

## CSA NOTICE OF PUBLICATION

# AMENDMENTS TO NATIONAL INSTRUMENT 81-102 INVESTMENT FUNDS AND CHANGES TO COMPANION POLICY 81-102CP TO NATIONAL INSTRUMENT 81-102 INVESTMENT FUNDS TO ACCOMMODATE A RANGE OF SETTLEMENT CYCLES FOR MUTUAL FUNDS

May 23, 2024

### Introduction

The Canadian Securities Administrators (**CSA** or **we**) are adopting amendments (the **Final Amendments**) to National Instrument 81-102 *Investment Funds* (**NI 81-102**) and changes (the **Final Changes**) to Companion Policy 81-102CP to National Instrument 81-102 *Investment Funds* (**81-102CP**).

Provided all necessary regulatory and ministerial approvals are obtained, the Final Amendments will come into force on August 31, 2024.

The text of the Final Amendments and the Final Changes is contained in Annexes B and C of this notice and will also be available on the websites of the following CSA jurisdictions:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.asc.ca](http://www.asc.ca)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[nssc.novascotia.ca](http://nssc.novascotia.ca)  
[www.fcmb.ca](http://www.fcmb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

### Summary, Substance and Purpose

The purpose of the Final Amendments and the Final Changes is to accommodate a range of settlement cycles and particularly for those mutual funds that voluntarily decide to shorten the

settlement cycle for purchases and redemptions of their securities from T+2 to T+1 when the underlying assets held by the fund move to a T+1 settlement cycle.

The Final Amendments introduce changes to clarify that payments must be made no later than the reference settlement date of the purchase order. The reference settlement date of the purchase order is the business day determined by the mutual fund and made available in writing to the principal distributor, the participating dealer, or the person or company providing services to the principal distributor or participating dealer, which must be on or before the second business day after the pricing date.

The Final Amendments also introduce a change to paragraph 9.4(4)(a) of NI 81-102 to require a mutual fund that voluntarily decides to shorten the settlement cycle for purchase or redemption of its securities from T+2 to T+1 to redeem its securities for non-payment on the next business day after the reference settlement date of the purchase order, which would be on T+2 rather than T+3 as currently required.

The Final Changes provide guidance clarifying that examples that could satisfy the requirement for a mutual fund to make available in writing the business day it determines as the reference settlement date under subsection 9.4(0.1)(a) of NI 81-102 include (a) providing the mutual fund's settlement cycle via a clearing agency or a clearing house recognized by a securities regulatory authority in a jurisdiction, which includes Fundserv Inc., or a successor, through an electronic file or otherwise, and (b) posting the mutual fund's settlement cycle on the mutual fund's designated website.

## **Background**

On October 19, 2023, we published for a 90-day comment period proposed amendments to NI 81-102 to facilitate a voluntary decision by a mutual fund to shorten the settlement cycle for purchases and redemptions of its securities from two days after the date of a trade to one day after the date of a trade in anticipation of the settlement cycle for equity and long-term debt market trades in Canada to T+1.

We received two comments. Both comments support the Final Amendments. After considering the comments, we made the Final Changes. We also changed the requirement that the reference settlement date be "disclosed" in the version of paragraph 9.4(0.1)(a) published for comment to a requirement that the reference settlement date be "made available" in the Final Amendments to better align these amendments with the Final Changes.

## **Content of Annexes**

This Notice contains the following annexes:

- Annex A: List of Commenters and Summary of Comments and CSA Responses
- Annex B: Final Amendments to National Instrument 81-102 *Investment Funds*

- Annex C: Final Changes to Companion Policy 81-102CP to National Instrument 81-102 *Investment Funds*
- Annex D: Local Matters

## Questions

Please refer your questions to any of the following:

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