

Note: [06 Jan 2022] – Amendments to NI 81-102 arising from the Reducing Regulatory Burden for Investment Fund Issuers project, Phase 2, Stage 1. Refer to Annex C Schedules 1-C, 2-E, 5-A, 6-A, and 7-A of the CSA Notice announcing amendments to NI 81-102 dated 07 Oct 2021.

SCHEDULE 1-C

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

- 1. *National Instrument 81-102 Investment Funds is amended by this Instrument.***
- 2. *Section 1.1 is amended in paragraph (b) of the definition of “sales communication” by repealing item 2.***
- 3. *Section 1.1 is amended in paragraph (b) of the definition of “sales communication” by adding the following item:***
 - 3.1 An ETF facts document or preliminary or *pro forma* ETF facts document..
- 4. *Subsection 3.3(1) is amended by deleting “preliminary annual information form,” and “, annual information form”.***
- 5. *Subparagraph 5.6(1)(f)(ii) is amended by adding “or ETF facts document” after “fund facts document”.***
- 6. *Subclause 5.6(1)(f)(iii)(A)(II) is repealed.***
- 7. *Section 10.3 is amended by deleting “or annual information form” in subsections (2) and (4).***
- 8. *Paragraph 15.2(1)(b) is amended by deleting “, the preliminary annual information form” and “, the annual information form”.***

Transition

9. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-102 *Investment Funds*, as amended by this Instrument, if the investment fund complies with
 - (a) National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022, and
 - (b) National Instrument 81-102 *Investment Funds* as it was in force on January 5, 2022.

Effective Date

10. (1) This Instrument comes into force on January 6, 2022.

- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

SCHEDULE 2-E

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds* is amended by this Instrument.

2. *Section 1.1.* is amended by adding the following definition:

“designated website” has the meaning ascribed to that term in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

3. *Clause 5.6(1)(f)(iii)(B)* is replaced with the following:

(B) access those documents at the designated website address;

Transition

4. Before September 6, 2022, an investment fund is not required to comply with National Instrument 81-102 *Investment Funds*, as amended by this Instrument, if the investment fund complies with

- (a) in the case of a mutual fund to which National Instrument 81-101 *Mutual Fund Prospectus Disclosure* applies, National Instrument 81-101 *Mutual Fund Prospectus Disclosure* as it was in force on January 5, 2022,
- (b) in the case of an investment fund not referred to in paragraph (a), National Instrument 41-101 *General Prospectus Requirements* as it was in force on January 5, 2022, and
- (c) National Instrument 81-102 *Investment Funds* as it was in force on January 5, 2022.

Effective Date

- 5. (1) This Instrument comes into force on January 6, 2022.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 6, 2022, this Instrument come into force on the day on which it is filed with the Registrar of Regulations.

SCHEDULE 5-A

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*
2. *Section 1.1 is amended by replacing the definition of “designated rating” with the following:*

“designated rating” means a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of the successor credit rating organization, that is at or above one of the following corresponding rating categories, or that is at or above a category that replaces one of the following corresponding rating categories, if

- (a) there has been no announcement from the designated rating organization, from a DRO affiliate of the organization, from a designated rating organization that is a successor credit rating organization or from a DRO affiliate of the successor credit rating organization, of which the investment fund or its manager is or reasonably should be aware that the credit rating of the security or instrument to which the designated rating was given may be downgraded to a rating category that is not referred to in this definition, and
- (b) no designated rating organization listed below, no DRO affiliate of an organization listed below, no designated rating organization that is a successor credit rating organization of an organization listed below and no DRO affiliate of such successor credit rating organization, has rated the security or instrument in a rating category that is not referred to in this definition:

Designated Rating Organization	Commercial Paper/Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch Ratings, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
S&P Global Ratings Canada	A-1 (Low)	A

3. *Section 1.1. is amended*

(a) by deleting “and” after the definition of “underlying interest”,

(c) by adding the following definitions:

“U.S. GAAP” has the same meaning as in section 1.1. of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“U.S. AICPA GAAS” has the same meaning as in section 1.1 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“U.S. PCAOB GAAS” has the same meaning as in section 1.1. of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*..

4. Section 1.2 is amended by adding the following subsection:

- (2.1) Despite subsection (1), section 2.5.1 also applies to an investment fund that is not a reporting issuer..

5. The Instrument is amended by adding the following section:

2.5.1 Investments in Other Investment Funds by Funds Not Reporting Issuers

- (1) In this section, “significant interest” and “substantial security holder” have the meaning,
- (a) except in British Columbia, ascribed to those terms in the investment fund conflict of interest investment restrictions, and
 - (b) in British Columbia, ascribed to those terms in section 2 of BC Instrument 81-513 *Self-Dealing*.
- (2) The investment fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to an investment fund that is not a reporting issuer and that purchases or holds securities of another investment fund that is not a reporting issuer if
- (a) the investment fund’s securities are distributed solely under an exemption from the prospectus requirement,
 - (b) the purchase or holding is in accordance with paragraphs 2.5(2)(b), (d), (e) and (f),
 - (c) the other investment fund prepares annual financial statements for its most recently completed financial year, and obtains an auditor’s report with respect to those statements, within 90 days after the end of that financial year,

- (d) the other investment fund prepares interim financial statements for its most recently completed interim period within 60 days after the end of that interim period,
- (e) the audited annual financial statements referred to in paragraph (c) and the interim financial statements referred to in paragraph (d) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, IFRS or U.S. GAAP,
- (f) the audited annual financial statements referred to in paragraph (c) are audited in accordance with Canadian GAAS, International Standards on Auditing, U.S. AICPA GAAS or U.S. PCAOB GAAS and the auditor's report referred to in paragraph (c) expresses an unmodified or unqualified opinion, as applicable,
- (g) the other investment fund complies with section 2.4,
- (h) the other investment fund has the same redemption and valuation dates as the investment fund,
- (i) any purchase of the other fund's securities is made at a price that equals the net asset value per security of the other fund calculated in accordance with section 14.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*,
- (j) before an investor purchases securities of the investment fund, the investor is provided a document that discloses
 - (i) that the fund may purchase securities of other related funds from time to time,
 - (ii) that the manager of the fund is any of the following, as applicable:
 - (A) the manager of each of the other funds;
 - (B) the portfolio adviser of each of the other funds;
 - (C) an affiliate of the manager of each of the other funds;
 - (D) an affiliate of the portfolio adviser of each of the other funds,
 - (iii) the approximate or maximum percentage of net assets of the fund that is intended to be invested in securities of the other fund,
 - (iv) the fees, expenses and any performance or special incentive distributions payable by the other fund,

- (v) the process or criteria used to select the other fund,
 - (vi) for each officer, director or substantial security holder of the fund's manager, or of the fund, that has a significant interest in the other fund, the approximate amount of the significant interest that each officer, director or substantial securityholder holds in the other fund expressed as a percentage of the other fund's net asset value, and any conflicts of interest or potential conflicts of interest,
 - (vii) if the officers, directors and substantial securityholders of the fund's manager or of the fund, in aggregate, hold a significant interest in the other fund,
 - (A) the actual or approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the other fund's net asset value, and
 - (B) any conflicts of interest or potential conflicts of interest, and
 - (viii) that investors are entitled to receive, on request and free of charge,
 - (A) a copy of the offering memorandum or other similar disclosure document of each other fund, if available, and
 - (B) the audited annual financial statements, accompanied by an auditor's report, and interim financial statements, if any, relating to each other fund, and
 - (k) investors are informed annually of their right to receive, on request and free of charge, a copy of the documents referred to in subparagraph (j)(viii).
- (3) The investment fund conflict of interest investment restrictions and the investment fund conflict of interest reporting requirements do not apply to an investment fund that is not a reporting issuer and that purchases or holds securities of another investment fund if the other investment fund is a reporting issuer and the purchase or holding is in accordance with section 2.5..

6. Subsection 4.1(4) is replaced with the following:

- (4) Subsection (1) does not apply to an investment in a class of securities of a reporting issuer if,
 - (a) at the time of the investment,

- (i) the independent review committee of the dealer managed investment fund has approved the transaction in accordance with subsection 5.2(2) of NI 81-107, and
 - (ii) the distribution of securities of the reporting issuer is made by prospectus or under an exemption from the prospectus requirement;
- (b) during the 60 days after the period referred to in subsection (1), any of the following apply:
 - (i) the investment is made on an exchange on which the securities of the reporting issuer are listed and traded;
 - (ii) if the security is a debt security that does not trade on an exchange, the ask price is readily available and the price paid is not higher than the available ask price of the debt security at the time of the investment, and
- (c) no later than the time the dealer managed investment fund files its annual financial statements, the manager of the dealer managed investment fund files the particulars of each investment made by the dealer managed investment fund during its most recently completed financial year..

7. The second row of Appendix D is replaced by the following row:

All Jurisdictions	Paragraphs 13.5(2)(a) and (b) of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> and subsection 4.1(2) of this Instrument
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8. The table in Appendix E is deleted and replaced by the following:

Jurisdiction	Securities Legislation Reference
Alberta	Paragraph 191(1)(a) of the <i>Securities Act</i> (Alberta)
British Columbia	Paragraph 9(a) of BC Instrument 81-513 <i>Self-Dealing</i>
New Brunswick	Paragraph 143(1)(a) of the <i>Securities Act</i> (New Brunswick)
Newfoundland and Labrador	Paragraph 118(1)(a) of the <i>Securities Act</i> (Newfoundland and Labrador)

Nova Scotia	Paragraph 125(1)(a) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Item 117(1)1 of the <i>Securities Act</i> (Ontario)
Saskatchewan	Paragraph 126(1)(a) of the <i>Securities Act</i> , 1988 (Saskatchewan)

Effective Date

9. (1) This Instrument comes into force on January 5, 2022.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

SCHEDULE 6-A

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*

2. *Subparagraph 5.3(2)(a)(iii) is replaced with the following:*

- (iii) all of the following apply to the reorganization or transfer of assets of the investment fund:
 - (A) subparagraph 5.6(1)(a)(i), clause 5.6(1)(a)(ii)(A), subparagraph 5.6(1)(a)(iii) and subparagraph 5.6(1)(a)(iv);
 - (B) subparagraph 5.6(1)(b)(i);
 - (C) paragraph 5.6(1)(c);
 - (D) paragraph 5.6(1)(d);
 - (E) paragraph 5.6(1)(g);
 - (F) paragraph 5.6(1)(h);
 - (G) paragraph 5.6(1)(i);
 - (H) paragraph 5.6(1)(j);
 - (I) paragraph 5.6(1)(k);.

3. *Subparagraph 5.6(1)(a) is replaced with the following:*

- (a) the investment fund is being reorganized with, or its assets are being transferred to, another investment fund to which this Instrument applies, and all of the following apply:
 - (i) the other investment fund is managed by the manager, or an affiliate of the manager, of the investment fund;
 - (ii) either of the following apply:
 - (A) a reasonable person would consider the other investment fund to have substantially similar fundamental investment objectives and valuation procedures, and a substantially similar fee structure, to those of the investment fund;

- (B) if the other investment fund has different fundamental investment objectives or valuation procedures or a different fee structure, the following apply:
 - (I) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the differences;
 - (II) the circular referred to in subparagraph (f)(i) includes disclosure of the differences and explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the differences;
- (iii) the other investment fund is not in default of any requirement of securities legislation;
- (iv) the other investment fund is a reporting issuer in the local jurisdiction and, if it is a mutual fund, has a current prospectus in the local jurisdiction;.

4. Paragraph 5.6(1)(b) is replaced with the following:

- (b) either of the following apply:
 - (i) the transaction is a "qualifying exchange" within the meaning of section 132.2 of the ITA or is a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA;
 - (ii) if the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA, the following apply:
 - (A) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;
 - (B) the circular referred to in subparagraph (f)(i)
 - (I) discloses that the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA,

- (II) discloses the reason why the transaction is not structured so that subparagraph (i) applies, and
- (III) explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;.

Effective Date

- 5. (1) This Instrument comes into force on January 5, 2022.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

SCHEDULE 7-A

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*

2. *Subsection 5.4(2) is replaced by the following:*

- (2) The notice referred to in subsection (1) must contain or be accompanied by the following:
 - (a) a statement in an information circular that includes all of the following:
 - (i) a description of the change or transaction proposed to be made or entered into;
 - (ii) in the case of a matter referred to in paragraph 5.1(1)(a) or (a.1), the effect that the change would have had on the management expense ratio of the investment fund if the change were in effect throughout the investment fund's last completed financial year;
 - (iii) in the case of a matter referred to in paragraph 5.1(1)(b),
 - (A) all material information regarding the business, management and operations of the new manager, including, for greater certainty, details of the history and background of its executive officers and directors within the 5 years preceding the date of the notice or statement,
 - (B) a description of all material effects the change will have on the business, operations or affairs of the investment fund,
 - (C) a description of all material effects the change will have on the investment fund's securityholders, and
 - (D) a description of any material changes made to any material contract regarding the administration of the investment fund;
 - (iv) the date of the proposed implementation of the change or transaction;
 - (b) all information and documents required to be sent in order to comply with the applicable proxy solicitation provisions of securities legislation for the meeting..

3. Subsection 5.5(1) is amended

- (a) by repealing paragraphs (a) and (a.1),**
- (b) by adding “or” at the end of paragraph (b), and**
- (c) by repealing paragraph (c).**

4. Paragraphs 5.7(1)(a) and (c) are repealed.

Effective Date

- 5. (1) This Instrument comes into force on January 5, 2022.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.