

## **Annex B**

### **Proposed Changes to Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations***

- 1. *Companion Policy 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is changed by this Document.***
- 2. *The following paragraph is added immediately preceding “Reporting information when approximations are used” in section 14.17:***

#### **Payments from Investment Fund Managers Received by Principal Distributors**

A registered firm that is a mutual fund’s principal distributor may have an arrangement with the investment fund manager for which they act as principal distributor. In order to provide transparency regarding the interests of the principal distributor in such circumstances, it is important to provide investors with information regarding payments received by principal distributors. In particular, there may be circumstances where the principal distributor might receive a percentage of the management fees collected by the investment fund manager. In some cases, the percentage received may vary depending on the total level of assets under management attributed to the principal distributor. Principal distributors must provide a footnote to disclose the maximum percentage of the management fee that is paid to them by an investment fund manager for principal distributor services provided to the investment fund manager and the funds, as required under paragraph 14.17(1)(v).

For greater clarity, we do not expect registered firms to also disclose under paragraph 14.17(1)(g) a payment which is required to be disclosed under paragraph 14.17(1)(v)..

#### **Effective Date**

- 3. This change becomes effective on ●.**