

CSA Notice and Request for Comment

**Proposed Amendments to
National Instrument 81-102 *Investment Funds***

and

**Proposed Changes to
Companion Policy 81-102 *Investment Funds***

and

**Consultation Paper on Liquidity Risk Management Tools,
Liquidity Classification, and Regulatory Disclosure and Data**

November 27, 2025

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing, for a 120-day comment period, proposed amendments (the **Proposed Amendments**) to National Instrument 81-102 *Investment Funds* (**NI 81-102**) and proposed changes (the **Proposed CP Changes**) to Companion Policy 81-102 *Investment Funds*. The Proposed Amendments and Proposed CP Changes pertain to the liquidity risk management (**LRM**) of all investment funds, including those that are reporting issuers and those that are not. The Proposed Amendments and Proposed CP Changes relate to the LRM framework of an investment fund, operational LRM matters, and oversight of the LRM framework.

The text of the Proposed Amendments and Proposed CP Changes is contained in Annexes A and B of this Notice and Request for Comment and will also be available on the websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.asc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Concurrently with this Notice and Request for Comment, we are also publishing a consultation paper (the **Consultation Paper**) that seeks feedback on potential additional changes to the

regulatory framework to address other aspects of LRM. Specifically, the Consultation Paper addresses the following 3 areas of LRM: (a) LRM tools (**LMTs**); (b) liquidity classification of underlying portfolio assets; and (c) regulatory disclosure and data relating to LRM.

For LMTs, the Consultation Paper

- provides an overview of commonly used LMTs, including advantages and disadvantages of each LMT,
- seeks feedback from stakeholders on whether there is a need to permit, or even require, the use of LMTs that are not currently permitted in Canada, and
- solicits specific comments relating to certain LMTs.

For liquidity classification, the Consultation Paper

- sets out a potential liquidity classification framework, and
- seeks stakeholder feedback on the overall framework, as well as specific elements of the framework.

Finally, for regulatory disclosure and data, the Consultation Paper:

- sets out potential disclosure and confidential reporting requirements, and
- solicits stakeholder feedback on each of the requirements.

Any proposal to create new rules or amend existing rules to establish requirements relating to these 3 areas as a result of the Consultation Paper would require a further public comment process.

Substance and Purpose

The Proposed Amendments and Proposed CP Changes are intended to strengthen the LRM framework of all investment funds, in line with the CSA's objectives of protecting investors, promoting fair, efficient and transparent markets, and reducing systemic risk. A strengthened LRM framework will safeguard the interests of investors, including both redeeming investors and remaining investors in an investment fund. An investment fund that has a robust LRM framework will be able to better manage the liquidity of its portfolio in order to meet the redemption needs of its investors in an orderly fashion without disadvantaging remaining investors in the fund. Ensuring that all investment funds have strong LRM frameworks will contribute to fair and efficient markets and will reduce the risk of liquidity crises that may impact the entire financial system.

We are proposing that the Proposed Amendments and Proposed CP Changes apply to all investment funds, regardless of whether they are reporting issuers. In the CSA's view, both investment funds that are reporting issuers and those that are not are similarly susceptible to liquidity risk, and both types of funds should have a robust LRM framework to manage this risk.

In particular, the Proposed Amendments and Proposed CP Changes will codify the guidance in CSA Staff Notice 81-333 *Guidance on Effective Liquidity Risk Management for Investment Funds* (**SN 81-333**) relating to 3 of the elements of the LRM framework set out in SN 81-333, specifically: (a) strong and effective governance; (b) creation and ongoing maintenance; and (c) stress testing. In addition, the Proposed Amendments and Proposed CP Changes build upon

the guidance in SN 81-333 by imposing more specific requirements relating to LRM-related policies and procedures, oversight, operations, and stress testing.

Background

(a) Domestic Developments

In September 2020, the CSA published SN 81-333, which provided guidance to investment fund managers (**IFMs**) on the development and maintenance of an effective LRM framework for investment funds. SN 81-333 covered the following 5 elements of an effective LRM framework: (a) strong and effective governance; (b) creation and ongoing maintenance; (c) stress testing; (d) disclosure of liquidity risks; and (e) use of LRM tools to manage potential and actual liquidity issues.

Since the publication of SN 81-333, the CSA have continued to monitor the LRM of investment funds to assess the adoption of good LRM practices set out in the guidance in SN 81-333 and promote LRM tools and disclosure.¹

The Bank of Canada has consistently noted the risk associated with liquidity mismatches potentially faced by fixed income and money market mutual funds in its annual Financial Stability Report.²

(b) International Developments

There have been significant international regulatory developments relating to LRM, chiefly led by the International Organization of Securities Commissions (**IOSCO**) and Financial Stability Board (**FSB**) and there is currently significant international momentum involving securities regulators around the world to strengthen regulatory frameworks relating to LRM.

In 2013, IOSCO published its principles (the **2013 IOSCO Principles**) relating to the regulation of, and industry practices concerning, LRM for collective investment schemes (**CIS**).³ In 2017, the FSB published policy recommendations (the **2017 FSB Recommendations**), most of which were directed at IOSCO, to address risks to global financial stability associated with the relevant structural vulnerabilities from asset management activities, including liquidity mismatch of open-ended funds (**OEFS**).⁴ This was followed by IOSCO's 2018 recommendations for LRM for CIS (the **2018 IOSCO Recommendations**),⁵ which replaced the 2013 IOSCO Principles, and accompanying good practices.⁶

¹ See pg. 9 of the 2022-2025 CSA Business Plan, https://www.securities-administrators.ca/wp-content/uploads/2022/10/2022_2025CSA_BusinessPlan.pdf.

² See, for example, the Financial Stability Report 2024, <https://www.bankofcanada.ca/2024/05/financial-stability-report-2024/>.

³ IOSCO, "Principles of Liquidity Risk Management for Collective Investment Schemes: Final Report" (March 2013), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD405.pdf>.

⁴ FSB, "Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities, (January 12, 2017), <https://www.fsb.org/wp-content/uploads/FSB-Policy-Recommendations-on-Asset-Management-Structural-Vulnerabilities.pdf>.

⁵ IOSCO, "Recommendations for Liquidity Risk Management for Collective Investment Schemes: Final Report" (February 2018), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD590.pdf>.

⁶ IOSCO, "Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration: Final Report" (February 2018), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD591.pdf>.

2022 IOSCO Thematic Reviews

In November 2022, IOSCO published a report titled *Thematic Review on Liquidity Risk Management Recommendations*,⁷ which sets out the results and observations of thematic reviews conducted by IOSCO of 25 IOSCO member jurisdictions, including Canada, that were focused on the implementation of regulatory measures to address the 2018 IOSCO Recommendations (the **2022 IOSCO Thematic Reviews**).

The 2022 IOSCO Thematic Reviews found the Canadian regulatory framework with regard to LRM to be “fully consistent” for 6 of the 10 recommendations, and “broadly consistent” for the other 4. With regard to 2 of the 4 recommendations for which Canada was assessed as “broadly consistent”, IOSCO noted that the LRM regulatory framework is based on guidance that is not legally enforceable and that does not, in some respects according to IOSCO, cover all relevant key elements of the recommendations.

On the recommendation relating to conducting liquidity assessment in different scenarios, IOSCO noted that the guidance does not explicitly require such ongoing assessments, resulting in the “broadly consistent” assessment. In addition, on the recommendation relating to the implementation of additional LMTs, IOSCO noted that there was a lack of flexibility in applying some of the LMTs, resulting in the “broadly consistent” assessment.

2022 FSB Assessment

In December 2022, the FSB published a report titled *Assessment of the Effectiveness of the FSB's 2017 Recommendations on Liquidity Mismatch in Open-Ended Funds* (the **2022 FSB Assessment**).⁸ The report shares findings from the FSB's assessment of the implementation and effectiveness of the 2017 FSB Recommendations.

The FSB found that while the 2017 FSB Recommendations remain broadly appropriate, certain enhancements to the existing international recommendations and related guidance would significantly strengthen the current framework and OEF liquidity management practices.

The FSB and IOSCO agreed to revise the earlier FSB and IOSCO recommendations to address structural liquidity mismatch, promote greater inclusion and use of LMTs, and clarify the appropriate roles of fund managers and authorities in implementing the recommendations. They also agreed to develop detailed guidance on the design and use of LMTs, enhance the availability of OEF-related data for financial stability monitoring, and promote the use of stress testing.

⁷ IOSCO, “Thematic Review on Liquidity Risk Management Recommendations: Final Report” (November 2022), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD721.pdf>.

⁸ FSB, “Assessment of the Effectiveness of the FSB's 2017 Recommendations on Liquidity Mismatch in Open-Ended Funds” (December 14, 2022), <https://www.fsb.org/wp-content/uploads/P141222.pdf>.

2023 FSB Revised Recommendations

In December 2023, the FSB published a report titled *Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds*.⁹ The revised recommendations in the report (the **2023 FSB Revised Recommendations**) are addressed to financial regulatory and supervisory authorities and supersede the 2017 FSB Recommendations.

The 2023 FSB Revised Recommendations address the following areas:

- Adequacy of information and transparency
- Adequacy of liquidity management both at the design phase and on an ongoing basis, including a liquidity categorization approach
- Adequacy of LRM tools and measures to deal with stressed market conditions
- Additional market liquidity considerations.

2023 IOSCO Guidance

In December 2023, IOSCO published a report titled *Anti-dilution Liquidity Management Tools – Guidance for Effective Implementation of the Recommendations for Liquidity Risk Management for Collective Investment Schemes*.¹⁰ The report sets out guidance (the **2023 IOSCO Guidance**) on the use of anti-dilution LMTs by OEFs to mitigate investor dilution and potential first-mover advantage arising from structural liquidity mismatch in OEFs.

2025 IOSCO Revised Recommendations

In May 2025, IOSCO published a report titled *Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes* (the **2025 IOSCO Revised Recommendations**),¹¹ as well as accompanying guidance in a report titled *Guidance for Open-ended Funds for Effective Implementation of the Recommendations for Liquidity Risk Management* (the **2025 IOSCO Guidance**).¹²

The 2025 IOSCO Revised Recommendations update the 2018 IOSCO Recommendations to reflect the 2023 FSB Revised Recommendations and 2023 IOSCO Guidance. The major changes in the 2025 IOSCO Revised Recommendations relate to the liquidity categorization approach included in the 2023 FSB Revised Recommendations and anti-dilution and quantity-based LMTs and other liquidity management measures.

⁹ FSB, “Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds” (December 20, 2023), <https://www.fsb.org/wp-content/uploads/P201223-1.pdf>.

¹⁰ IOSCO, “Anti-dilution Liquidity Management Tools – Guidance for Effective Implementation of the Recommendations for Liquidity Risk Management for Collective Investment Schemes: Final Report” (December 2023), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD756.pdf>.

¹¹ IOSCO, “Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes: Final Report” (May 2025), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD798.pdf>.

¹² IOSCO, “Guidance for Open-ended Funds for Effective Implementation of the Recommendations for Liquidity Risk Management: Final Report” (May 2025), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD799.pdf>.

The 2025 IOSCO Guidance sets out technical elements focusing on OEFs to facilitate effective implementation of the 2025 IOSCO Revised Recommendations.

2025 IMF Recommendations

In August 2025, the International Monetary Fund (**IMF**) published its Financial System Stability Assessment for Canada (the **FSSA**).¹³ The IMF recommended that Canada align its regulatory framework relating to liquidity of assets held by publicly offered funds with FSB and IOSCO guidance in this area.¹⁴ The IMF also recommended that Canadian authorities strengthen their approach to stress testing at the level of industry practice.¹⁵

Summary of the Proposed Amendments and Proposed CP Changes

The following is a summary of the Proposed Amendments and Proposed CP Changes:

(a) Liquidity Risk Management Framework

We are proposing to require an investment fund to establish and maintain an LRM framework.

As part of the LRM framework, we are proposing to require that the investment fund establish, maintain, and apply policies and procedures that address all matters relating to LRM, including, for example, compliance with the requirements set out in the Proposed Amendments.

(b) Operational Requirements

We are proposing a number of requirements addressing LRM throughout various stages of the lifecycle of an investment fund, including establishing a new investment fund, considering prospective portfolio transactions, and performing ongoing monitoring of the portfolio.

As part of the ongoing monitoring requirement, we are proposing requirements relating to liquidity thresholds and targets and stress testing. In addition, we are proposing requirements relating to contingency plans.

(c) Oversight

We are proposing that an investment fund be required to appoint an LRM supervisor or establish an LRM committee to provide oversight of the LRM framework.

The Proposed Amendments include requiring that, where an investment fund has an LRM committee, the committee include either the chief compliance officer (**CCO**) of the IFM or a person who reports directly to the CCO of the IFM. Where an investment fund has an LRM supervisor, the LRM supervisor must be the CCO of the IFM, an individual who reports directly to the CCO of the IFM, or an individual who reports directly to the CCO of the IFM in respect of LRM matters.

¹³ International Monetary Fund, “Canada: Financial System Stability Assessment – Press Release and Staff Report” (August 1, 2025), <https://www.imf.org/en/Publications/CR/Issues/2025/07/31/Canada-Financial-System-Stability-Assessment-Press-Release-and-Staff-Report-569167>.

¹⁴ FSSA, pg. 24.

¹⁵ FSAA, pg. 24.

The Proposed Amendments also outline requirements relating to the qualifications and functions of the LRM supervisor or LRM committee, as well as the frequency of meetings of the LRM committee, where applicable.

Transition/Coming into Force

Subject to the nature of comments we receive on the Proposed Amendments and Proposed CP Changes, as well as any applicable regulatory requirements, we are proposing that, if approved, the Proposed Amendments will come into force 3 months after the final publication date.

Local Matters

Annex D is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on the Proposed Amendments and Proposed CP Changes.

We are seeking specific feedback on the following questions:

1. Do you have any comments pertaining to section 6.1.1 Liquidity Risk Management Framework?
2. Do you have any comments pertaining to section 6.1.2 Operational Requirements?
3. Do you have any comments pertaining to section 6.1.3 Oversight?
4. Are there any types of investment funds that should be carved out of the Proposed Amendments? Alternatively, are there any types of investment funds that should be carved out of certain requirements in the Proposed Amendments? Please explain.
5. Do you have any other comments pertaining to the Proposed Amendments and Proposed CP Changes?

Please submit your comments in writing on or before March 27, 2026.

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

Submit your comments [here](#). Your comments will be distributed to the participating CSA members.

When submitting your comments from Québec through the link above, you are submitting your comments to:

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Content of Annexes

The text of the Proposed Amendments and Proposed CP Changes is contained in the following annexes to this Notice and Request for Comment and is available on the websites of members of the CSA:

- Annex A: Proposed Amendments to National Instrument 81-102 *Investment Funds*
- Annex B: Proposed Changes to Companion Policy 81-102 *Investment Funds*
- Annex C: Consultation Paper on Liquidity Risk Management Tools, Liquidity Classification, and Regulatory Disclosure and Data
- Annex D: Local Matters

Questions

Please refer your questions to any of the following:

British Columbia Securities Commission

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Financial and Consumer Affairs Authority of Saskatchewan

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