

## ANNEX B

### **Proposed Changes to Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure***

- 1. *Companion Policy 81-106CP to National Instrument 81-106 Investment Fund Continuous Disclosure is changed by this Document.***
- 2. *Part 4 is replaced with the following:***

#### **Part 4 – Access to and Delivery of Financial Statements and Management Reports of Fund Performance – Reporting Issuers**

- 4.1 Sending Designated Documents – Subsections 5.3(1) and (2) of the Instrument require an investment fund that is a reporting issuer to send a paper or an electronic copy, as applicable, of a designated document to a registered holder or beneficial owner of securities of the investment fund if requested. A registered holder or beneficial owner making such a request would likely do so by using the contact information disclosed under paragraph 5.4(2)(d) of the Instrument, as applicable. However, the investment fund should comply with any reasonable request even if it is not made by using the contact information required to be disclosed under those paragraphs.

Section 5.4 of the Instrument requires an investment fund that is a reporting issuer to issue and file on SEDAR, and post on its designated website, a news release announcing it has filed a designated document. This section also requires that the news release provide information about how a registered holder or beneficial owner of securities of the investment fund can contact the investment fund to obtain a paper or electronic copy of a designated document. So that a registered holder or beneficial owner clearly understands how they should contact the investment fund to obtain a designated document, we think registered holders or beneficial owners would find it helpful if an investment fund used the same contact information in its news releases, its designated website and in its Fund Facts, ETF Facts, or scholarship plan prospectus, as applicable.

- 4.2 Electronic Delivery – A designated document required to be sent electronically under Part 5 of the Instrument should follow the guidance in National Policy 11-201 *Delivery of Documents by Electronic Means*.
- 3. *The following Part 4A is added after Part 4:***

#### **Part 4A – Delivery of Financial Statements – Non-Reporting Mutual Funds**

4A.1 Delivery Instructions – (1) The Instrument gives mutual funds that are not reporting issuers the following choices for the delivery of financial statements:

- (a) send these documents to all registered holders or beneficial owners of securities of the mutual fund;
- (b) obtain standing instructions from registered holders or beneficial owners with respect to the documents they wish to receive; or
- (c) obtain annual instructions from registered holders or beneficial owners by sending them an annual request form they can use to indicate which documents they wish to receive.

The choices are intended to provide some flexibility concerning the delivery of financial statements to registered holders or beneficial owners of securities of a mutual fund. The mutual fund can use any combination of the delivery options for registered holders or beneficial owners. However, the Instrument specifies that if the mutual fund chooses option (b) for a registered holder or beneficial owner, it cannot switch back to option (c) for that registered holder or beneficial owner at a later date. The purpose of this requirement is to encourage mutual funds that are not reporting issuers to obtain standing instructions and to ensure that if a registered holder or beneficial owner provides standing instructions, the mutual fund will abide by those instructions unless the registered holder or beneficial owner specifically changes them.

- (2) When requesting delivery instructions from a registered holder or beneficial owner of securities of a mutual fund that is not a reporting issuer, the mutual fund may treat no response from the registered holder or beneficial owner to be a request by the registered holder or beneficial owner to receive all, some or none of the financial statements. When requesting delivery instructions, the mutual fund should make clear what the consequence of no response will be to registered holders or beneficial owners.
- (3) A mutual fund that is not a reporting issuer should request delivery instructions sufficiently ahead of time so that registered holders or beneficial owners of securities of the mutual fund can receive the requested financial statements within the time required by the Instrument. Registered holders or beneficial owners should also be given a reasonable amount of time to respond to a request for instructions. The mutual fund should provide registered holders or beneficial owners with complete contact information for the mutual fund, including a toll-free telephone number or a number for collect calls.
- (4) Mutual funds that are not reporting issuers and that are under common management can request one set of delivery instructions from a registered owner or beneficial

owner of securities of the mutual funds that will apply to all of the mutual funds that are not reporting issuers in the same fund family that the registered holder or beneficial owner owns. If a registered holder or beneficial owner has given a mutual fund that is not a reporting issuer standing delivery instructions and then later acquires the securities of another mutual fund that is not a reporting issuer managed by the same manager, the newly acquired mutual fund can rely on those standing instructions.

4A.2 Communication with Beneficial Owners – A mutual fund that is not a reporting issuer and that is relying on Part 5A of the Instrument must have the necessary information to communicate with a beneficial owner of its securities. If the mutual fund does not have this information, the mutual fund cannot rely on the filing exemption in section 2.11 of the Instrument.

4A.3 Electronic Delivery – Any documents required to be sent under Part 5A of the Instrument may be sent by electronic delivery. Such electronic delivery should be made following the guidance in National Policy 11-201 *Delivery of Documents by Electronic Means*. In particular, the annual reminder required by section 5A.3(5) and the request form required by section 5A.4(3) of the Instrument may be given in electronic form and may be combined with other notices. Request forms and notices may alternatively be sent with account statements or other materials sent to registered holders or beneficial owners of securities of a mutual fund that is not a reporting issuer by the mutual fund.

4. These changes become effective on [●].