

Annex A

Specific Questions for Comment Relating to the Proposed Amendments and Proposed Changes

General

1. **Other Areas for Modernization.** Are there any other areas of the continuous disclosure regime for investment funds that should be modernized, and which have not been addressed as part of this project? Please provide detailed rationale for each suggestion.
2. **Effective Dates and Exemptions.** As described in the Notice, the CSA is proposing that the final amendments and final changes have an effective date of three months following final publication. However, the CSA is also proposing time-limited exemptions from compliance with the final amendments and final changes. In particular, we are proposing to provide an exemption from compliance in respect of each Workstream and the FER Revisions, for approximately a 9-month period following the effective date. (See also the transition provisions at the end of each amending instrument, which have been drafted with the intention to give effect to these arrangements.)
 - a. In respect of each Workstream and the FER Revisions, please comment on whether the proposed effective date is appropriate and whether the proposed length of the exemption from compliance is sufficient to enable investment funds to prepare for the new requirements. If not, provide alternative timelines and an explanation of how any additional time would be used.
 - b. In respect of Workstream One – Fund Report, please comment on whether an investment fund that prepared an interim MRFP using the requirements set out in the Current Form 81-106F1 should be able to file its subsequent annual MRFP also using the requirements set out in the Current Form 81-106F1, even where the currently envisioned exemption period has ended. If yes, please explain why.

Workstream One – Fund Report

3. **Frequency of Preparation.** Currently, an investment fund that is a reporting issuer must file an annual MRFP and an interim MRFP (see section 4.2 of NI 81-106) and an investment fund that is a reporting issuer and a scholarship plan must file an annual MRFP but is not required to file an interim MRFP (see section 4.3 of NI 81-106). We are proposing that these filing requirements would remain unchanged for the Fund Report. Please comment on whether this proposed approach meets investor needs for remaining current as to the status of their reporting issuer investment fund holdings.
4. **Forward Looking Information.** The Proposed Form 81-106A will require standardized language regarding forward looking information to be placed towards the beginning of a Fund Report (see proposed Item 3 of Part A), with an option to provide additional disclosure in the Other Material Information section at the end of the Fund Report. The standardized language is intended to be more easily understood by investors, and the option to provide additional disclosure later in the document is intended to provide investment funds with the flexibility to supplement the required language. Please comment on whether this proposed approach to forward looking information disclosure in the Fund Report meets investor needs for transparency around the forward-looking information, and the needs of investment funds. If not, please propose an alternative approach along with detailed rationale as to why the alternative approach would represent an improvement.
5. **Years of FER Disclosure.** The Costs section of the Proposed Form 81-106A includes a requirement to provide FER information for only one year, with a statement regarding any increase from the previous year in the summary, where such a summary is provided (see proposed Item 6 of Part A). Please comment on whether additional FER information should be required (e.g., two years' worth of information). Alternatively, please comment on whether increases or decreases in FER as compared to the last prepared Fund Report should be identified in their own column in the table that appears in the Costs section, with the corresponding removal of such information from the summary. If writing in support of a particular approach, please describe how the approach selected would support making the Fund Report easier to read and understand, easier to use, and easier to navigate, for investors, than the MRFP.
6. **MER Without Waivers or Absorptions.** The Proposed Form 81-106A requires the presentation of MER in the Costs section. No space has been included within the Costs section to disclose MER without waivers or absorptions, where expenses have been waived or absorbed. Instead, instructions have been provided to disclose MER without waivers or absorptions in the Other Material Information section, along with a cross-reference, in the Costs section, to that information (see proposed Item 6 of Part A). This approach to presenting

MER without waivers or absorptions is being proposed because we are of the view that it assists in making the Fund Report easier to read and understand. Please comment on whether the proposed disclosure is effective in achieving this aim. If not, please propose an alternative approach (e.g. presenting MER without waivers or absorptions as a new column within the table in the Costs section) and explain why it would represent an improvement.

7. **ESG-Specific Disclosure.** The Proposed Form 81-106A includes a requirement that an investment fund provide a brief summary of the IFM's assessment of the investment fund's success in achieving its investment objectives and using its investment strategies to achieve those investment objectives, during the period covered by the Fund Report (see proposed Item 4 of Part A). Detailed instructions are also provided regarding how the disclosure should be completed in the case of an investment fund that has ESG-related aspects to its investment objectives or investment strategies. These instructions are not intended to create any additional burden for such investment funds. Rather, they are intended to clarify how those investment funds can appropriately satisfy the requirements that apply to all investment funds in that section. Please comment on whether these detailed instructions would make it challenging to provide concise disclosure in the Investment Objectives and Investment Strategies section of the Fund Report. If a challenge is identified, please provide details and suggest an alternative approach.
8. **Classes/ Series of Performance Information.** The Proposed Form 81-106A includes a requirement that performance information be disclosed in respect of the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees (see proposed Item 7 of Part A). This varies from the Current Form 81-106F1, which requires that performance information for all classes or series be provided (see Item 4 of Part B of the Current Form 81-106F1). We are of the view that the proposed requirements for presenting performance information will generally reduce the number of classes or series for which performance information will need to be provided in a Fund Report. We are also of the view that this will have the effect of making the Performance section of the Fund Report easier to navigate for an investor, while presenting the most essential performance information for an investor to be aware of (i.e. the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees).
 - a. Please comment on whether this proposed approach for determining which classes or series of an investment fund for which performance information should be provided, meets investor needs for a Fund Report that is easy to navigate but which also contains sufficient information for an investor to make decisions. If not, please describe an alternative approach in detail that would meet the same objectives. In particular, provide specific criteria that might be used to determine which class or series of performance information should be included.
 - b. Should the proposed requirements for which classes or series of performance information be provided, be modified to also require the disclosure of performance information for the class or series with the lowest management fee that is available for purchase by a retail investor? We are particularly interested in feedback on this issue given the increasing popularity of no-load classes or series and fee-based accounts.
 - c. For situations where a particular class or series of an investment fund has the highest management fee but no performance information that can be disclosed, please propose an alternative form of disclosure.
 - d. Please comment on whether investment funds should be required to present performance information on their designated website for any class or series that does not have its performance information included in a Fund Report, together with a cross-reference to such information in the Fund Report. If yes, provide detailed comments on the challenges that an IFM would face in meeting this requirement.
9. **Related Party Transactions.** The Proposed Form 81-106A does not include a section requiring disclosure pertaining to related party transactions. Instead, a different requirement has been developed and added as an appendix (to be prepared by the IFM) to the annual report to securityholders that an investment fund's IRC must prepare pursuant to section 4.4 of NI 81-107. This contrasts with the Current Form 81-106F1 which includes a section entitled "Related Party Transactions" (see Item 2.5 of Part B of the Current Form 81-106F1). Please comment on whether this proposed approach to disclosure regarding related party transactions is an effective method of providing this information to investors while ensuring that the Fund Report contains the appropriate amount of information and is easy to navigate.
10. **Liquidity.** Investment fund liquidity risk management is an area of increasing regulatory focus. We are of the view that investors should have access to in-depth yet understandable disclosure regarding the liquidity of the

investments held in the investment portfolio of their investment fund. For this reason, the Proposed Form 81-106A includes a Liquidity Profile section (see Item 11 of Part A of the Proposed Form 81-106A). The Current Form 81-106F1 does not contain a comparable requirement. Please comment on whether the disclosure proposed for the Liquidity section of the Fund Report is understandable to investors and contains the appropriate amount of information for them. If not, please describe in detail an alternative approach.

11. **Scholarship Plan MER.** The Proposed Form 81-106A requires that a scholarship plan provide its MER, and where applicable, its MER without waivers and absorptions (see Item 6 of Part A of the Proposed Form 81-106A). In contrast, the Current Form 81-106F1 does not require that a scholarship plan provide such information (see Item 3.2 of Part B of the Current Form 81-106F1).
 - a. Please comment on whether an investor in a scholarship plan would find this information less useful than an investor in another type of investment fund. If yes, please provide a detailed explanation.
 - b. Please comment on whether scholarship plans will experience any unique challenges in preparing this information for a Fund Report. If so, describe the challenges in detail and explain whether there are any ways through which scholarship plans can address those challenges.
12. **Other Material Information.** The Proposed Form 81-106A includes a section entitled “Other Material Information” (see Item 13 of Part B of the Proposed Form 81-106A). A similar section is also present in the Current Form 81-106F1 (see Item 6 of Part B of the Current Form 81-106F1). Please comment on whether there are alternative methods for presenting the information that might currently be placed in this section. When responding, please consider not only the disclosure requirements of the section itself but also any places in the Proposed Form 81-106A where cross-references to the Other Material Information section are a possibility (e.g. the Forward Looking Information section for supplementary disclosure an investment fund wishes to provide, and the Costs section for information on MER without waivers and absorptions – see Items 3 and 6, respectively, of Part A of the Proposed Form 81-106A).
13. **Designated Website Disclosure.** Under subsection 16.1.2(1) of NI 81-106, an investment fund must designate one qualifying website on which the fund intends to post disclosure as required by securities legislation. Please comment on whether any disclosure from the Fund Report should be removed and, instead, replaced with a requirement to place that disclosure on the designated website of an investment fund. If yes, please provide details regarding any challenges that an IFM might face with respect to such placement and comment on whether such disclosure should be subject to a separate filing requirement.
14. **Cross-References to Designated Website.** The Proposed Form 81-106A includes several cross references to information that may be available on the designated website of an investment fund (see Item 5 of Part A of the Proposed Form 81-106A which references Quarterly Portfolio Disclosure, and Item 7 of Part A of the Proposed Form 81-106A which references performance information where it is available). Please comment on whether any other information that is, or may be, disclosed on the designated website of an investment fund, should also be cross-referenced in the Fund Report.
15. **Modifications for Specific Investment Funds.** The Proposed Form 81-106A has been prepared in such a way that it will be applicable to all types of reporting issuer investment funds, with modifications for scholarship plans where appropriate (see Item 9 of Part A of Form 81-106F1). This mirrors the approach taken in the Current Form 81-106F1. Please comment on whether any additional modifications to the Proposed Form 81-106A are required for certain types of investment funds. We are particularly interested in types of investment funds that are less commonly held than conventional mutual funds and ETFs. Identify specific situations where additional instructions would be beneficial, as well as sample instruction language. Please also comment on whether any proposals would create concerns around maintaining a Fund Report that is easy to read and understand, as well as easy to use in making decisions.
16. **Additional Suggestions.** Please comment on whether the content and format of the Fund Report can be further enhanced to support the needs of investors and other stakeholders, to the extent such comments have not already been provided as part of responses to earlier questions. Please support any comments with reference to findings in the Investor Testing Report or other applicable research. Where other research is referenced, please provide citations.
17. **Investor Education.** The CSA wants to ensure that investors understand why the MRFP is being replaced with the Fund Report. The CSA also wants to ensure that investors understand the new features and content within the document. Several avenues are being considered to achieve these aims, including a digital campaign and an annotated Fund Report.

- a. Please comment on whether these types of educational tools would be sufficient to support investor understanding of the Fund Report. If not, please provide detailed suggestions regarding additional measures that the CSA should consider.
- b. Please comment on how IFMs and investment fund dealers can play a role in supporting efforts to help investors understand the Fund Report. Please also comment on how the CSA can facilitate IFM and dealer efforts in this regard.

Workstream Two - Conflicts

18. **Additional Disclosure Elements.** The Proposed Form 81-107A will serve as a new, standardized form to be used for the filing of related party transaction reports under subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107. The types of transactions to which the Proposed Form 81-107A applies, include purchases by an investment fund but not transactions where the investment fund took part in the sale of securities. Please comment on whether any stakeholders would be disadvantaged by sale information being left out of the Proposed Form 81-107A. If any stakeholders are identified, please provide details on how they would use the sale information, if provided.

Workstream Three - Financial Statements

19. **Stakeholders that would Benefit from Maintaining Disclosure.** As part of the Proposed Amendments for this Workstream, we are proposing to eliminate certain class- or series-level disclosure requirements under Part 3 of NI 81-106 that are not required by IFRS. Please comment on whether any stakeholders would benefit from these disclosure requirements remaining in place. If any stakeholders are identified, please provide details on how they currently use such information and comment on whether any alternative sources of information are available.

Additional Initiative - Implementation of Fund Expense Ratio into Fund Facts and ETF Facts

20. **Timing Considerations.** The Proposed Amendments implement the FER into the Fund Facts and ETF Facts, namely the "Quick facts" and the "How much does it cost?" sections of those documents. Please comment on whether there are any timing issues that should be considered with respect to the implementation of these Proposed Amendments, given that the TCR Project amendments are expected to come into effect on January 1, 2026, subject to certain transition periods. When commenting, please consider that the effective date of the amendments and changes being proposed as part of this initiative have not yet been finalized.