

Appendix A

Summary of Key Changes

This Appendix describes the key changes we made to the 2011 Proposal. Many of the amendments were made in response to comments about the need for greater clarity on what information can be added or altered depending on the type of scholarship plan, and concerning staff's expectations for the content of disclosure.

General Instructions

- For ease of reference, we amended the general instructions to refer to Parts B, C and D of the prospectus collectively as, the “Detailed Plan Disclosure”. Accordingly, a scholarship plan prospectus is comprised of two main parts: (1) the Plan Summary and (2) the Detailed Plan Disclosure. References throughout the Form have been updated to reflect this change.
- Specifically, Items 4, 6, 7, and 8 of Part A of the Form now have separate disclosure requirements for group scholarship plans versus individual or family plans in recognition of the differences in the rules, features and structure of each type of plan.

Part A - Plan Summary for a Scholarship Plan

General

- We amended various disclosure requirements in Part A of the Form to require more customized disclosure in the Plan Summary for group scholarship plans versus individual or family plans.

Item 3 – Description of the Scholarship Plan

- We added wording to the first paragraph in subsection (1) to clarify that after a plan is opened, there is the additional step of applying to the Canada Revenue Agency to register the plan as an RESP.
- We amended the third paragraph of subsection (1) to add that loss of grant contribution room is also a possible outcome if certain events occur.
- We amended the prescribed wording in the third paragraph of subsection (1) to clarify that a child must enrol in a school or program that qualifies under the scholarship plan's rules to be eligible for an EAP.

Item 5 – The Plan's Investments

- We amended Item 5 to remove the prescribed wording about a plan's investments and to instead require the plan to provide a general description of its primary investments. This will give plans more flexibility to accurately describe their investment portfolios.

Item 6 - Contributions

- We added disclosure in the new subsection (1) to highlight for investors that further information on the different contribution options available under a group scholarship plan is provided in the Detailed Plan Disclosure or available from their sales representative.
- We added the requirement in new subsection (3) to state the minimum total investment and minimum amount per contribution permitted under the scholarship plan's rules.

Item 7 - Payments

- We changed the title of Item 7 from "How do the payments work" to "What can I expect to receive from the plan?".
- We added language in the new subsection (2) to highlight that in a group scholarship plan, the beneficiary must show proof that he or she is enrolled in a school and program that qualifies for EAPs under the plan's rules, for each year they wish to receive an EAP.
- We also added new Instructions to Item 7 that clarify our expectations around the disclosure in subsections (2) and (3) of Item 7.

Item 8 - Risks

- We amended Risk 4 of subsection (2) to require a group scholarship plan to state, if applicable, that under its rules fewer programs will qualify for an EAP than under the government's rules for RESPs.
- We added disclosure in the new subsection (4) which directs investors to speak with the plan provider or their sales representative to better understand their risk of loss.

Item 9 – Cancellation Rate

- The sidebar that was previously subsection (2) of Item 8 is now Item 9 in Part A and has been renamed "Cancellation Rate".
- We also amended the prescribed disclosure in this Item to better clarify the disclosure required about group scholarship plan cancellation rates.

Item 10 - Costs

- We added prescribed wording under Item 10(1) to highlight where applicable, that the fees and expenses of the relevant scholarship plan are different to those of other plans offered by the same plan provider.
- We added a new subsection (2) to require in a sidebar, disclosure of the number of months it will take an investor in a group scholarship plan to pay off the sales charge based on monthly contributions. This is similar to the sidebar disclosure required by subsection 14.2(2) of Part C of the Form. The sidebar in Item 10(2) also mandates disclosure explaining the percentage of an investor's contributions that will be invested in the plan during the same time.
- We added a column to both tables in this Item titled "Who the fee is paid to" to require disclosure of who each fee described in the table is payable to.
- We removed much of the prescribed wording in both tables and have instead provided more direction in the Instructions on how to provide the required disclosure.
- We added a new Instruction (5) to require a group scholarship plan or other plan that calculates its sales charge as a fixed dollar amount per unit (or other measure of the level of contribution to the plan), to also express the sales charge as a percentage of the cost of a unit. Where the cost of a unit varies (as in most group scholarship plans), this must be expressed as a range of percentages based on the contribution options that resulted in the highest and lowest unit cost.

Part B – Detailed Plan Disclosure – General Disclosure

Item 2.2 – No Social Insurance Number

- We revised Item 2.2 to allow for disclosure stating that a beneficiary's social insurance number can be provided after the plan is opened. New wording now supplements the previous disclosure in this Item to clarify that if the beneficiary's social insurance number is not provided within a specified period of the application date, the investor should not enrol or make contributions to the plan.
- We added a new Instruction (2) to further clarify staff's expectations concerning the disclosure in Item 2.2.

Item 2.3 – Payments Not Guaranteed

- We amended the prescribed disclosure in subsection (1) to include a reference to "discretionary payments" from the plan.

Item 4.1 – Introduction and Documents Incorporated by Reference

- New Item 4.1(3) has been added to now require a description of each of the documents referred to in subsection 4.1(1) which are incorporated by reference into the prospectus and an explanation of their importance.

Item 4.2 – Terms Used in the Prospectus

- We added prescribed wording to the definition of “Educational assistance payments” that is specific to group scholarship plans.
- We amended the definition of “Grant” to now read as “Government Grant” and for greater clarity, provided examples of the type of government grants contemplated by the definition e.g. Canada Learning Bond.
- We added a new Instruction (3) to Item 4.2 to clarify that the prospectus should only include defined terms applicable to a plan included in the prospectus.

Item 6.7 – Fees and Expenses

- We added wording to the end of Item. 6.7(1) to require disclosure of the fact that fees and expenses reduce the plan’s returns which ultimately reduces the amount available for EAPs.

Item 6.8 – Eligible Studies

- We added new prescribed wording to Item 6.8 to highlight that each plan has its own criteria for what programs qualify as eligible studies for receiving EAPs. The new wording recommends that investors carefully read the applicable section of the Detailed Plan Disclosure to better understand the differences among the plans.

Item 6.9 – Payments from the Scholarship Plan

- We added a second paragraph to subsection (2) of Item 6.9 to now require disclosure of any restrictions under the *Income Tax Act* (Canada) on the amount of EAP that can be paid at a time.

Part C – Detailed Plan Disclosure – Plan Specific Information

Item 3.1 – Plan Description

- We removed subsection (c) of Item 3.1 which previously required disclosure of the nature of the securities offered by the prospectus.

Item 5.1 - Beneficiary Group

- We amended the Instructions to Item 5.1 to better clarify how to complete the required table.

Item 6.1 – Summary of Eligible Studies

- We added new wording to the end of the second paragraph of Item 6.1 to require that a current list of qualifying institutions and programs be made available to an investor on request. This new wording also mandates that the list be made available on the plan’s website.

Item 6.3 – Description of Ineligible Programs

- We added a new subsection (2) to Item 6.3 that requires disclosure on whether the plan has different rules concerning what are eligible studies for receiving an EAP than the rules under the *Income Tax Act* (Canada). If the plan has different eligibility rules than under the *Income Tax Act* (Canada), it must also describe how its rules are different.

Item 14.2 – Fees Payable by Subscriber from Contributions

- We added a new column titled “Who the fee is paid to” to the table to mandate disclosure of who the fee is payable to.
- We added a new subsection (3) to require a statement of whether any of the fees listed in the table in subsection (1) may be increased without subscriber approval.
- We added a new Instruction (3) to clarify our expectations around how the Sales Charge must be disclosed e.g. as a fixed amount per unit, as a percentage of the cost of a unit, or as a range where appropriate. This is similar to the changes made to the instructions to Item 10 of Part A of the Form.
- We added a new Instruction (8) to allow the disclosure required by subsection 14.2(2) to be provided in a text box following the table in section 14.2(1) rather than as a sidebar.

Item 14.3 – Fees Payable by the Scholarship Plan

- We added a new column titled. “Who the fee is paid to” to the table to mandate disclosure of who the fee is payable to.
- We added a new subsection (2) to require disclosure of whether any of the fees in the table can be increased without subscriber approval.

Item 14.6 – Refund of Sales Charges and Other Fees

- We added new subparagraphs (f) to (i) to Item 14.6(2) to mandate disclosure of additional details concerning fee refunds that may be payable to the subscriber, such as whether the refund paid includes interest, what form it takes (e.g. cash or credit to the plan), and how it is treated for tax purposes.

Item 19.3 – Amount of EAPs

- We added a new subsection (3) of Item 19.3 to require disclosure of any restrictions under the *Income Tax Act* (Canada) or the plans' rules on the amount of EAP that can be paid for each year of eligible studies.

Item 22.2 – Pre-Maturity Attrition

- We added a new subsection (2) to Item 22.2 to permit disclosure where applicable, that a group scholarship plan permits a subscriber to receive an AIP on the earnings from their government grants.

Part D – Detailed Plan Disclosure – Information About the Organization

Item 1.1 – Legal Structure

- We removed the reference to “shareholders” from subsection 1.1(2).
- We added a new Instruction that permits the disclosure required by Item 1.1 to be presented in table format.

Item 2.1 - Directors, Officers and Trustees of the Plan

- We moved the disclosure requirements regarding directors and officers of the plan to new Item 2.1 – Directors and Officers of the Plan. Disclosure about the trustees of the plan is now required in Item 2.3 – Trustee.

Item 2.2 – Investment Fund Manager

- We removed the requirement in Item 2.2(2) (previously Item 2.1(2)) to provide particulars of any unique overall investment strategy or approach used by the investment fund manager in connection with the scholarship plans.

Item 2.6 – Other Groups

- We moved the disclosure regarding “Other Groups” from subsection (3) of Item 4 to a separate subsection in new Item 2.6. This Item permits disclosure of any body or group not already described in the prospectus that has any responsibility for governance or performs any kind of oversight role with respect to the plan.