

Note: [03 Jan 2019] – Amendments to NI 41-101 arising from NI 81-102. Refer to Annex E of the CSA Notice announcing amendments to NI 81-102 dated 04 Oct 2018.

**AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS**

- 1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.***
- 2. *Section 1.1 is amended by adding the following definition:***

“alternative mutual fund” has the same meaning as in section 1.1 of NI 81-102,;
- 3. *Form 41-101F2 Information Required in an Investment Fund Prospectus is amended***
 - (a) *by replacing “commodity pool” in Item 1.3(1) with “alternative mutual fund”,***
 - (b) *by adding the following after Item 1.3(3):***
 - (4) If the mutual fund to which the prospectus pertains is an alternative mutual fund, include a statement explaining that the fund is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds and explain how exposure to the asset classes or the adoption of the investment strategies may affect investors’ risk of losing money on their investment in the fund,;**
 - (c) *by replacing “commodity pool” in Item 1.11(3) with “alternative mutual fund”,***
 - (d) *by repealing Item 1.12,***
 - (e) *by replacing paragraph (e) of Item 3.3(1) with the following:***
 - (e) the use of leverage, including all of the following:**
 - (i) the maximum aggregate exposure to borrowing, short selling and specified derivatives the investment fund is permitted to have, expressed as a percentage calculated in accordance with section 2.9.1 of NI 81-102,**
 - (ii) a brief description of any other restrictions on the investment fund’s use of leverage, and**
 - (iii) a brief description of any limits that apply to each source of leverage,;**

(f) by adding the following after instruction (3) to Item 5:

(4) *If the mutual fund is an alternative mutual fund, describe the features of the mutual fund that cause it to fall within the definition of “alternative mutual fund” in NI 81-102. If those features involve the use of leverage, disclose the sources of leverage (i.e., borrowing, short selling, use of derivatives) the alternative mutual fund is permitted to use and the maximum aggregate exposure to those sources of leverage the alternative mutual fund is permitted to have, as a percentage calculated in accordance with section 2.9.1 of NI 81-102.,*

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

(b) the use of leverage, including both of the following:

- (i) a brief description of any restrictions on the investment fund’s use of leverage;
- (ii) a brief description of any limits that apply to each source of leverage.,

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

(7) In the case of an investment fund that borrows cash in accordance with subsection 2.6 (2) of NI 81-102,

- (a) state that the investment fund is permitted to borrow cash and the maximum amount the fund is permitted to borrow, and
- (b) briefly describe how borrowing will be used in conjunction with other strategies of the investment fund to achieve its investment objectives and the material terms of the borrowing arrangements.,

(i) by adding the following after Item 19.11

19.12 Lender

- (1) State the name of each person or company that has entered into an agreement to lend money to the investment fund or provides a line of credit or similar lending arrangement to the investment fund.
- (2) State whether the person or company named in subsection (1) is an affiliate or associate of the manager of the investment fund., **and**

(j) by replacing “a commodity pool” in Item 23.1(f) with “an alternative mutual fund”.

4. Form 41-101F4 Information Required in an ETF Facts Document is amended

(a) by replacing the instructions to Item 1 of Part 1 with the following:

INSTRUCTIONS:

- (1) *The date for an ETF facts document that is filed with a preliminary prospectus or final prospectus must be the date of the preliminary prospectus or final prospectus, respectively. The date for an ETF facts document that is filed with a pro forma prospectus must be the date of the anticipated final prospectus. The date for an amended ETF facts document must be the date on which it is filed.*

- (2) *If the investment objectives of the ETF are to track a multiple (positive or negative) of the daily performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds.

This ETF is highly speculative. It uses leverage which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

- (3) *If the investment objectives of the ETF are to track the inverse performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds.

This ETF is highly speculative. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

- (4) *If the ETF is an alternative mutual fund and Instruction (2) or (3) does not apply, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is an alternative mutual fund. It has the ability to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds.

The specific features that differentiate this fund from other types of mutual funds include: *[list the asset classes the alternative mutual fund invests in and the investment strategies used by the alternative mutual fund that cause it to fall within the definition of “alternative mutual fund”]*

[Explain how the listed features may affect investors’ risk of losing money on their investment in the alternative mutual fund],

- (b) ***by adding the following after Item 3(1) of Part 1:***

(1.1) For an alternative mutual fund that uses leverage

- (a) disclose the sources of leverage, and
- (b) disclose the maximum aggregate exposure to those sources of leverage the alternative mutual fund is permitted to have., ***and***

- (c) ***by adding the following after subsection (3) of the instructions to Item 3 of Part 1:***

(3.1) *The alternative mutual fund’s aggregate exposure to sources of leverage must be expressed as a percentage calculated in accordance with section 2.9.1 of NI 81-102..*

Transition

5. If a commodity pool, as that term was defined in National Instrument 81-104 *Commodity Pools* on January 2, 2019, has filed a prospectus for which a receipt was granted on or before that date, this Instrument does not apply to the commodity pool until July 4, 2019.

Effective Date

6. This Instrument comes into force on January 3, 2019.