. Only applicable disclosure is required to be provided.

Item 2 – Organization and management details			
2.1 – Organization and management details	<i>2.1(3)(h) – Oversight of the manager by the independent review committee</i>	Two commenters told us that the reference in to the IRC having oversight over the fund manager of the plan was not entirely accurate, as it only has oversight over specific conflicts of interest matters referred to it by the manager. The commenters added that the disclosure in this item should more clearly recognize that the Foundation’s board is the body with true oversight over the Foundation and the plan’s fund manager, and that the Foundation is responsible for the governance of the plan.	This subparagraph (which is now in Item 12 of Part B of the Form) only requires disclosure of the nature of the oversight role of the IRC with respect to a plan. This role is generally prescribed under applicable securities legislation. We have also added a new subparagraph in this Item to require similar disclosure about the foundation or other body that may also have an oversight role with the plan.
Item 5 – The independent review committee			
5.1 – The independent review committee	<i>5.1(2) – Description of other committees with a governance role</i>	The same commenters also told us that the disclosure requirement in this Item should more clearly reflect the role of the plan’s foundation in governance and oversight of the plan. Another commenter told us that Part D appears to make no provision for the inclusion of arm’s length committees that may play an oversight role with the plans. The commenter suggested that we modify the Form to allow plans to better reflect this.	We have created a new Item 2.3 in Part D for specific disclosure about the foundation, including the names of its directors and executive officers, as well as the foundation’s mandate and responsibilities. We also note that Item 2.4 requires similar disclosure about any other body or group that has responsibility for plan governance, or plays any kind of oversight role with respect to the plan’s activities.

Item 6 – Remuneration of directors, officers and trustees			
Item 6	6.1(1) – Executive compensation	<p>Several commenters expressed concerns with the requirements for disclosing remuneration of employees. They told us that this item appears to require the same level of disclosure as that of corporate issuers and is a far higher standard of disclosure than that required of mutual funds or other kinds of investments. They were unclear about why or how this higher level of disclosure is warranted. They also told us that this level of disclosure would not be relevant to investors. They suggested deleting or substantially revising this Item to better align with disclosure required by other types of investment funds.</p> <p>Another commenter asked us to clarify to which employees of the investment fund manager or an affiliated entity the compensation disclosure requirements in this item are supposed to apply.</p>	<p>We have amended this Item (now Item 2.5 of Part D) so that the disclosure is only applicable to employees of the scholarship plan and not those of the investment fund manager or employees of an affiliated entity. This is consistent with the disclosure required of mutual funds in Form 81-101F2 <i>Contents of Annual Information Form</i> (Form 81-101F2).</p>
Item 8 – The scholarship plan dealer			
8.2 – Dealer compensation	Applicability to scholarship plans	<p>Two commenters told us that the required disclosure under this Item appears to be based on similar disclosure requirements for mutual funds, but it may not fit within the context of a scholarship plan that is distributed solely through one affiliated</p>	<p>We do not propose to make this change. It is unclear to us why this disclosure cannot be provided by the plans. We note that mutual funds currently provide similar disclosure,</p>

		dealer. Another commenter asked us to clarify how the different entities described in this item are defined in the Form.	including mutual funds that are distributed solely or primarily through affiliated dealers. We are interested to know why the commenters believe this disclosure does not fit within the context of a scholarship plan that is distributed solely through one affiliated dealer. The general instructions to the Form clarify where terms used in the Form are defined.
Item 16 – Business practices and conflicts of interest			
16.1 - Policies	<i>Level of detail required</i>	Two commenters questioned the level of detail required in this Item, given that it appears to be similar to requirements in NI 31-103. The commenters added that similar disclosure does not appear to be required for mutual funds and asked us why there are different requirements for scholarship plans.	We kept the proposed requirement. We note that the disclosure required under this Item is also required disclosure for mutual funds under Item 12 of Form 81-101F2.
16.2 – Valuation of portfolio securities	<i>Relevance of disclosure</i>	One commenter told us that the information about the methodologies used by a plan to value portfolio assets was irrelevant to investors, given the types of investments made by plans and the nature of the plans themselves. They added that the value of a plan’s investments at any given time has no	We do not propose to delete this Item. The value of a plan’s investments is one of the key factors in determining how much will be paid in EAPs. Therefore, how that value is determined is relevant information.

		bearing on a subscriber's day-to-day experience with a scholarship plan.	
16.4 – Conflicts of interests and 16.5 – Interests of management and others in material transactions	<i>Requirements excessive</i>	One commenter told us that the information required in this Item about proxy voting and conflicts of interest was excessive because a plan may have various bodies that play a role in managing these things for a plan. As well, the commenter reminded us that IRCs already prepare and file annual reports on their activities so this information is already available to investors.	We do not propose to delete this requirement. Disclosure of proxy voting policies is currently required for all investment funds (including scholarship plans) under both Form 41-101F2 and Form 81-101F2. The disclosure requirements proposed under the Form are consistent with the current requirements and are not excessive. We also note that this disclosure is only required where a plan holds voting securities in its investment portfolio.
Item 17 – Material contracts			
17.1 – Material contracts	<i>17.1(a) – Sales agreement or contract</i>	One commenter told us that it is impractical and unnecessary to include and describe the particulars of a subscriber's sales agreement as required in this Item because much of the information in that agreement is already presented elsewhere in the prospectus.	We do not propose to change this requirement. We note that the Instruction to this Item states that particulars for a contract must be provided under this Item only if that disclosure is not provided elsewhere in the prospectus, thereby reducing any duplication of disclosure.
Item 18 – Legal matters			
18.3 – Legal and administrative proceedings	<i>Necessity of disclosure</i>	One commenter told us that this disclosure was similar to disclosure already required under Item 12.1(6) and questioned why it was also necessary in this item.	We agree that some of the disclosure in what was formerly Item 12.1(6) (now Item 2.12) overlaps with the disclosure in

			what was formerly Item 18.3 (now Item 8.2). We have amended the requirements of Item 2.12 to remove this overlap.
Item 19 – Contribution schedule			
19.1 – Contribution schedule	<i>Move to Part C</i>	A number of commenters told us that the contribution tables in this item should not be included in Part D, which is expected to only be delivered on demand. We were told that these tables are highly relevant and important for investors and should be included in a part of the prospectus that will be delivered to subscribers, such as Part C.	<p>We agree with this comment and have amended the Form so that the contribution tables are now provided in Item 12 of Part C.</p> <p>We have also amended the requirements for the contribution tables to allow plans to provide one table listing each available contribution option for each beneficiary group (similar to what is provided in current scholarship plan prospectuses), instead of a separate table for each group. Plans will also be required to give examples to assist investors in understanding how the information is presented in the table.</p>
	<i>19.1(3) – Format of the contribution tables in</i>	Several commenters also told us that there is no value in requiring separate contribution tables for each possible beneficiary group in a prospectus, as required in this Item. They told us that this will result in the prospectus being unnecessarily long and the tables will be unduly complex without adding much value to subscribers. They suggested that the format for contribution tables currently used by the plans should be required instead.	

Part V – Comments in Response to Questions in the Notice		
<u>Question</u>	<u>Comments</u>	<u>Responses</u>
<p><i>1. We are considering requiring the detailed disclosure set out in the prospectus form under Part C- Plan Specific Information for unregistered education savings accounts. These accounts currently have various names, such as escrow accounts or advance deposit accounts. In our view, these accounts appear to be securities because they evidence the investment contracts. Do you agree with this approach? If not, how should these accounts be disclosed and why?</i></p>	<p>The commenters from the industry did not agree with this approach and told us that these accounts should be disclosed much as they are today, not as separate plans. We were told that these accounts are viewed as a time-limited service for prospective investors who do not yet have a social insurance number, not as a separate plan, and that requiring this level of disclosure would result in additional complexity in the prospectus and increase confusion for investors.</p> <p>However, two investor advocate commenters agreed with the suggestion of a separate Part C for these accounts, on the basis that the disclosure would better protect investors,</p>	<p>After considering the comments, we have decided not to require a separate Part C to be prepared for unregistered education savings accounts that may be offered by a plan provider. Instead, the Form will mandate specific disclosure about these accounts in Part B of the Form, under Item 6, including what happens to contributions made to the accounts.</p> <p>We understand that in each plan where such accounts are offered, they are designed to be available for a limited time until the required SINs can be provided. As most of the Items in Part C disclosure would not apply to these accounts, we determined there would be little benefit in requiring a separate Part C for these accounts. We are of the view that mandating the disclosure in Part B, close to the front of the prospectus, will provide investors with enough information to understand the nature of these accounts, and more significantly, the importance of having SINs available for a scholarship plan investment.</p>
<p><i>2. To make the prospectus document shorter and more accessible for investors, we are considering allowing Part D – Information about the Organization of the Prospectus</i></p>	<p>There was almost unanimous support for making Part D deliverable on demand.</p> <p>A few commenters also suggested that we</p>	<p>We are not proposing to amend the Instrument to permit the disclosure in Part D of the prospectus to be deliverable on demand at this time. Instead, the CSA is open to</p>

<p><i>Form to be made available on request. This is similar to the Annual Information Form for conventional mutual funds. Do you agree or disagree with this approach? Why?</i></p>	<p>go further by only requiring that the Plan Summary be delivered to subscribers and making the rest of the prospectus (Parts B and C of the Form) deliverable on demand. The commenters suggested that they could train sales representatives to clearly explain the purpose of the prospectus and the type of information provided in that document, to help subscribers determine if they want to receive one or not.</p> <p>While not opposed to making Part D deliverable only on demand, one investor advocate commenter wanted to ensure that the Plan Summary would be delivered with Part D if Part D is delivered separately from the rest of the prospectus.</p>	<p>considering exemptive relief to permit this.</p>
<p><i>3. We are considering requiring additional disclosure in the Prospectus Form about the trustee of the scholarship plan, including information about the trustee's policies on business practises and conflicts of interest, proxy voting and particulars of existing or potential conflicts of interest related to the scholarship plan. Do you agree or disagree with this approach? Why?</i></p>	<p>Each of the commenters who addressed this question disagreed with this approach. They questioned the benefit to investors of providing this disclosure given that the trustee for a scholarship plan is mostly a bare trustee, like the trustee of a mutual fund and that most of the operational, administrative and governance work performed by the Foundation or the scholarship plan dealer. The commenters told us that this additional disclosure would add considerable length to the prospectus without adding any value to investors.</p>	<p>We agree with these comments and do not propose to require this additional disclosure.</p>

Part VI – List of commenters

Commenters

- **Canadian Foundation for Advancement of Investment Rights**
- **La Chambre de la sécurité financière**
- **Children’s Education Funds Inc.**
- **C.ST. Consultants Inc.**
- **Gestion Universitas**
- **Global Educational Trust Foundation**
- **Independent Financial Brokers**
- **Kenmar Associates**
- **The Omega Foundation**
- **RESP Dealers Association of Canada**
- **Social and Enterprise Development Innovations (SEDI)**
- **USC Education Savings Plans, Inc.**
- **Bert Waslander (Economic Consultant)**