

Annex H

Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Form 41-101F2 Information Contained in an Investment Fund Prospectus is amended*

(a) *by replacing “commodity pool” in Item 1.3(1) with “alternative fund”,*

(b) *by adding the following after Item 1.3(3)*

- (4) If the mutual fund to which the prospectus pertains is an alternative fund, include a statement explaining that the fund has the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds and explain how exposure to such asset classes or the adoption of such investment strategies may affect investors’ chance of losing money on their investment in the fund.,

(c) *by repealing Item 1.12,*

(d) *by replacing paragraph (e) of Item 3.3(1) with the following:*

- (e) the use of leverage, including the following:
 - (i) the maximum amount of leverage the investment fund may use as a ratio calculated in accordance with section 2.9.1 of National Instrument 81-102 by dividing the sum of the following by the net asset value of the alternative fund:
 - (A) the aggregate value of the investment funds’ indebtedness under any borrowing agreements entered into by the fund;
 - (B) the aggregate market value of securities to be sold short by the investment fund;
 - (C) the aggregate notional amount of the investment fund’s exposure under its specified derivatives transactions,
 - (ii) any restrictions on the leverage used or to be used by the investment fund, and
 - (iii) a brief explanation of any maximum or minimum limits that apply to each source of leverage.

(e) by adding the following after instruction (3) under Item 5:

(4) *If the mutual fund is an alternative fund, describe the asset classes that the mutual fund invests in or the investment strategies that the mutual fund follows that cause it to fall within the definition of “alternative fund” in NI 81-102. If those investment strategies involve the use of leverage, disclose the sources of leverage (e.g., borrowing, short selling, use of derivatives) as well as the maximum amount of leverage the alternative fund may use as a ratio calculated in accordance with section 2.9.1 of National Instrument 81-102 by dividing the sum of the following by the net asset value of the alternative fund:*

- (a) *the aggregate value of the alternative fund’s indebtedness under any borrowing agreements entered into by the fund;*
- (b) *the aggregate market value of securities to be sold short by the alternative fund;*
- (c) *the aggregate notional amount of the alternative fund’s exposure under its specified derivatives transactions.,*

(f) by replacing paragraph (b) of Item 6.1(1) with the following:

- (b) the use of leverage, including the following:
 - (i) any restrictions on the leverage used or to be used by the investment fund, and
 - (ii) a brief explanation of any maximum and minimum limits that apply to amounts of leverage to the investment fund.

(g) by adding the following after Item 6.1(6):

- (7) For an alternative fund that borrows cash under subsection 2.6 (2) of National Instrument 81-102 *Investment Funds*,
 - (a) state that the alternative fund may borrow cash and the maximum amount the fund may borrow, and
 - (b) briefly describe how borrowing will be used in conjunction with other strategies of the alternative fund to achieve its investment objectives and the terms of the borrowing arrangements.,

(h) by adding the following after Item 19.11

19.12 Lender

- (1) State the name of each person or company that has lent money to the investment

fund.

- (2) State whether any person or company that has lent money to the investment fund is an affiliate or associate of the manager of the investment fund..

3. This Instrument comes into force on ●.