Annex B
Summary of Public Comments and CSA Responses on the Proposed Amendments

BACKGROUND

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

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GENERAL - SUPPORT

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

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

GENERAL – QUESTION 1

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

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

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

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

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

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

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

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

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

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

NI 81-102, Operational Requirements	One commenter suggested that operational requirements under NI 81-102 could be modernized, streamlined and updated to reduce needless impediments to smooth and efficient investment fund operations.	CSA Staff note the suggestion.
NI 81-102, Subscriptions and Redemptions	One commenter suggested that the rules in Parts 9 and 10 of NI 81-102 governing subscriptions and redemptions should be re-evaluated for ETFs, including with a view to a less rigid and more principles- and risk-based approach to settlement that will afford ETF managers a reasonable measure of discretion in the subscription and redemption process, in a manner that is consistent with their fiduciary obligations.	CSA Staff note the suggestion.
NI 81-102, Designated Ratings Framework	One commenter suggested that the "designated rating" framework under NI 81-102 is overly rigid, over-reliant on ratings agencies and extremely burdensome to comply with in practice, and that the designated ratings rules should be revised to adopt a more principles-based, and less of a prescriptive, approach to assessing risk.	CSA Staff note the suggestion.
NI 81-102, Single Custodian Requirement	One commenter suggested that the CSA reconsider the requirement in Part 6 of 81-102 for investment funds to appoint a single custodian for portfolio assets.	CSA Staff note the suggestion.
NI 81-102, Derivatives Rules	One commenter suggested that the derivatives rules in NI 81-102 are outdated and difficult to apply in practice, and should be reviewed in light of the proposed business conduct and registration regime applicable to over-the-counter (OTC) derivatives.	CSA Staff note the suggestion.
NI 81-102, Illiquid Asset Definition	One commenter suggested that the definition of "illiquid assets" in NI 81-102 would benefit from redrafting in order to clarify the amount of illiquid assets that can be held by a mutual fund, and to more appropriately capture OTC traded securities.	CSA Staff note the suggestion.
NI 81-102, Compliance Reports	One commenter suggested that the Compliance Reports required by Part 12 of NI 81-102 are an unnecessary burden that should be repealed.	CSA Staff note the suggestion.
NI 81-102, Sales Communications	One commenter suggested that several elements of Part 15, NI 81-102 be reviewed: • clarify expectations regarding section 15.3 and simplify its drafting; • simplify section 15.4 and adopt plain language wording; • clarify expectations regarding section 15.6; • incorporate CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers*; • include a new section on non-financial information, which would address concerns raised by ESG investment funds.	CSA Staff note the suggestions.
NI 81-102, Securityholder Approval for Pre-Approved Fund Mergers	One commenter suggested allowing pre-approved fund mergers to proceed without securityholder approval.	CSA Staff note the suggestion.

Focused Amendments to NI 81-107		
Interaction Between Securities Legislation and NI 81-107	One commenter suggested that provisions in securities legislation made redundant by NI 81-107 should be eliminated.	CSA Staff note the suggestion.
NI 81-107, IRC Framework	One commenter suggested that the CSA should review the IRC framework under NI 81-107.	CSA Staff note the suggestion.
Material Changes		
Risk Ratings	One commenter suggested that the CSA should reconsider its approach to the treatment of risk ratings under NI 81-106, and noted that at the very least, risk rating changes should no longer be treated as deemed material changes.	CSA Staff note the suggestion.
Requirement to file Material Change Report	Two commenters suggested eliminating the requirement to file a material change report, noting that information that is essential to an investor related to any material change of an investment fund, will be disclosed in the press release and prospectus amendment.	CSA Staff note the suggestions.
Other		
Coordinated Approach to Burden Reduction	Two commenters suggested that the CSA continue to work together on burden reduction initiatives, including those being investigated by the OSC as part of its work in response to the comments received on OSC Staff Notice 11-784 *Burden Reduction*.	CSA Staff note the suggestions.
Ongoing Policy Initiatives	One commenter noted that it had previously submitted comments in response to ongoing CSA initiatives and noted that it understood its prior submissions would be considered as part of the CSA's review of regulatory burden. One commenter noted that it looked forward to seeing the product of decisions and recommendations outlined in the OSC's November 2019 publication entitled *Reducing Regulatory Burden in Ontario Capital Markets*.	The CSA aims to consider in its burden reduction efforts, submissions made as part of other CSA initiatives, and as part of the burden reduction initiatives of individual CSA jurisdictions.
Title Regulation	One commenter stated that the CSA should consider lending support to government initiatives in Ontario and Saskatchewan that will restrict the titles of "financial advisor" and "financial planner".	CSA Staff note the suggestion.
Operational Efficiencies	One commenter suggested the CSA continue seeking opportunities to reduce regulatory burden through operational efficiencies in its processes.	CSA Staff note the suggestion.
SEDAR Form 6 Requirement	Four commenters suggested eliminating the SEDAR Form 6 requirement found in subsection 4.3(3) of National Instrument 13- 101 *System for Electronic Document Analysis and Retrieval (SEDAR)*. One of the commenters noted that if the CSA does not wish to eliminate the requirement altogether, it should consider accepting scanned copies or conformed signatures, instead of requiring couriered originals.	CSA Staff note the suggestions.
Separate Disclosure Regimes for ETFs and	Two commenters suggested that there be consideration of whether it is necessary to maintain	CSA Staff note the suggestions.

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

GENERAL – QUESTION 2

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

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

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

GENERAL - OTHER

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

WORKSTREAM ONE – SUPPORT

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

WORKSTREAM ONE – QUESTION 3

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

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

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

WORKSTREAM ONE – QUESTION 4

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

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

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

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

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

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

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

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

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

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

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

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

WORKSTREAM ONE – QUESTION 5

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

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

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

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

WORKSTREAM ONE – QUESTION 6

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

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

WORKSTREAM ONE – QUESTION 7

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

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

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

WORKSTREAM ONE – QUESTION 8

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

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

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

WORKSTREAM ONE – QUESTION 9

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

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

WORKSTREAM ONE – QUESTION 10

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

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

WORKSTREAM ONE – QUESTION 11

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

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

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

WORKSTREAM ONE – QUESTION 12

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

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

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

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

WORKSTREAM ONE – QUESTION 13

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

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

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

WORKSTREAM ONE – OTHER

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

WORKSTREAM TWO – SUPPORT

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

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

WORKSTREAM TWO – QUESTION 14

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

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

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

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

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

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

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

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

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

WORKSTREAM TWO – QUESTION 15

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

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

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

WORKSTREAM TWO – QUESTION 16

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

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

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

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

WORKSTREAM TWO – QUESTION 17

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

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

WORKSTREAM TWO – OTHER

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

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

WORKSTREAM THREE – SUPPORT

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

WORKSTREAM THREE – QUESTION 18

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

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

WORKSTREAM THREE – OTHER

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

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

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

WORKSTREAM FOUR – SUPPORT

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

WORKSTREAM FOUR – NO CONSULTATION QUESTIONS

WORKSTREAM FOUR - OTHER

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

		consider this request for a future initiative.

WORKSTREAM FIVE - SUPPORT

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

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

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

WORKSTREAM FIVE – QUESTION 19

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

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

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

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

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

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

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

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

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

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

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

WORKSTREAM FIVE - OTHER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WORKSTREAM SIX - SUPPORT

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

WORKSTREAM SIX - QUESTION 20

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

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

WORKSTREAM SIX - OTHER

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

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

WORKSTREAM SEVEN - SUPPORT

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

WORKSTREAM SEVEN - QUESTION 21

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

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

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

WORKSTREAM SEVEN - QUESTION 22

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

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

WORKSTREAM SEVEN - QUESTION 23

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

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

WORKSTREAM SEVEN - QUESTION 24

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

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

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

WORKSTREAM SEVEN - QUESTION 25

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

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

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

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

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

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

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

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

WORKSTREAM SEVEN - OTHER

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

WORKSTREAM EIGHT - SUPPORT

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

WORKSTREAM EIGHT - QUESTION 26

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

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

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

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

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

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

WORKSTREAM EIGHT - OTHER

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

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

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

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

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

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

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

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

REPORT PRESENTATION

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

LIST OF COMMENTERS

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