

Appendix D

National Instrument 81-102 *Mutual Funds* Amendment Instrument

1. National Instrument 81-102 *Mutual Funds* is amended by this Instrument.
2. Section 1.1 is amended
 - (a) by repealing the definition of “management expense ratio” and substituting the following:

““management expense ratio” means the ratio, expressed as a percentage, of the expenses of a mutual fund to its average net asset value, calculated in accordance with Part 15 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.”;
 - (b) by adding the following after the definition of “manager”:

““material change” has the meaning ascribed to that term in National Instrument 81-106 *Investment Fund Continuous Disclosure*.”;
 - (c) by repealing the definition of “report to securityholders” and substituting the following:

““report to securityholders” means a report that includes annual or interim financial statements, or an annual or interim management report of fund performance, and that is delivered to securityholders of a mutual fund.”;
 - (d) by adding the following as Item 6 to paragraph (b) of the definition of “sales communication”:

“6. Annual or interim management report of fund performance.”;
 - (e) by repealing the definition of “significant change”; and
 - (f) by repealing the definition of “timely disclosure requirements”.
3. Subparagraph 5.1(g)(iii) is repealed and the following is substituted:

“(iii) the transaction would be a material change to the mutual fund.”.
4. Paragraph 5.6(1)(g) is repealed and the following is substituted:

“(g) the mutual fund has complied with Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure* in connection with the making of the

decision to proceed with the transaction by the board of directors of the manager of the mutual fund or of the mutual fund;”.

5. Paragraph 5.7(1)(d) is repealed and the following is substituted:

“(d) if the application relates to a matter that would constitute a material change for the mutual fund, a draft of an amendment to the simplified prospectus of the mutual fund reflecting the change; and”.

6. Section 5.10 is repealed.

7. Subsection 10.1(4) is repealed and the following is substituted:

“(4) The statement referred to in subsection (3) is not required to be separately provided, in any year, if the requirements are described in any document that is sent to all securityholders in that year.”

8. Part 13 is repealed.

9. Subsection 15.9(2) is amended by striking out “significant change” and substituting “material change” in each instance.

10. Part 16 is repealed.

11. Part 17 is repealed.

12. This Instrument comes into force on June 1, 2005.

Companion Policy 81-102CP
Mutual Funds
Amendment Instrument

1. Companion Policy 81-102CP *Mutual Funds* is amended by this Instrument.
2. Subsection 3.2(3) is amended by deleting the last sentence of the subsection and substituting the sentence “In addition, this decision would also constitute a material change for the mutual fund, thereby requiring an amendment to the simplified prospectus of the mutual fund and the issuing of a press release under Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.”.
3. Subsection 7.3(2) is amended by deleting the last sentence of the subsection and substituting the sentence “The Canadian securities regulatory authorities believe that this type of transaction generally would constitute a material change for the smaller continuing mutual fund, thereby triggering the requirements of paragraph 5.1(g) of the Instrument and Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.”.
4. Section 7.4 is deleted.
5. Part 12 is deleted.
6. Part 14 is deleted.
7. This Instrument comes into force on June 1, 2005.