

APPENDIX B

SUMMARY OF COMMENTS ON THE INSTRUMENT

| Table of Contents | |
|--------------------------|---|
| PART | TITLE |
| Part I | Background |
| Part II | General Comments on Proposals |
| Part III | Comments on the Consequential Amendments to National Instrument 41-101 |
| Part IV | Comments on the Proposed Form 41-101F3 |
| | <i>Comments on Part A – Plan Summary</i> |
| | <i>Comments on Part B – General Disclosure</i> |
| | <i>Comments on Part C – Plan-Specific Information</i> |
| | <i>Comments on Part D – Information about the Organization</i> |
| Part V | Other Comments |
| Part VI | List of commenters |

| Part I – Background |
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| Summary of Comments |
| <p>On November 25, 2011, the Canadian Securities Administrators (CSA) published a notice (the Notice) seeking comment on a revised version (the 2011 Proposal) of proposed amendments to National Instrument 41-101 <i>General Prospectus Requirements</i> (NI 41-101) and Form 41-101F2 <i>Information Required in an Investment Fund Prospectus</i> (Form 41-101F2), which included a proposed Form 41-101F3 <i>Information Required in an Investment Fund Prospectus</i> (the Form) and related amendments (the Proposed Amendments). The Notice also included proposed amendments to Companion Policy 41-101CP <i>Companion Policy to National Instrument 41-101 General Prospectus Requirements</i> (the Proposed CP Amendments). We refer below to the Proposed Amendments and Proposed CP Amendments as the Instrument. These amendments were published for first comment on March 26, 2010 (the 2010 Proposal). The second comment period for the Instrument expired January 24, 2012. We received submissions from seven commenters who are listed in Part IV. We have considered all comments received and thank all the commenters. In addition to the comments received in respect of the Instrument, many of the commenters also provided comments regarding the regulation of scholarship plans generally. The</p> |

comments we received and the CSA’s responses are summarized below under Parts II, III and IV. The more general comments on scholarship plan regulation are listed under “Other Comments” in Part V below. Changes to the Instrument as a result of comments provided on the 2011 Proposal are reflected in the “Final Amendments” as referred to in the CSA Notice. The Final Amendments will come into force on **May 31, 2013**.

Part II - General Comments on Proposals

| <u>Issue</u> | <u>Sub-Issue</u> | <u>Comments</u> | <u>Responses</u> |
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| Support for the initiative | <i>Improvement over prior version of the Form</i> | Two industry commenters reiterated their support for the CSA initiative to provide investors with access to clear and concise information about their scholarship plan investments. The commenters noted that the revised form was an improvement over the prior draft and recognized the CSA’s efforts in addressing a number of the concerns raised on the prior version. | We appreciate the support for this initiative. We also believe the changes we have made will result in improved disclosure for investors. |
| | <i>Support for a concise, plain language document</i> | Investor advocate commenters also stated their support for the concept of a concise, meaningful, plain language document that highlights the key information consumers need to make informed decisions, and that they believe the Plan Summary will provide information regarding the benefits, risks and costs of investing in a group scholarship plan. | We appreciate the support for the Plan Summary. We agree with the commenters that the Plan Summary will provide meaningful, concise and key information that will assist investors in determining whether to invest in a scholarship plan. |
| Delivery of the Plan Summary | <i>Mandate Point of Sale delivery</i> | Two investor advocate commenters recommended that we mandate physical | No change at this time. The Plan Summary is part of the |

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| | | <p>delivery of the Plan Summary at or before the point of sale, as it would increase an investor’s understanding about the plan and result in a more informed investment decision for investors.</p> | <p>prospectus to which the delivery requirement attaches. We have been informed by industry participants that they currently deliver the prospectus before or at the point of sale. Mandating delivery of the Plan Summary on its own at the point of sale, is outside the scope of this project. We refer the commenters to our previous response to similar comments published with the 2011 Proposal on the same issue.</p> |
| Prescribed Terminology | <i>Use of the term “scholarship plan”</i> | <p>Two industry commenters urged the CSA to reconsider the use of the term “scholarship plan” to refer to the securities provided to subscribers.</p> <p>One of these commenters noted that the term was commonly used back in the 1960’s when a number of providers first started business, but that term is no longer in common use by plan providers in their promotional materials. This commenter added that the term is not appropriate since the plans no longer pay “scholarships” which have a different meaning under tax law than educational assistance payments. This commenter would prefer that we adopt the term “group education savings plan” for group plans, or “individual” or “family” education savings plan for other types</p> | <p>We have not made this change. We view the term “scholarship plan” to be plain language and widely understood. Our view is that use of this term clearly distinguishes this product from other types of investments that may be held in an RESP. The Form allows for disclosure in appropriate places concerning family, individual and group scholarship plans.</p> <p>We refer the commenters to our previous response to similar comments published with the 2011 Proposal on the same issue.</p> |

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| | | <p>of plans as this would be more understandable for investors, and notes that it is the terminology used by the federal government in describing these products.</p> <p>The second commenter proposed that we use the term “registered education savings plans” as it is most commonly known by investors.</p> <p>The first commenter also disagreed that the term “scholarship plan” was still necessary to distinguish these products from other types of registered education savings plans (RESPs). The commenter noted that the term “scholarship plan” is not defined under securities regulation the way other types of funds are defined and that as a result, regulation would not need to be amended. Instead, the commenter asked that its members be permitted to use terminology that is already in use.</p> | |
| | <p><i>Other mandatory terminology</i></p> | <p>Two commenters also expressed concern that certain other mandatory terminology required in the Form may not be accurate as well. The commenters noted the following:</p> <ul style="list-style-type: none"> • The prescribed term “grants” may not be accurate in reference to monies available for RESPs from federal and provincial governments, as only some of these monies are referred to as grants – others are termed incentives or bonds. The commenters suggested using the term “government | <p>The mandatory terminology prescribed by the Form is intended to promote greater comparability between plans for investors. As such, we have not changed the prescribed references to “sales charge” or “restrictions” as we believe these references convey the true meaning of the required disclosure. We agree with the commenter, however,</p> |

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| | | <p>incentive” instead.</p> <ul style="list-style-type: none"> • The prescribed term “sales charge” is not the term used by its members. The commenters noted that the term “enrolment fee” or “membership fee” is the one used by its members and would like the flexibility to continue to do so. The commenters added that there appeared to be no regulatory reason to require this term be used. • The use of the term “restrictions” in reference to the terms and conditions of a plan was unduly negative. The commenters noted that the term “conditions” would be more neutral and accurate. | <p>that the references to “grants” should be changed to highlight that these monies are sourced by the government. Accordingly, we have changed all references in the Form where applicable, to “government grants”.</p> |
| <p>Overall Length and Complexity</p> | <p><i>Prospectus will still be complex and difficult to understand</i></p> | <p>Three industry commenters told us that despite our efforts to simplify the Form from the 2010 Proposal, they believe the prospectus will still be too long, complex and difficult for investors to read and understand and therefore will be of little use to investors.</p> | <p>We refer the commenters to our previous response to similar comments published with the 2011 Proposal. We note that between 2010 Proposal and the Instrument, changes were made to the Form to enable the disclosure to be presented in a more streamlined manner that would reduce the length of the prospectus. We continue to believe that the Form represents the first step in providing full, true and plain disclosure to investors about a complex product.</p> |

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| <p>Overall Tone</p> | <p><i>Negative tone to the Form</i></p> | <p>Two commenters told us that despite the revisions to the 2010 Proposal, they felt that the overall tone of the Form is unduly negative and that more neutral language should be used. The commenter noted that the Plan Summary seems to emphasize perceived risks of the group plans, without reinforcement of the benefits of the plans and that the document is written more as a consumer education warning piece than a regulatory disclosure document.</p> <p>Some commenters also felt that the overall tone of the prescribed language reflects a negative bias against the product class. This commenter compared the mandated language of the Plan Summary against the Fund Facts for mutual funds document, and noted several places where the language written for scholarship plans is more negative than for mutual funds.</p> | <p>We disagree with the commenters. We consider the disclosure required by the Form to be commensurate with the complexity of the product. This approach is consistent with other investment fund products where staff has required textboxes and other highlighted disclosure to draw investor attention to certain risks associated with the product (e.g. textboxes concerning warrant disclosure, prepaid forward disclosure, etc.).</p> |
| | <p><i>Lack of disclosure of benefits</i></p> | <p>One industry commenter told us that the prescribed disclosure is one-sided and doesn't include sufficient discussion of plan benefits. This commenter noted, for example that with the disclosure, investors will not understand:</p> <ul style="list-style-type: none"> • The advantages of the plan's investment strategies geared to principal protection and professional money management; • The ability to enter into a plan with low contribution amounts, or the benefits of a disciplined savings regime; • The benefits that can accrue to beneficiaries | <p>We disagree with the commenter. We believe the Form permits appropriate disclosure of product benefits, in addition to disclosure of risks and other key information about a plan. This approach is consistent with prospectus disclosure provided by other types of investment funds in their prospectus documents.</p> |

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| | | <p>in a group plan, such as attrition income, non-discretionary group plan “bonuses”; discretionary donations and refund of sales charge mechanisms, not found in other investment products; or</p> <ul style="list-style-type: none"> • The flexibility to make changes to a plan if a family’s circumstances change. <p>This commenter told us that while this information is found in the prospectus, it tends to be buried or overshadowed by cautionary language and does not allow this information to be considered in the context of the costs and risks associated with the product.</p> | |
| <p>Excessive Prescription</p> | | <p>Three commenters told us that the high degree of prescription in the Form, particularly for the Plan Summary was excessive and unwarranted. The commenters asked that we pull back from much of the mandated wording in the Form for various disclosure requirements in order to give the plans greater flexibility to more accurately describe their products and to provide more balanced, nuanced disclosure about their products.</p> <p>Two of these commenters expressed concern that plan providers would have difficulty in using this prescribed wording in describing their operations as it may not always fit, and may lead to difficulties for directors and senior executives who will be required to certify the content of the prospectus.</p> | <p>The prescribed wording and headings in the Form are intended to facilitate greater comparability between plans for investors. In response to comments provided, however, we have provided more clarity in the Form between disclosure requirements applicable to group scholarship plans versus individual or family plans, in recognition of the structural differences between the types of plans.</p> <p>Also, the General Instructions to the Form clarify that modifications can be made</p> |

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| | | <p>Another commenter agreed that there is an advantage to investors in having greater comparability across the scholarship plan industry and supports a move to more prescribed language and disclosure, as it provides greater clarity to issuers in terms of what is required in the Form and more comparability. The commenter added, however, that it believes the prescriptive nature of the language can create challenges, particularly where industry participants have product features or structures that do not fit the prescribed language. It noted that features can vary and where this occurs, a high degree of prescription can make it difficult for an issuer to provide full, true and plain disclosure.</p> | <p>where certain disclosure is not applicable or accurate in respect of a particular plan.</p> |
| <p>Lack of Coordination with other regulatory initiatives</p> | <p><i>Combine Plan Summary with relationship disclosure requirements under National Instrument 31-103</i></p> | <p>Industry commenters told us that we should coordinate our efforts to reduce duplication with the relationship disclosure requirements of National Instrument 31-103 <i>Registration Requirements</i> (NI 31-103). The commenters noted that the Plan Summary disclosure will have considerable overlap with the relationship disclosure requirements of NI 31-103. They suggested combining all of these requirements into an expanded plan summary that would also serve as the relationship disclosure document required under NI 31-103, which can better ensure that investors will read this information.</p> <p>One of the commenters added that this makes</p> | <p>We did not seek to harmonize the contents of the Form with the requirements in NI 31-103 given that the purpose of the Form is different to that of the relationship disclosure mandated by NI 31-103.</p> <p>The requirements in NI 31-103 are tied to account opening, whereas the Form is a disclosure document focused on providing investors with information to assist them in their decision to invest or not</p> |

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| | | sense particularly since scholarship plan dealers generally only distribute one plan providers' product. | invest in a scholarship plan. Accordingly, each document must stand on its own in a manner consistent with the approach taken to other investment products such as mutual funds. |
| | <i>Lack of coordination with CRA requirements</i> | Two commenters told us that there are a number of places in the Form where the mandated disclosure is at odds with what its members have been told by officials at the Canada Revenue Agency (the CRA) regarding disclosure of various terms and features of group plans. | The commenters did not provide examples of the conflict referred to between disclosure required by the Form and CRA requirements. Accordingly, it is not clear how the Form prevents compliance with CRA requirements. We consider that the duty of formal and informal advisers to the plans is to ensure that the prospectus disclosure is factually correct. |
| Organization of the Prospectus Document | <i>Four-part prospectus document</i> | Three commenters told us that they are opposed to the four-part prospectus proposed in the Instrument, with the Plan Summary and the three-part prospectus each being required to be delivered to investors. These commenters believe that this format is better suited to mutual funds, and is not warranted for scholarship plans, which do not have multiple distinct products within the same prospectus. They also told us that the plan summary for each plan will be virtually identical, thereby | We do not propose to change the format of the prospectus. We continue to hold the view that all four parts of the prospectus are necessary to give appropriate disclosure to investors about the product. We remind the commenters that the Form was significantly amended between the 2010 |

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| | | masking the differences between plans. They suggested we instead allow for disclosure to be provided collectively for the plans of a provider and to only highlight the differences between plans. | Proposal and the 2011 Proposal to reduce duplication and to more clearly delineate the disclosure requirements for the different parts of the prospectus. The changes to the final Form represent a similar focus. |
| | <i>Order of items</i> | Two commenters proposed that we re-order the items in the Plan Summary and Prospectus Form to better reflect a plan’s life cycle. | We propose no change as we are satisfied that the current order of items in the Plan Summary and the Detailed Plan Disclosure properly reflect a plan’s life cycle and provide full, true and plain disclosure in a standardized format. |
| Lack of clarity on what is the “Prospectus” | | Two commenters asked that we clarify which documents are collectively the “prospectus” for a scholarship plan under applicable securities law. We were told that is not clear from the Instrument that the plan summary and the three-part prospectus document are collectively the “prospectus” and which attracts statutory liability. The commenters were also unclear as to whether these documents are expected to all be delivered within the prescribe prospectus delivery timelines. One of the commenters suggested giving the second, longer document a distinct name to differentiate it from other documents being | Both the Form and NI 41-101 specify that the scholarship plan prospectus is comprised of Parts A, B, C and D of the Form. However, noting the comment and to avoid any confusion, the Form continues to refer to Part A as the Plan Summary and we have amended the Form to refer to Parts B, C and D collectively as the Detailed Plan Disclosure. The scholarship plan prospectus is therefore comprised of both the Plan |

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| | | delivered to investors. | Summary and the Detailed Plan Disclosure. |
| Lack of Flexibility for disclosure standards | | Industry commenters also noted that while there is some flexibility to change wording using substantially similar wording, the Form does not allow for the inclusion of additional information that is not specifically referenced, nor is it clear whether inaccurate text can be excluded, and expressed concerns about this given the statutory liability associated with the document. The commenters suggested that plan providers be permitted to both add information in areas of mandated disclosure to more accurately reflect the product offering, and to remove inaccurate disclosure, to address this concern. | We refer the commenters to our response provided above under “Excessive Prescription”. |
| Transition | <i>Appropriate transition period</i> | <p>Three commenters noted that the proposals do not specify a transition period. We were told that given the extensive revision and system upgrades required to comply with the Form appropriate transition time would be 2014, given CSA rule-making timelines.</p> <p>They added that the CSA should mandate that all scholarship plan providers be required to transition to the new prospectus form in the same calendar year.</p> | In response to the commenters, the Final Amendments mandate full compliance with the Form by May 31, 2013. Accordingly, all plan providers will be required to comply with the new Form requirements as of their first applicable prospectus renewal date in 2013. In view of the 2010 and 2011 Proposals, we consider this transition period to give sufficient time for plan providers to confirm their familiarity with the |

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| | | | requirements of the Form and to make the appropriate adjustments. All scholarship plans will be required to comply with the new requirements in the same calendar year. |
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Part III - Comments on Consequential Amendments to NI 41-101

| <u>Issue</u> | <u>Sub-Issue</u> | <u>Comments</u> | <u>Responses</u> |
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| Part 3A – Scholarship plan prospectus requirements | <i>Section 3A.4 – plan summary</i> | Two commenters told us that we should permit the plan summary to be combined with the relationship disclosure requirements of NI 31-103 into a single document, and if not, a plan provider should have the option to bind the plan summary with the relationship disclosure documents if they choose. | We propose no change and refer the commenters to our response above under <i>Combine Plan Summary with relationship disclosure requirements under National Instrument 31-103</i> . |

Part IV – Comments on Form 41-101F3

| <u>Issue</u> | <u>Sub-Issue</u> | <u>Comments</u> | <u>Responses</u> |
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| General instructions to Form 41-101F3 | <i>General Instruction (4) – the prospectus can only include permitted or mandated disclosure</i> | One commenter told us that the instruction is too restrictive in that there are a number of instances in which specific attributes of a Plan, which are relevant to investors, are not included in the Plan Summary or the prospectus. | We disagree with the commenter. We consider it appropriate for General Instruction (4) to mandate compliance with the disclosure requirements of the Form. This is intended to assist with |

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| | | | <p>comparability across plans offered by the same or different issuers. We do not consider it appropriate for information not prescribed by the Form to be added.</p> <p>We note that General Instruction (10) permits modification of prescribed wording to more accurately reflect a plan's features, where appropriate.</p> <p>In view of the comment, however, we have revised the Form to better distinguish disclosure requirements that are applicable only to group plans or to individual or family plans.</p> |
| | <p><i>General Instructions (9) & (10) – flexibility to not reference inapplicable items or to amend prescribed disclosure</i></p> | <p>Two commenters told us that the flexibility provided in these instructions to not refer to inapplicable items or amend prescribed disclosure is not sufficient as it believes there is much prescribed disclosure in the form that would need to be modified. These commenters also expressed concern that the flexibility in these instructions does not extend to adding or deleting prescribed disclosure that is not accurate.</p> | <p>We do not propose to change the substantive wording of General Instructions (9) or (10) as we consider them to give sufficient flexibility to modify the prescribed disclosure in the Form as may be necessary for a specific plan. We note that the substance particularly of General Instruction (9) is not unique to the Form given that it also currently applies to Form</p> |

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| | | | 41-101F2 (under General Instruction (6) to Form 41-101F2). |
| | <i>General Instruction (16)(a) use of the phrase “investing in a scholarship plan”</i> | One commenter told us that this instruction should more properly refer to investing in <u>the</u> scholarship plan, given that the Plan Summary is about a particular group plan and not group plans generally. | We do not propose to make this change. |
| | <i>General Instruction 18(a) and (c) – multiple prospectus to have one plan summary per plan, and one part C section per plan</i> | One commenter told us that it has three plans: a group plan, an individual plan and a family plan and that the latter two are very similar in terms of features and benefits, except for minor differences required under federal statute (i.e. number of beneficiaries permitted). This commenter believes it should not be necessary to produce a separate plan summary or separate Part C sections for its individual and family plan, given the significant similarities between them. This commenter proposed a new section be added to Part A and Part C to describe the differences between a family plan and an individual plan, which in its case, would be the number of beneficiaries named. | We do not propose to make this change. The approach taken in the Plan Summary and Part C of the Form is similar to that taken for mutual funds which, despite any similarities, must prepare separate fund facts for each mutual fund and each series of the mutual fund. It is appropriate that any differences between the plans be highlighted in separate documents. |
| <i>Comments on Part A – Plan Summary</i> | | | |
| General comments | | | |
| | <i>Plan Summary should have a cover page and a back page</i> | Two commenters told us that they strongly recommend that the Plan Summary for a group of group plans be given a cover page | We have not made this change. Similar to fund facts for mutual funds which also don't have a |

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| | | with a simple statement describing the booklet’s content as well as a back page which can include the contact information, as well as including the “cancellation” information in larger font. This commenter told us that this will help investors better understand what to do with the booklet and will give it greater prominence to the investor. | cover page or a back page, we consider it appropriate for the Plan Summary to be presented without a cover page. |
| | <i>Disclosure of alternatives to group scholarship plans</i> | An industry advocate commenter noted the change in the current Proposals that removed references to other products in the Plan Summary. This commenter noted that scholarship plans are associated with aggressive marketing and are sold to many individuals with low incomes who may not be aware of other available alternatives. This commenter suggested that we include text that references the fact that there are alternative products to a scholarship plan that also attract grants. | We consider that the inclusion of references to alternative products would be inappropriate because it would likely impose an implicit obligation on scholarship plan dealers to be equipped to provide advice on alternative RESP products which they may not be authorized to provide. As scholarship plan dealers are permitted to sell only plans associated with their plan provider, we do not think it would be appropriate to include the reference suggested by the commenter. Accordingly, we have not made this change. |
| | <i>Disclosure of conflicts of interest</i> | One commenter told us that the Plan Summary should disclose any existing conflict of interest that gives the salesperson or distributor a financial incentive to sell group scholarship plans over other | In response to the comment, we have added wording to Item 10 – <i>How Much Does it Cost</i> of the Plan Summary to highlight that fees and costs differ across the |

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| | | <p>alternatives. This commenter suggested this disclosure should include a description of any payments made or incentives provided by the group scholarship plan trust and/or distributor to the salesperson for having investors join the plan and should include a statement that these incentives create a conflict of interest in that they influence representatives to recommend one plan over another, or over other investment products. The commenter suggested that the details could be included in the prospectus, with a reference to this disclosure in the Plan Summary.</p> | <p>plans offered by the issuer. We do not agree, however, that conflicts of interest automatically exist solely because certain incentives attach to the sale of group scholarship plans. Accordingly, we have not made the change suggested by the commenter.</p> |
| | <p><i>Highlight certain key cautions</i></p> | <p>One commenter felt that certain key cautions regarding the plan should be printed in bold red to draw particular attention to them, such as the impact of failing to qualify for an eligible school or program.</p> | <p>We believe the Form adequately highlights the key risks associated with the product. Accordingly, we have not made the suggested change. Further, we do not propose to require that the Plan Summary be produced in colour.</p> |
| | <p><i>New section about features and benefits</i></p> | <p>An industry commenter suggested that plans be permitted to include in the Plan Summary an objective description of the benefits of the plans (such as, reimbursement of the enrolment fees upon maturity; you don't have to make the investment decisions for the plan, a portfolio manager does it for you; regular contributions can help build good savings habits).</p> | <p>We have not made this change. We believe that disclosure of the benefits of the plans would be promotional in nature and have determined not to include it in the Plan Summary. The Plan Summary is intended to describe how the scholarship plan works and to highlight the factors an investor should keep</p> |

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| | | | in mind when making an investment decision. |
| Item 2 - Withdrawal and Cancellation Rights | <i>Opening statement</i> | <p>Industry commenters noted that unlike the Fund Facts, the wording in the Plan Summary suggests that reading the Plan Summary alone will not be sufficient without any further explanation, nor does it explain why it may not contain all the information a subscriber will need. We were told that this seems an odd concept given the CSA’s objectives of having a shorter document that subscribers will be encouraged to read and that it should be sufficient for the subscriber to make an informed decision from reading only this document. The commenters added that they are concerned that subscribers will be alarmed by that statement and that it doesn’t indicate that subscribers will also receive the more detailed information along with the Plan Summary. It was suggested that we re-word the statement to clarify this.</p> <p>Investor advocate commenters suggested that we change the wording in the opening paragraph to more clearly encourage investors to read the prospectus. They suggested for example, making the wording more clear that the Plan Summary “does not” contain all the information you “need” instead of saying it “may not contain all the information you want”, and adding that investors should read “and understand” the prospectus before</p> | <p>We agree with the commenters. We have revised Item 2 to highlight that the Plan Summary is only a summary document and that the prospectus investors should read the entire prospectus, including the Detailed Plan Disclosure, carefully before deciding to invest in a scholarship plan.</p> |

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| | | deciding to invest, rather than only suggesting they read it. | |
| | <i>Location of statement of withdrawal rights in the Plan summary</i> | Industry commenters told us that they still believe that it is inappropriate for the plan summary to tell investors how to get out of the investment before they know what the product is. However, these commenters recognized the importance of the 60 day withdrawal right, and recommended that the Plan Summary have a cover page and back page and that this statement be put on the back page, where they believe it more properly belongs, and in a larger font to give it more prominence. They also suggested providing the language at the end of each Plan Summary under the heading “How can I cancel the plan?”. | We do not propose to move this disclosure. We continue to believe it is important for investors to understand their cancellation rights, particularly since the effect of cancelling within 60 days can be very different than cancelling after 60 days, especially in the early years of an investment in a plan. Accordingly, we continue to believe that this disclosure requires a prominent place in the Plan Summary where it will not be overlooked. |
| | <i>Terminology used</i> | Two commenters suggested rephrasing the wording in the second paragraph to make use of terminology that its members use. For example, “grants” would be replaced with “government incentives” and “sales charges” would be replaced with “enrolment fees”. The commenter also suggested removing the word “much” in reference to the last sentence, since it considers that word unnecessarily inflammatory. | We have changed current references to “grants” to “government grants”. We propose no change to the use of the term “sales charge” as we consider this term to be appropriate and widely understood. We do not propose to make this change. We have, however, added the word “could” in the last sentence to highlight the |

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| | | | possibility, not the absolute certainty, that an investor could end up with much less than they first put in. |
| Item 3 – Description of the Scholarship Plan | <i>Make the required heading less generic</i> | Three commenters suggested that we change the required heading to “what is <u>the</u> [insert name of the plan]” which is less generic. The commenters believe that it is vital that the reader be given an explanation of the Plan itself rather than a generic “consumer education” type of explanation that the subscriber may gloss over because they consider it irrelevant to their investment decision. | <p>We agree with the commenters and have made the suggested change.</p> <p>We continue to note, however, that the goal of the section is provide a generic description to educate investors about what a group, individual or family plan is. This is similar to the requirements of Item 4 of Part A to Form 81-101F1 which requires a brief explanation of what a mutual fund is in substance, not the particulars of any specific mutual fund referenced in the simplified prospectus.</p> |
| | <i>Need to better explain how a plan becomes an RESP</i> | We were also told it is necessary to explain that the investor enters into an education savings plan which is later registered and that they do not believe that our wording reflects that. The commenters recommended changes to the wording that they believe better reflects this. | We have revised Item 3 to include wording stating that the plan will or must be registered as an RESP after it is opened. This is intended to clarify that after an investor enrolls or starts to contribute to the plan, there is another positive step that must be taken for the plan to become |

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| | | | an RESP. |
| | <i>Disclosure of how to avoid negative outcomes</i> | One commenter suggested that the discussion in this Item about the exceptions in which a beneficiary will not receive educational assistance payments (EAPs) should include a discussion of how to avoid these outcomes. | We have not made this change. The Plan Summary does provide for some disclosure of how to avoid negative outcomes. The Plan Summary, however, is intended to be a summary document that highlights these issues. Accordingly, the information it contains will not be as detailed as in the rest of the prospectus (i.e. the Detailed Plan Disclosure) where more specific information on how to avoid negative outcomes is further discussed. |
| | <i>Disclosure of eligibility for payments from the plan</i> | One investor advocate commenter told us that we should make it clear in this section that a beneficiary will not receive EAPs and will lose the earnings and grants if they do not enrol in a school or program that qualifies under the terms, conditions or criteria of the plan, which may be different or more restrictive than the government eligibility rules for RESPs. This commenter feels the present wording suggests that it is the government rules that are applicable, not the plan's rules. | We agree with the commenter and have added wording to this section to specify that a beneficiary will not receive EAPs if they don't enrol in a school or program that qualifies under the rules of the plan. We have also added wording to Item 8 that will require a plan to clarify if its EAP eligibility requirements are more restrictive than those of the government. |

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| | <i>Bold warning language</i> | One commenter suggested that we add disclosure to the bold warning language at the end of this Item clarifying that investors who leave the plan early will also lose grants and grant contribution room. | We have added wording to this section to clarify that investors who leave the plan early will also lose grant contribution room along with earnings and government grants. |
| Item 4 – Suitability | | | |
| | <i>Opening Sentence</i> | <p>Two commenters suggested the first sentence should be made specific to the plan rather than generic.</p> <p>Another commenter suggested that the first sentence acknowledge carrying time horizons on a scholarship plan investment and that the wording should more reflect that investor’s <u>plan</u> to save for future post-secondary education.</p> <p>Two investor advocate commenters suggested that we provide greater clarity in reference to the type of investment by stating that the scholarship “is” a long-term commitment rather than stating it “can” be a long-term</p> | <p>We consider it appropriate to maintain the first sentence as presented. We have, however, amended this section to specifically contemplate group, individual or family plans, and to allow for the insertion of disclosure which speaks to the same three points specified for group scholarship plans (i.e. timing of contributions, maturity, eligibility).</p> <p>We have made this change and added wording to reflect the investor’s ‘plan’ to save for future post-secondary education.</p> <p>We do not propose to make this change given there is no standard definition of what “long-term” means in every circumstance and since not all</p> |

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| | | commitment. | scholarship plan investors will necessarily be long-term investors. The participation of the investor is dependent on the age of the beneficiary when the subscriber opens the plan. |
| | <i>Suitability for plans not adequately described</i> | One commenter told us that it believes the points in this Item do not fully describe who should be investing in a scholarship plan. This commenter noted, for example, that there is no reference to suitability for investors (a) with low tolerance to investment risk, or (b) who do not wish to actively manage their investment, and suggested adding wording to this effect. | We do not propose to make this change. |
| | <i>Greater clarity on suitability</i> | One investor advocate commenter suggested we use more precise language around suitability by stating that investors must be “certain” rather than “fairly sure” they can meet the prescribed criteria. | We have not made the change suggested by the commenter. We do not think it appropriate to expect an investor to have absolute certainty about such matters. We consider the reference to “fairly sure” to be more appropriate. |
| | <i>“Can make all contributions on time”</i> | One commenter told us that this is not an accurate reflection of the flexibility that exists in a plan, both in terms of choice of contribution schedules or the ability to change schedules down the line. They proposed that this be replaced with a statement reflecting a commitment to a regular savings program | We disagree with the commenter. The ability of an investor to make contributions “on time” is a fundamental feature of group scholarship plans and it is appropriate to highlight this feature in this |

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| | | until their child is ready to attend post-secondary education. | section. Accordingly, no change has been made. |
| | <i>“They will stay in the plan until it matures”</i> | One commenter suggested this point effectively restates the prior point, is redundant, and should be eliminated. | We have not made this change. The bullets required by the section speak to different, separate subject matters (i.e. ability to meet a contribution schedule versus commitment to stay in the plan until it matures) and are appropriate to maintain as presented. |
| | <i>“Their child will attend a qualifying school or program”</i> | <p>Three commenters told us that the third bullet point suggests that a subscriber can be “fairly sure” that their child (possibly a newborn) will attend a qualifying school or program, which is not possible.</p> <p>Two of the commenters suggested that the wording should reflect the investor’s <u>plan</u> to save for future post-secondary education.</p> <p>One of the commenters also suggested amending the wording to instead refer to the benefits of the plan, namely tax-deferred growth and government incentives.</p> | <p>We disagree with the commenter and have not made this change. We consider this format of warning language to strike the right balance between encouraging appropriate consideration, but not requiring, however, absolute certainty.</p> <p>We acknowledge this comment and have made the appropriate change.</p> <p>We have not made the proposed change given that the primary purpose of the Plan Summary and the Detailed Plan Disclosure is to provide relevant product information to an investor, not for marketing</p> |

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| | | <p>An investor advocate commenter suggested that it should be made clear that the beneficiary has to attend a school and program that meets the scholarship plan’s qualification criteria, which may be more restrictive than the government’s rules. The commenter noted for example that under many plans, part-time studies, co-op studies or apprenticeships do not qualify.</p> | <p>purposes. In any event, the benefits referenced by the commenter are applicable to RESPs generally, and accordingly, are not benefits specific to a scholarship plan.</p> <p>We have amended this section to highlight that the beneficiary must attend a school and a program that meets the scholarship plan’s specific qualification criteria.</p> |
| | <p><i>Disclosure about other plans</i></p> | <p>One commenter suggested that the disclosure about the ability to transfer to other plans should be factual and make reference to specific plans offered by the plan provider.</p> <p>Another commenter suggested amending the last sentence to account for plan providers that do not have a family and/or individual plan.</p> <p>An investor advocate commenter suggested that this disclosure also include reference to</p> | <p>We have amended the section to include wording that specifically directs investors to read the Detailed Plan Disclosure for details about other types of plans offered by the same plan provider and about suitability.</p> <p>We have made this change.</p> <p>We do not propose to make this change. The Plan Summary is a</p> |

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| | | <p>other investment products that also attract RESP government incentives as many prospective investors may not even be aware of this.</p> | <p>disclosure document about the specific plan not RESPs generally. Accordingly, we do not believe it is appropriate to mandate discussion about other investment products in the Plan Summary. Also, we note that sales representatives are currently only permitted and authorized to sell the specific plans of the issuer they are registered to sell.</p> |
| <p>Item 5 – The Plan’s Investment</p> | <p><i>Investment restrictions</i></p> | <p>Industry commenters told us that it is important that potential subscribers understand that the investments of a group plan are restricted by securities regulation, and the prescribed disclosure should reflect this.</p> | <p>We do not propose to make this change as we don’t consider this additional disclosure to be necessary or relevant in the Plan Summary.</p> |
| | <p><i>Disclosure of investment risk</i></p> | <p>One commenter told us that the prescribed wording in this Item requires plans to disclose that there is “investment risk” without defining what this risk is (i.e. low, medium or high). The commenter suggested that we delete that sentence, as the reference that returns will vary from year to year will be accurate and will give a subscriber an accurate picture of what to expect.</p> <p>Another commenter suggested that the Plan Summary adopt the risk rating scale used in the Fund Facts for mutual funds, and that the</p> | <p>The reference to “some risk” is intended only to highlight that an investment in a scholarship plan is not a risk free investment and that the returns on such investment are not guaranteed. Accordingly, we have not made the suggested change.</p> <p>We do not propose to make the suggested change. We do not believe the risk scale used for</p> |

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| | | wording about a plan carrying investment risk be amended to more closely resemble the wording in the Fund Facts document. | mutual funds is appropriate for scholarship plans which all have essentially the same risk profile. Accordingly, the risk rating scale would have little comparative value amongst scholarship plans. |
| Item 6 – Contributions | <i>“You buy one or more units of the plan”</i> | One commenter told us that the first sentence is not accurate and should refer to investors “subscribing” for units – a subscriber does not “buy” units, but instead subscribes for units which are linked to the contribution schedule, as scholarship plans are not unitized like mutual funds. | The reference to “buy units” is plain language and we do not believe its use will cause confusion for investors. |
| | <i>“You may pay for them....”</i> | <p>One commenter told us that this sentence should be revised to make it clear that deposits or contributions to a plan are not payment for units, but are contributions to a savings plan. This commenter added that the references to “payments” or “amount you pay” in reference to deposits or contributions should be changed to reflect this.</p> <p>The commenter also suggested that it is important that subscribers understand the implications of the different contribution schedules and recommended that we amend the wording to direct subscribers to speak with their representative or to look at the contribution schedules in the prospectus.</p> | <p>Similar to the above, we propose no change. We consider the current wording to reflect the plain language meaning that is intended.</p> <p>We have revised the section to include disclosure that directs the investor to speak with his/her representative or to look at the contribution schedule in the Detailed Plan Disclosure for more information.</p> |

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| <p>Item 7 – Payments</p> | <p><i>Confusing title</i></p> | <p>One commenter suggested we change the title of this Item since it is not clear what “payments” are being referred to. The commenter also recommended the prescribed heading be changed to “What can I expect to receive?”</p> <p>This commenter told us that the instructions should clarify that plans that pay EAPs at different times than in the prescribed wording be permitted to modify that wording as appropriate.</p> | <p>We have made the change suggested by the commenter.</p> <p>We agree and have amended this and other appropriate sections of the Plan Summary and the Detailed Plan Disclosure to allow for greater flexibility in describing when EAPs are paid. We also note that the General Instructions permit some modification of the prescribed wording where necessary to make the wording accurate.</p> |
| | <p><i>Cross-reference to prospectus disclosure</i></p> | <p>One commenter suggested we include a cross-reference to the section of the prospectus where it is possible to find out about fees, in respect of the statement regarding investors getting back their contributions “less fees”.</p> | <p>We note that the Plan Summary currently contains a description of the key fees and expenses applicable to the plan and to investors. We also note that there is a cross reference to the Detailed Plan Disclosure for any other fees not referenced in the Plan Summary.</p> |
| | <p><i>Disclosure of how to collect maximum EAPs</i></p> | <p>One commenter suggested that we include disclosure clearly stating that beneficiaries will not collect maximum EAPs if they do not</p> | <p>We have amended the prescribed wording to make it clear that the beneficiary of a</p> |

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| | | enrol in a program of sufficient length, and that this disclosure should also indicate what the necessary program duration for collecting maximum EAPs is. | group plan must qualify each year for each EAP received under the plan. |
| | <i>Taxation of EAPs</i> | Two commenters suggested that we delete the last sentence in this Item, so that the statement only refers to EAPs being taxable in the hands of the child. | We agree with the commenter and have made the suggested change. |
| Item 8 – Risks | | | |
| 8(1) – What are the risks? | <i>Disclosure of risk of insolvency and Lack of Contingency Fund</i> | One commenter told us that the risk disclosure in the plan summary should make clear that there is a risk of insolvency of the dealer or the group scholarship plan trust, and that there is no industry-sponsored contingency fund in the event of insolvency. | We note that the risk of insolvency is not a risk that is referenced in prospectus disclosure for other investment products and accordingly, we do not plan to require this for scholarship plans. However, we note that Item 11 <i>Are there any guarantees?</i> does require disclosure stating that investments in a plan are not protected by government or industry insurance such as the CDIC for bank accounts. Accordingly, we have not made the suggested change. |
| | <i>Include disclosure of risk of unusual events</i> | One commenter suggested that the risk disclosure in this Item also refer to risk of loss from unusual events, such as a child falling ill and missing a significant portion of the school year, or the risk that the plan may not generate | The Plan Summary is intended to be a summary document and accordingly cannot discuss all risks associated with a scholarship plan investment. |

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| | | sufficient returns after fees are deducted, especially for fixed income securities in a low interest rate environment. | The focus of the risk disclosure is on those risks that we believe are most important for helping an investor make a decision to invest or not invest in a scholarship plan. Accordingly, no change made. |
| | <i>Disclosure of risk of fee increase</i> | One commenter suggested there should be disclosure of the risk of certain fees increasing over the life of the investment since there is no guarantee that a plan will not increase fees over time, thereby reducing the investor's investment return. | We do not consider this to be a material risk of investing in a plan for the purposes of the Plan Summary disclosure. We note, however, that we have amended Item 14.3 <i>Fees Payable by the Scholarship Plan</i> in Part C to require disclosure of whether any of the fees listed in the table may be increased without approval by investors. We consider disclosure of this type to be more appropriate since scholarship plans are not subject to the mandatory voting requirements set out in Part 5 of NI 81-102 which attach to fee changes. |
| | <i>Cross reference to prospectus disclosure</i> | One commenter suggested adding cross references to the specific disclosure about fees and restrictions in connection with the different risks described in this Item. | We do not propose to make this change given that the Plan Summary is a summary document and is part of the full prospectus along with the Detailed Plan Disclosure |

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| | | | enclosing more specific disclosure about fees and restrictions. General Instruction (16) specifies the nature of information that may be found in each part of the Form and Item 2 of the Plan Summary specifically encourages investors to read the Plan Summary and the Detailed Plan Prospectus for further information on the plan. |
| | <i>Disclosure of risk of forfeiting your investment</i> | One commenter told us that it was inaccurate to state that you could lose some or all of your investment, since that would only occur if a plan is cancelled within the first months of opening the plan. This commenter suggested modifying the prescribed wording to reflect this. | We believe the current wording is plain language and requires no further clarification. |
| | <i>1. You leave the plan before the maturity date</i> | <p>One commenter felt the use of the word “leave” was too benign and that the wording should instead refer to “cancelling the plan”.</p> <p>Two commenters also felt that the first two sentences under this part are not appropriate for a disclosure document, as its members are not comfortable asserting these statements as fact in a prospectus document.</p> | <p>We have not made this change as we consider the current reference to reflect the plain language meaning of what was intended.</p> <p>The statements presented are factual and the example is sufficiently generic. We are comfortable that the statements are not inaccurate and have not made this change.</p> |

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| | | <p>One of the commenters also expressed concern with the reference to the plan being “cancelled” by the plan provider, as it makes it appear as though plan providers have the right to simply cancel a plan at any time. This commenter noted that providers can only terminate a plan for non-compliance under specific conditions. The commenter asked that these words be deleted.</p> | <p>The reference was intended to simply reflect that plans can be terminated by the investor or by the plan provider and that the same outcome arises in either case. That said, we have amended the wording to be more neutral and to simply refer to the plan being “cancelled” instead of stating by whom it may be cancelled.</p> |
| | <p>2. <i>You miss contributions</i></p> | <p>Three commenters told us that the statement “this could be costly” should be deleted as there is no empirical evidence to support it and it is inflammatory.</p> <p>Two of the commenters suggested that the wording in this part simply reflect that its members offer different options for making up missed contributions.</p> <p>The other commenter told us that the Plan Summary should not be promoting other products, so the reference to transferring to other RESPs should be removed and replaced by a reference to the option of transferring to other plans offered by the provider, where applicable.</p> | <p>We do not agree that this statement is inflammatory and do not propose to make this change.</p> <p>The wording presented is intended to highlight that there are consequences for missing payments. We consider the current wording to appropriately highlight this fact and do not propose to make this change.</p> <p>We have modified the wording to clarify that “transferring” to another RESP means that one can transfer to another RESP offered by the <i>same</i> plan provider or to an RESP offered by a different plan provider.</p> |

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| | <i>4. Your child doesn't go to a qualifying school or program</i> | Two commenters were not clear about the reference in this part to transferring to another RESP. These commenters noted that its members are not in the business of promoting competing products and suggested the wording be changed to refer only to options available through that plan provider. | We refer the commenter to the changes made as discussed above. |
| | <i>5. Your child doesn't complete their program.</i> | <p>Two commenters asked us to remove the reference to losing some or all of an EAP if a beneficiary takes time off from studies, since its members all offer options to accommodate time off from studies. These commenters felt the prescribed statement is inaccurate.</p> <p>These same commenters added that the statement that “deferrals at our discretion” may not be accurate for all plans and wanted to ensure the plans have the flexibility to correctly describe their programs.</p> | <p>We are satisfied that the wording is accurate and that the concerns raised by the commenters are mitigated by the reference to the possibility, not certainty, of deferral. Accordingly, we have not made this change.</p> <p>We do not propose to make this change but we have amended the section to require this disclosure only if applicable.</p> <p>We have also added wording to encourage an investor to speak with his/her representative to better understand their options to reduce their risk of loss.</p> |
| | <i>Encourage subscribers to speak with their representative</i> | One commenter also asked that we allow the plans to add a statement at the end of this Item encouraging subscribers to speak with their representative about the options available if | We have made this change and refer the commenter to our response above. |

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| | | they have trouble keeping up with their contributions. | |
| 8(2) – Plans that did not reach maturity | <i>Calculation methodology</i> | <p>Industry commenters appreciated that we sought input from the industry on how best to describe cancellation experiences for plans, and noted that the proposed disclosure is a considerable improvement. However, they suggested that the use of the term “maturity date” is not accurate here as it implies that the plans all mature on the same date – they suggested “maturity year” is a more accurate term in this instance.</p> <p>The commenters also recommended that plans transferred to another plan by the same sponsor be excluded from the calculations, since in that case the investor still has a plan in good standing with the provider and could still transfer back to the group plan before maturity.</p> | <p>We note the comment but maintain that the reference to “maturity date” is appropriate as it is the point at which an investor’s plan matures.</p> <p>We do not propose to make this change. The purpose of this subsection is to reflect the experience of investors in the group plan, specifically the proportion of investors who enrol in the group plan and stay until their plan matures. If the investor transfers to an individual or family plan with the same provider, they are still no longer part of the group plan and the calculation methodology reflects this.</p> |
| | <i>Retain drop-out rate disclosure</i> | Two commenters recommended that we reinstate the drop-out rate disclosure from the 2010 Proposal, as the proposed “plans that did not reach maturity” disclosure is more | We have renamed the sidebar to “Cancellation Rate” to better reflect the substance of the required disclosure. We are |

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| | | <p>difficult for investors to comprehend.</p> <p>One of the commenters also suggested that the disclosure should be expressed as a ratio as well as a percentage.</p> | <p>confident that investors will understand percentages and the addition of ratios is not necessary.</p> |
| | <i>Retain “Lost EAP” disclosure</i> | <p>A commenter also suggested retaining the sidebar from the 2010 Proposal that indicated the percentage of beneficiaries who did not collect all of their EAPs, for plans that matured or closed. Although there is similar disclosure in the prospectus under Item 22 of Part C, the commenter believes that for it to be meaningful, it must be in the Plan Summary.</p> | <p>We have not added this disclosure to the Plan Summary as it is intended to be a summary document. The detailed information on this point in Part C would be too lengthy and complex for the Plan Summary.</p> |
| Item 9 – Costs | | | |
| General | <i>Location of Item</i> | <p>One commenter told us that disclosure of costs is vitally important to investors given the impact of costs on the ability to accumulate savings. This commenter recommended that this disclosure be moved directly after the section titled “Who is this plan for” at Item 4, in order for it to be more prominently displayed in the Plan Summary.</p> | <p>We consider the location of this section (now Item 10) to be appropriate and have not made the suggested change.</p> |
| 9(1) – How much does it cost? | <i>Opening statement</i> | <p>One commenter suggested we rephrase the first sentence to read more plainly and simply.</p> | <p>We view the current wording to be plain language and do not propose to revise the wording.</p> |
| | <i>Disclosure of who fees are payable to</i> | <p>One commenter told us the tables should specify who the fees are payable to as it would give a more accurate picture of why</p> | <p>We agree with the commenter and have amended the table to include a column requiring</p> |

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| | | they are paying fees and to whom. | disclosure on who the fees are payable to. |
| | <i>Disclosure of impact of fees on contributions</i> | One commenter recommended that the disclosure in the fees tables be presented in a way that is more meaningful to investors. This commenter suggested adding a sentence to state, in plain wording, an example of the dollar amount of fees that would be paid on contributions made in the first year, as this would better reflect the manner in which certain fees are collected, like the sales charge, which is primarily collected from early contributions. | In response to the comment, we have added new wording to this Item (now Item 10) to require disclosure of the number of months it will take an investor to pay off any applicable sales charge based on monthly contributions. This additional disclosure requirement also mandates disclosure of the percentage of contributions that will be invested in the plan during the same time. We expect this additional disclosure to give investors a clear picture of the impact of sales charges on contributions. |
| | <i>Disclosure of GST/HST</i> | One commenter recommended that the Plan Summary make it clear that GST/HST is an integral part of the cost of investing in a plan. | No change. The reference to GST/HST is currently referenced in Instruction 4 of Item 10 of the Plan Summary which concerns fees and expenses associated with the plan. We consider it unnecessary to require its repetition elsewhere in the Plan Summary. |
| | <i>“Fees the plan pays” table</i> | One commenter suggested the title of the | The title used is consistent with |

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| | | table be renamed “Ongoing plan fees you pay” for this table as it better reflects the nature in which the fees listed are paid by the plan. The commenter added that the current title does not necessarily reflect that investors indirectly pay these fees through reduced earnings or returns on their investment. | the title used in the simplified prospectus for mutual funds. We view the use of a consistent title to be appropriate and plain language. Accordingly, we have not made this change. |
| | <i>Display fees as a percentage</i> | This commenter also suggested that all fees be displayed as a percentage, as well as in dollar amounts, so as to be comparable to the disclosure of management expense ratios (MERs) for mutual funds or other investment funds. | The Form requires fees to be disclosed in the manner in which they are assessed. However, we have added a requirement that group plans or other plans that calculate sales charges as a fixed dollar amount of the cost of a unit also express this charge as a percentage of the cost of a unit. This will allow for greater comparability between plans. |
| | <i>Disclosure of impact of plan cancellation</i> | One commenter told us it believes that a clear description of what investors will pay if they have to withdraw from the plan is required. This commenter recommended providing a table that shows the result of withdrawing at different stages, based on a \$1000 investment. For example, the table would show the impact of withdrawing: <ul style="list-style-type: none"> • Before 60 days • After 60 days, but at a still early stage • A later stage • Maturity | We do not propose to add the proposed disclosure. The numerous variables that would factor into providing this disclosure in a meaningful way would cause such disclosure to be too lengthy and complex for a summary document such as the Plan Summary. |

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| | | The table could show fees charges (including fees charges for transfers to another institution), loss of grants, investment income and any other changes that will affect the amount of contributions returned to the investor. | |
| | <i>Use of the term “sales charge”</i> | Industry commenters told us they prefer the term “enrolment fee” or “membership fee” over sales charge as this is the terminology they presently use, and they believe these terms are more accurate and understandable. They noted that the table will already make it clear that some of these fees are used to pay for sales commissions for the dealer representatives. | We have not made this change. We consider the current reference to “sales charge” to be clear, plain language and reflective of the nature of the fee. |
| | <i>Explanation of sales charge</i> | Industry commenters also told us that they believe the prescribed explanation of “sales charge” under “what the fee is for” is misleading because it fails to acknowledge the enrolment fee refund mechanism that its members have. The commenters recommend amending this part to state the fee is used to cover the costs of marketing and distributing the plan and pay a sales commission to the representatives, with the rest going to the dealer. The commenters also wanted this part to include a reference to the ability to have at least some of this amount refunded after maturity. | The purpose of the disclosure is to simply state the purpose of the fee. Whether the fee is eligible to be refunded is not consistent with the purpose of the table. We note that fee refunds can be discussed in the Detailed Plan Disclosure under Item 14.6 of Part C of the Form. In response to the comments, however, we have amended the Form requirements to provide greater flexibility in explaining the purpose of each fee. |

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| | <i>Use of the term “processing fee”</i> | <p>Some industry commenters suggested the reference to “processing fee” was not accurate as it implies a charge for processing a single transaction. These commenters felt that the term “account maintenance fee” more accurately describes that fee. We were also told that the description of this fee should explain that it is used to cover administrative expenses incurred with the ongoing administration of a subscriber’s plan.</p> <p>Another commenter asked us to specify what we mean by “processing fee”.</p> | <p>We agree with the comments provided and have made the suggested change to “Account Maintenance Fee”.</p> <p>We refer the commenter to our response above.</p> |
| | <i>Disclosure of optional insurance</i> | <p>Industry commenters also told us that fees for optional insurance should be permitted to be included in this table. They believe that this is necessary for full, true and plain disclosure.</p> | <p>The disclosure in this Item is intended to reflect mandatory fees. Accordingly, insurance fee disclosure is only permitted where the insurance is mandatory. Accordingly, we have not made the suggested change.</p> |
| Item 10 – Guarantees | <i>Reference to bank accounts and GICs</i> | <p>One commenter questioned why group plans should have to include references to “unlike bank accounts and GICs” in this part. The commenter believes this is extraneous and not relevant to the product and does not belong in a prospectus document.</p> <p>Two other commenters suggested this Item inappropriately compares a security to a deposit by a deposit-taking institution, and</p> | <p>We have not made the suggested change. We consider inclusion of the reference to be appropriate as it highlights that investments in scholarship plans are not guaranteed. We note that mutual funds are similarly required to provide this disclosure in their simplified prospectus under Item 4(3) of</p> |

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| | | does not believe that the Plan Summary should reference other products when it is specific to a particular plan. This commenter suggested we amend the wording to no longer refer to bank accounts or GICs. | Part A to Form 81-101F1. As such, we consider this disclosure to be appropriate for the Form. |
| | <i>Disclosure of risk of insolvency and lack of Contingency Fund</i> | One commenter told us that the disclosure in this part should also make reference to the lack of an industry contingency fund for scholarship plan dealers, unlike those for RESPs offered by banks or investment dealers. | As noted above, the disclosure is consistent with that required by mutual funds and we consider it appropriate for the Plan Summary. Considerations related to the absence of a contingency fund for scholarship plan dealers is beyond the scope of this project. |
| | <i>“We cannot tell you in advance if your child will qualify for payments”</i> | <p>Two commenters suggested that this statement implies that there is an onus on the plan provider to ensure a child qualifies for EAPs.</p> <p>Another commenter asked that we modify this wording to reflect that EAPs will be made if a beneficiary meets the conditions of the plan, rather than a more general statement about “payments”.</p> <p>An investor advocate commenter suggested that we should be more clear in stating that it cannot be guaranteed that an investor will receive any payment from the plan, including</p> | <p>We disagree with the commenters and have not made the suggested change. We consider the wording presented to be appropriate and plain language.</p> <p>We believe the wording is clear and do not proposed to make this change.</p> <p>We believe the wording is clear and do not proposed to make this change.</p> |

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| | | the amount of EAP or contributions that will be returned. | |
| | <i>Refund of net contributions</i> | One commenter told us the disclosure in this Item must include a reference to a subscriber getting their contributions back or it will be misleading. This commenter added that the amount of government incentives are known and will be paid, and the disclosure should account for this. | We disagree with the commenter. The disclosure refers to payments from plan contributions as simply a return of a subscriber's own money. As well, government grants are only paid if a beneficiary qualifies for an EAP, so we are confident that this wording is accurate and do not propose to make this change. |
| | <i>Purpose of the disclosure</i> | One commenter suggested that the purpose of the disclosure in this Item is to point out that the payments are not legally guaranteed and suggested alternate wording that they believe better conveys this point. | We agree with the commenter's view of the purpose of the disclosure but as noted above, we do not propose to amend this section. |
| Item 11 – For more information | <i>Specific reference to the prospectus</i> | <p>One commenter suggested this Item include a specific reference to the more detailed prospectus in order to better link the two documents.</p> <p>One commenter suggested that this section be presented on the back cover of the plan summary.</p> | <p>In response to the comment, wording has been added to encourage an investor to speak to his/her sales representative and to look further to the Detailed Plan Disclosure for more information about a plan.</p> <p>We do not propose to make this change. The Plan Summary will not have a cover page or a back page.</p> |

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| Comments on Part B - General Disclosure | | | |
| General comments | <i>Flow and organization of Part B</i> | Two commenters urged that we consider the flow of this part to ensure logical disclosure. They also suggested we re-examine the instructions for headings and sub-headings to determine if they are all necessary. | We have reviewed the Form and made changes to the headings, sub-headings and instructions where appropriate in response to this and other comments received. |
| | <i>Additional disclosure for Part B</i> | Industry commenters suggested we include the following disclosure items in Part B (or in Part C if the disclosure would be plan-specific): <ul style="list-style-type: none"> • Insurance coverage • How a subscriber can make additional contributions • <i>Income Tax Act</i> (Canada) (Tax Act) restrictions on the EAP amounts that can be paid • Enrolment fee refund mechanism • Ability to transfer between plans | We note that most of these items mentioned are currently referenced elsewhere in the Form. We have amended Item 6.9(2) of Part B of the Form, however, to require disclosure of information on the Tax Act restrictions on EAPs as applicable. A new Instruction guides this disclosure. Similar disclosure must now also be provided under s. 19.3 <i>Amount of EAPs</i> of Part C. |
| Item 1 – Cover page disclosure | <i>Reference to the Plan Summary</i> | Two commenters believe it is necessary to include a statement on the cover page linking the plan summary to the rest of the prospectus and clarifying that a subscriber will receive both documents as required by law. | We agree and have amended General Instruction (16) of the Form and Item 4.1 of Part B of the Form to clarify that the Plan Summary is part of the prospectus which is ultimately composed of two parts i.e. the |

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| | | | Plan Summary, which is Part A of the Form, and the Detailed Plan Disclosure which is comprised of Parts B, C and D. |
| Item 2 – Inside cover page | | | |
| 2.2 – No Social Insurance Number | <i>Description of social insurance number (SIN) requirement</i> | <p>Two commenters suggested we amend the title of the heading in this part to be less colloquial.</p> <p>We were also told that the prescribed disclosure should be amended to make it clear that the <u>subscriber</u> must have a SIN before entering into a scholarship plan agreement, since that is a requirement of the plans.</p> <p>Another commenter recommended that the subheading “No social insurance number = No grants, no tax benefits” be replaced by “Why is the social insurance number necessary?” as it takes a more positive tone.</p> | <p>We propose no change in response to this comment.</p> <p>We agree and have revised this section to specify that the subscriber’s social insurance number must be provided in order for the plan to be entered into. We’ve also added a new Instruction (2) to this Item to clarify our expectations around this disclosure.</p> <p>Other than changing the reference in the title to “government” grants, we propose no change to the subheading as we consider the current wording to be plain language and sufficiently clear to highlight the impact of having a scholarship plan without providing required social insurance numbers.</p> |
| | <i>Treatment of moneys in</i> | Two commenters recommended that the | We consider the required |

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| | <i>unregistered education savings accounts</i> | required disclosure in this Item about unregistered education savings plans, should also acknowledge that some plans treat moneys in these accounts the same as if it were an RESP, in that the contributions are invested and may earn income. These commenters expressed concern that the disclosure suggests that this money is simply placed in an account and fees are deducted. The commenters also want the disclosure in this part to recognize that income earned in these unregistered education savings accounts could have tax implications for the subscriber. They emphasized that the disclosure requirement should be flexible enough to allow the plan providers to accurately describe their plans. | disclosure on the treatment of moneys in unregistered education savings accounts to be accurate and have not made the suggested change. The purpose of the disclosure is to highlight the importance of having a beneficiary's social insurance number, by stressing that unregistered plans still pay the same fees and expenses as registered plans, but without any of the tax and government grant benefits that come with being an RESP. We consider it appropriate to require disclosure on this point to better inform investors. |
| | <i>Cancelling the plan</i> | One commenter felt the wording around cancelling the plans, particularly the reference to ending up "with much less than you put in" was unfair and not accurate. | We refer the commenter to our response above under <i>Terminology Used</i> and consider the current wording accurate and consistent with the risk to an investor of keeping monies in an unregistered savings account. |
| 2.3 – Payments not guaranteed | <i>Title of heading</i> | One commenter told us that the title of this Item implies that plan investments are not guaranteed and that the investments are riskier than other products available to | No change. The title accurately highlights the reality that EAP payments are not guaranteed for the variety of reasons specified |

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| | | investors. This commenter noted that plan assets are available at maturity, but that EAPs are only available to those who qualify under the plan's terms. The commenter recommended that we amend the title to reflect that an investor must meet the plan's requirements to collect an EAP. | in the prospectus. |
| | <i>Item 2.3(2) – payments from group plans depend on several factors</i> | One commenter told us the tone of the wording in this part is negative. This commenter pointed out that its participation rate is in excess of 90% and that over time, attrition is becoming less of an influence on the value of payments from the plan and suggested we amend the wording in this part to be more neutral. | We believe that the prescribed disclosure is accurate and applicable to all group plans despite variations in their attrition rates. We propose no change. |
| | <i>Item 2.3(3) – discretionary payments are not guaranteed.</i> | One commenter suggested that further explanation for discretionary payments is necessary since at this point in the prospectus there won't have been a description of discretionary payments. | We agree and have revised section 2.3(1) of Part B to permit references to discretionary payments, along with EAPs. |
| | <i>Item 2.3(4) – Understand the risks</i> | One commenter questioned why the wording in this part suggests than an investor refer to the risk disclosure in the Plan Summary, rather than the more detailed risk disclosure in the prospectus. The commenter also expressed concern with the disclosure suggesting an investor could lose some or all of their money. | We agree with the first comment and have removed the reference to the Plan Summary. However, we consider the latter reference to the possibility of loss of some or all money in the circumstances described to be accurate. For greater clarity, we amended the reference to |

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| | | <p>Another commenter was unclear why this Item requires a plan to reiterate the risks, in contrast to the Fund Facts for mutual funds, which prompts investors to read the prospectus. This commenter suggested we amend the wording to be less focused on risks.</p> | <p>highlight that an investor “could” lose some or all of their money in circumstances, instead being “likely” to do so.</p> <p>We do not agree that this section requires a plan to reiterate risk. It is intended to encourage an investor to become aware of the risks of investing in a plan by reading the risk disclosure provided elsewhere in the prospectus. We consider the prescribed disclosure to be appropriate and have made no change.</p> |
| <p>2.4 – Withdrawal and Cancellation Rights</p> | <p><i>Terminology and language used</i></p> | <p>Two commenters suggested rephrasing the wording in the second paragraph to make use of terminology that its members use. For example “grants” would be replaced with “government incentives”, “sales charges” would be replaced with “enrolment fees”.</p> <p>One of these commenters also suggested removing the word “much” in reference to the last sentence, since it considers that word</p> | <p>Similar to our comments above under <i>Other mandatory terminology</i> concerning the Plan Summary, for greater clarity, we have changed the references to grants to “government grants” in this section and elsewhere in the prospectus. We have, however, maintained the requirement to use the generic, plain language term “sales charge”.</p> <p>We do not propose to make this change as we consider the current wording to be accurate</p> |

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| | | unnecessarily inflammatory. | as presented. We have, however, added the word “could” to denote that the substantial loss of contributions is a possibility, not a certainty. |
| Item 4 – Introduction and Glossary | | | |
| 4.1 – Introduction and Documents incorporated by reference | <i>Additional disclosure</i> | One commenter noted that this Item does not include the additional information that the scholarship plans prospectuses are now required to provide in connection with exemptive relief granted to certain plans to incorporate certain documents by reference into the prospectus. This commenter added that we should also add wording to this part that deals more clearly with the status of the Plan Summary. | New subsection 4.1(3) has been added to require a description of each of the documents incorporated by reference into the prospectus and to explain their importance. We have also added wording to subsection 4.1(1) that clarifies that the prospectus is comprised of the Plan Summary and the Detailed Plan Disclosure. |
| 4.2 – Terms used in the Prospectus | <i>Too prescriptive</i> | Industry commenters told us that the Form is too prescriptive in mandating that all scholarship plan organizations use exactly the same terms and define them the same way. This commenter is concerned that this will impede plans from having the flexibility to change its terminology as circumstances or government regulation changes. | We view the need for consistency in terms of use to be paramount across all plan prospectuses. Should government regulation change applicable terminology, the use of certain terms can be revisited. We have reviewed the Glossary and made changes to definitions where appropriate to make them more accurate. |

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| | | | <p>We note that new Instruction (3) has been added to clarify that only terms in the Glossary that are applicable to at least one of the plans in the prospectus can be included.</p> |
| | <p><i>Some terms inaccurate</i></p> | <p>They also told us that they believe some terms may be inaccurate, not permitted by the CRA, or have definitions that include extraneous, unnecessary or inaccurate information. These commenters cited number of examples:</p> <ul style="list-style-type: none"> • The definition of “Contributions” does not accurately reflect the definition of that term in the Tax Act. This commenter also noted that the definition includes the concept that fees are deducted from contributions and felt this would be confusing to investors. This commenter instead suggested introducing the term “principal” to refer to contributions less fees; • The definition of “accumulated income payments” does not accurately reflect the definition in the Tax Act; • The definition of “educational assistance payments” in the Form is not correct in respect of their plan. The only funds in the EAP account for its plan are the income earned on contributions. This | <p>As noted above, we have reviewed the Glossary and made changes to definitions where appropriate to make them more accurate. Upon further review, we are satisfied with how the terms therein are defined. We note that the terms are to be defined in plain language to facilitate ease of understanding. As such, they may not necessarily use the same wording in the Tax Act even if they have essentially the same meaning.</p> |

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| | | <p>plan defines EAP as comprising income earned on principal, income from attrition, and payment of a group plan bonus from its general fund. The commenter asked that the definition of EAP be broadened to include any non-discretionary payments to accommodate its product design;</p> <ul style="list-style-type: none"> • The definition of “eligible studies” should reference both the terms of the plan and the Tax Act requirements; • A commenter noted that the term “Grant contribution room” is not used in the Form; • We were told it was more correct to say “you purchase units when you open a plan” rather than being assigned units; • We were also informed that the reference to the year of eligibility being after the maturity date is not correct in other types of plans – it is simply the year a beneficiary begins post-secondary studies. This commenter noted for example that its individual and family plans do not have maturity dates. The commenter asked that we allow the flexibility to properly describe the term in the context of their product. | |
| | <p><i>Instructions – glossary limited to the terms provided</i></p> | <p>Two commenters expressed concerns with the instructions that prohibit the addition of new terms to the glossary, since the prospectus is a liability document. The</p> | <p>The Glossary is intended to promote consistency and to enable investors to make comparisons across plans</p> |

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| | | <p>commenters believe that flexibility is necessary to avoid the prospectus becoming unwieldy with numerous cross-references or lengthy explanations of terminology.</p> <p>Another commenter recommended that we allow for the inclusion of plan-specific definitions in the Glossary to provide investors with a clear understanding of terminology used and to eliminate unnecessary descriptions.</p> | <p>offered by different plan providers. We do not consider it appropriate for terms to be added to the Glossary and we do not believe that limiting the use of defined terms will be problematic for investors.</p> |
| Item 5 – Overview of scholarship plans | | | |
| 5.2. – Description of Scholarship Plans | <i>Disclosure of sales charge refunds</i> | <p>Two commenters told us that the prescribed wording should allow for group plans to include disclosure around enrolment fee refunds, as it is material information about the plan.</p> | <p>We have not made this change. The disclosure in this Item is intended to provide general information about the scholarship plan. Plan-specific disclosure on fee refunds is permitted under Item 14.6 of Part C of the Form.</p> |
| | <i>Disclosure of key product benefits</i> | <p>Another commenter told us the Form does not include disclosure of key product benefits, and therefore does not provide an investor the opportunity to weigh the risks against plan benefits. This commenter suggested a new heading be added where key product benefits can be disclosed, such as:</p> <ul style="list-style-type: none"> • potential for enrolment fee refunds; • ability to change beneficiaries within a | <p>We have not made the suggested change. We note that all of the referenced disclosure of benefits mentioned is already provided in the Form. We do not see the need for a separate section reiterating this disclosure.</p> |

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| | | <p>family;</p> <ul style="list-style-type: none"> • ability to transfer to other plans and back to the group plan; • potential to receive enhanced payments, such as attrition, in addition to investment yield, as well as non-discretionary group plan bonuses and discretionary donations by the Foundation; and • access to government incentives. | |
| | <i>Disclosure of ability to transfer plans</i> | This commenter also suggested adding a new heading in this Item in which there will be disclosure about the option to move out of a group plan to its individual or family plan if a subscriber determines it is no longer suitable. | We have not made this change. Disclosure concerning the ability to transfer between plans is currently provided in Item 16.1 of Part C. As noted above under <i>You miss contributions</i> , we have also amended the Plan Summary to clarify that investors have the option to transfer between plans offered by the same issuer where appropriate or to another RESP provider altogether. |
| Item 6 – General Information about Scholarship Plan Life Cycle | | | |
| General | <i>Support for disclosure of scholarship plan investment lifecycle</i> | One commenter supports the introduction of a requirement to provide a description of the key stages in the lifecycle of a scholarship plan investment. | We thank the commenter for their support and believe that this requirement will enhance product disclosure of the plans. |

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| <p>6.7 – Fees and Expenses</p> | <p><i>Disclosure that fees reduce returns</i></p> | <p>One commenter suggested we require disclosure in this part stating that fees and expenses reduce the plan’s returns, thereby reducing the investor’s returns.</p> | <p>We agree with the commenter and have amended this Item to include wording suggested by the commenter.</p> |
| <p>6.8 – Eligible Studies</p> | <p><i>Removal of table listing all eligible studies</i></p> | <p>Two investor advocate commenters disagreed with our decision to remove the requirement to provide a table detailing all of the eligible studies under the plans, which had been part of the 2010 Proposal. They added that this information is important to any investor contemplating a scholarship plan investment and should be included, so that it is known beforehand rather than being discovered at plan maturity.</p> | <p>We propose no change. Item 6 of Part C currently mandates summary disclosure of eligible post-secondary programs that qualify for EAPs under a plan. We expect this disclosure to be fulsome and informative to investors. We do not believe it would be beneficial to investors to require in the prospectus a detailed list of programs and institutions that qualify for EAPs. Such a list could change over time and could be quite lengthy.</p> <p>As noted below, we have amended Item 6.1 of Part C to require plan providers to provide investors, on demand, with a list of eligible programs and to post this list on their websites.</p> <p>Should investors seek additional information on the list of eligible studies under a plan, we</p> |

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| | | | <p>would expect the dealer or the plan provider to make this information available to investors on demand.</p> <p>To provide greater clarity, however, we have added wording to Item 6.8 of Part B to highlight where applicable, that the programs eligible for an EAP are different for each plan offered under the prospectus.</p> |
| 6.9 – Payments from the Scholarship Plan | <i>Disclosure of benefits</i> | One commenter suggested we allow group plans to disclose the benefits of investing in a group plan - specifically income from attrition as well as discretionary payments, in this part. | The disclosure required by this Item is intended to be general. We refer the commenter to our responses above which speak to disclosure on the benefits of investing in a group plan. We propose no change in response to the comment. |
| | <i>Item 6.9(2) – Educational Assistance Payments</i> | One commenter told us the prescribed language in this part is inaccurate for its plans, as the amount of EAP is based on the number of units held in the plan. Also, the commenter noted that the prescribed language excludes other components this commenter considers part of its EAPs, and also fails to mention the potential for a discretionary top-up payment offered under its plans and the potential for an enrolment fee refund. The commenter suggested | The required disclosure is intended to be a general statement about how EAPs are calculated and includes all factors that contribute to an EAP (as defined in the Glossary). We are satisfied that the description is accurate. Specifics around discretionary payments and other features of the plan are permitted to be |

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| | | amended wording that would include language around these additional amounts. | disclosed in other parts of the prospectus. We propose no change. |
| Item 8 – Scholarship Plans with Same Investment Strategies | | | |
| 8.1 – Investment Strategies | <i>Item 8.1(4) – temporary departure from investment objectives in adverse market conditions</i> | One industry commenter asked for clarification on what this means. | This disclosure is currently a requirement in Item 6.1(4) of Form 41-101F2 which is the form scholarship plans currently use. Accordingly, we do not believe that further clarification is necessary. |
| Item 9 – Scholarship Plans with Same Investment Restrictions | | | |
| 9.1 – Investment Restrictions | <i>Item 9.1(2) - investment restrictions beyond those required under applicable legislation</i> | One commenter considered the disclosure requirement to be odd in the context of group RESPs, particularly because of the reference in paragraph (2) to disclosure of any restrictions beyond what is required under securities regulation. This commenter also believes a fundamental point is missing, i.e. that investments are greatly restricted by securities regulation, and that this is not well understood by investors. | The requirement in Item 9.1(2) of Part B of the Form currently exists in Item 8.1 of Form 41-101F2 which is the current form used by scholarship plans. Accordingly, we do not believe that there should be any confusion about this requirement. We propose no change. |
| Item 10 – Risks of Investing in a Scholarship Plan | | | |

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| 10.1 – Risks of Investing in a Scholarship Plan | <i>Item 10.1(2) – investment risks</i> | One commenter asked that we remove the reference to “bank accounts and GICs” from the prescribed wording in this part, as they believe it is not appropriate to require scholarship plans to reference other products in their prospectus. | We have not made this change. We refer the commenter to our response above concerning the Plan Summary under <i>Reference to bank accounts and GICs</i> re: Item 10 – Guarantees. |
| Item 12 – Organization and Management Details of the Scholarship Plan | | | |
| 12.1 – Organization and Management Details | <i>Item 12.1(2)(h) – description of the oversight of the fund manager by the independent review committee(IRC)</i> | One commenter suggested this disclosure item is inaccurate as it relates to the role of the IRC under National Instrument 81-107 – <i>Independent Review Committee for Investment Funds</i> (NI 81-107). This commenter suggested that this Item only refer to the oversight of the IRC of conflicts of interest. The commenter added that the IRC does not have a municipal address, so this requirement should be removed. | We propose no change. The role of the Independent Review Committee is governed by NI 81-107 and is to oversee the manager’s handling of conflict of interest matters. This requirement in the Form is simply to mandate disclosure about the IRC’s role. We note, however, that we have amended Item 12.1(3) of Part B of the Form to indicate that a municipal address should only be provided as applicable for the entities listed in Item 12.1(2). |
| Item 13 – Statement of Rights | | | |
| 13.1 – Statement of Rights | <i>Prescribed statement</i> | One commenter suggested the first paragraph in the statement reads awkwardly and suggested we amend it. The commenter also | We have amended the wording in this Item to provide greater clarity. |

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| | | suggested we add disclosure clarifying that subscribers get all their money back, including any fees paid, and that government incentives will be repaid to the government. | |
| <i>Comments on Part C – Plan-Specific Information</i> | | | |
| General comments | <i>Order of Items</i> | Industry commenters suggested we re-order items in Part C to, in their view, be more consistent with the life cycle of a plan. In particular, under this commenter’s suggestion, the items which discuss making contributions to a plan, making changes, transfers, and receiving payments from a plan would occur sooner in Part C. | We are satisfied with the order of the Items in Part C and do not propose to reorder them. |
| Item 3 – Plan Description | | | |
| 3.1 – Plan Description | <i>Item 3.1(c) Nature of the securities offered by the prospectus</i> | Industry commenters were unclear as to what is to be disclosed as the “legal nature of the securities”. | We have removed this requirement. |
| Item 5 – Beneficiary Group | | | |
| 5.1 Beneficiary Group | <i>Usefulness of Beneficiary group table</i> | Two commenters told us that there is no need for the “beneficiary group” table being proposed in Item 5.1(3) of Part C as they believe this can be easily determined without reference to a table and will just add unnecessary length to the prospectus. One of the commenters believes the table will be confusing for subscribers given that a beneficiary is assigned to a particular | We disagree with the commenters. We believe the beneficiary group table will assist investors in determining how the specifics of the group plan apply to their individual beneficiaries. We propose no change. We believe that the disclosure required by Items 5.1(2) and 5.1(3) provide appropriate |

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| | | <p>group based on the subscriber’s selected contribution schedule and other details determined at the time of enrolment. This commenter also believes the table will be confusing because it does not appear to be linked to anything else in the prospectus, so a subscriber will not understand what they are supposed to do with this information. Finally, the commenter noted that beneficiary groups can be changed, so if the table is retained, this should be noted in this Item.</p> <p>Another commenter suggested that most of the disclosure in this Item will be irrelevant to a potential investor as it suggests that investors can choose their beneficiary group, which is not correct – beneficiary groups are assigned based on age, and the table itself will be out of date by the lapse date of the prospectus. This commenter suggested the disclosure in this Item should focus on how maturity dates and year of eligibility is determined.</p> | <p>context on how the table is to be read and presented. No change.</p> <p>For the reasons mentioned above, we disagree with the commenter and do not propose to make the suggested change.</p> |
| Item 6 – Eligible Studies | | | |
| 6.3 – Description of Ineligible Studies | 6.3(1) – <i>what’s not eligible</i> | <p>One commenter told us they supported the requirement to include disclosure concerning plans that have more restrictions on eligible studies than the government rules on RESPs. However, this commenter believes the disclosure should be more specific and should include a detailed list of</p> | <p>We do not consider a detailed list of ineligible schools and programs to be necessary. Item 6.2 of Part C of the Form requires more specific disclosure regarding the types of programs eligible for EAPs.</p> |

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| | | <p>school and programs that are ineligible, and this criteria should also be included in the Plan Summary.</p> | <p>We have, however, amended Item 6.3 to require clear and specific disclosure of differences between the types of programs eligible for payment of an EAP under the Tax Act versus those recognized as eligible under the plan.</p> <p>Item 6.1 of Part C also now requires plan providers to post a list of qualifying institutions and programs to their websites. The amended Instructions to Item 6 of Part C specify that the list must be available on a publicly available website and must be in a format that facilitates comprehension by the investor.</p> |
| | <p><i>Item 6.3(3) – prescribed statement</i></p> | <p>Industry commenters told us that they think the first sentence in this statement should be deleted since a subscriber will not know the type of programs their beneficiary will be interested in at the time of enrolment.</p> <p>One of the commenters also suggested that</p> | <p>With reference to our response immediately above, we do not propose the change suggested by the commenter. We would expect the information to be provided on eligible programs to assist an investor in determining which program their beneficiary should enrol in at the appropriate time.</p> <p>We have modified the prescribed</p> |

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| | | the disclosure in this statement be restricted to discussing whether the plan permits more or fewer eligible programs than the Tax Act or other plans offered by the provider. | disclosure now required by Item 6.3(4) to require specific disclosure on eligible programs when the plan does not recognize the same post-secondary programs that would qualify for an EAP under the Tax Act. |
| Item 10 Plan-Specific Risks | | | |
| 10.1 – Plan Risks | <i>Negative Tone</i> | One commenter felt the mandatory disclosure was unduly negative and should be re-worded. The commenter particularly felt that the reference to a subscriber losing “some or all of their EAPs” was not accurate. | We are satisfied that the prescribed wording is accurate and not unduly negative as it highlights only the possibility of the investors loss of some or all of their EAPs. No change. |
| | <i>Disclosure of the risk of unusual events</i> | One commenter suggested that the risk disclosure in this Item also refer to risk of loss from unusual events, such as a child falling ill and missing a significant portion of the school year, or the risk that the plan may not generate sufficient returns after fees are deducted, especially for fixed income securities in a low interest rate environment. | We refer the commenter to our response under <i>Include disclosure of risk of unusual events</i> in respect of Item 8(1) of the Plan Summary. No change. |
| | <i>Disclosure of the risk of fee increase</i> | One commenter suggested there should be disclosure of the risk of certain fees increasing over the life of the investment since there is no guarantee that a plan will not increase fees over time, thereby reducing the investor’s investment return. | We have added disclosure to the fees tables in Item 14 <i>Fees and Expenses</i> in Part C to require plans to state whether the fees can be increased without investor approval. We consider |

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| | | | disclosure of this type to be more appropriate since scholarship plans are not subject to the mandatory voting requirements set out in Part 5 of NI 81-102 which attach to fee changes. |
| Item 11 – Annual Returns | | | |
| 11.1 Annual Returns | <i>Disclosure of 1,3,5,10 year returns</i> | Industry commenters told us that they believe that disclosure of returns from the past 1,3,5 and 10 year periods, would be more useful to subscribers, than the period proposed in the Form, given the long term nature of the plans. | The annual return disclosure required by this section is consistent with the current Form requirements in Form 41-101F2. We propose no change. |
| Item 12 – Contributions | | | |
| 12.1 – Making Contributions | <i>Reference to “buying units”</i> | One commenter told us that it is not correct to say that subscribers “buy” units. In the commenter’s view, a subscriber does not “buy” units. This commenter said the disclosure should reflect instead that subscribers “subscribe” for units which are linked to the contribution schedule. | We propose no change. We consider that the current wording reflects the intended plain language meaning. |
| | <i>Contribution tables</i> | One commenter told us they believe it would be more valuable to know whether or not the contribution schedule was certified by an actuary, than to simply disclose who prepared the table. This commenter suggested we also require both. | We do not propose to make this change. Since there are no regulatory standards for actuarial certification of a scholarship plan, we are concerned that adding the suggested disclosure could be misleading to investors. Such an initiative is currently |

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| | | | beyond the scope of this project but may be considered for future amendments to the Form. |
| 12.2 – Missing Contributions | <i>Instructions</i> | <p>Industry commenters did not understand Instruction (2) that required disclosure of the interest rate used for calculating make up contributions. We were told that it would be challenging to predetermine an interest rate for this calculation, and that it is not clear why this information is being requested.</p> <p>One of the commenters suggested that we either remove the requirement or allow a statement clarifying that the interest rate charge cannot be predicted in advance and that investors should contact their plan provider to find out the amount owed.</p> | <p>We have amended Instruction (2) to this section to clarify our expectation that the “current rate” of interest be disclosed. We would expect plan providers to have this information as a matter of course.</p> <p>We propose no change.</p> |
| Item 13 – Withdrawing Contributions | | | |
| 13.1 – Withdrawing Contributions | <i>Item 13.1(3) – disclosure of losses for withdrawal</i> | Two commenters asked for clarification that the disclosure of “losses” to a subscriber for withdrawing contributions can be general, since any specific amounts of fees or losses would be particular to each subscriber. | In response to the comment, we have amended this Item to clarify that only a general description of the losses is required. |
| Item 14 – Fees and Expenses | | | |
| 14.2 – Fees payable by Subscriber from Contributions | <i>Item 14.2(2) – prescribed disclosure</i> | One commenter told us that the prescribed wording in paragraph (2) should permit the plans to use their own terminology, such as | We refer the commenter to our responses above on the same point under, for example, <i>Use of</i> |

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| | | <p>“enrolment fee” or “membership fee” instead of “sales charge”. This commenter also suggested we allow for a reference to the possibility of a sales charge refund, with a cross-reference to more detailed disclosure at Item 14.6.</p> <p>Another commenter told us that they are unable to provide the exact amount of the commission paid to the representatives as they may vary from one representative to another. However, they could provide an average amount of commission paid.</p> | <p><i>the term “sales charge”, or Other Mandatory Terminology.</i></p> <p>The disclosure requirement here is intended to apply globally, not to individual representatives of the plan provider. No change required.</p> |
| | <i>Item 14.2(2) – use of text box</i> | This commenter also expressed concern with whether the required disclosure will fit in a sidebar and asked that we clarify whether its members can instead disclose it in boxed text under the table. | We agree with the commenter and have amended the instructions to this Item to provide the option of using a textbox to meet the disclosure requirement. |
| 14.3 – Fees payable by the scholarship plan | <i>Disclosure of impact of ongoing expenses</i> | Two commenters suggested we reinstate the summary of the impact of ongoing fees on a \$2500 annual investment in the plan, which was in the 2010 Proposal. | <p>We have not made this change.</p> <p>The purpose of the table is to highlight up front costs of the plan and we consider it to meet this purpose as presented. A number of variables would impact the summary differently than for mutual funds, such that the summary would have less value for a scholarship plan than it would for a mutual fund.</p> |

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| 14.4 – Transaction Fees | <i>Disclosure of fees to transfer to another RESP</i> | One commenter told us that disclosure of fees must make it clear that there are fees and penalties for items such as account transfers. | No change. The tables in Item 14 are intended to disclose all fees that are applicable to a particular plan. |
| 14.5 – Fees for Additional Services | <i>Optional insurance</i> | One commenter told us that it considers fees payable in respect of optional insurance to be material and therefore should be disclosed in the table required in this Item. | We note that the Instructions to this Item contemplate disclosure of insurance fees. |
| 14.6 – Refund of Sales Charges | <i>Disclosure of treatment of enrolment fee refunds</i> | Two investor advocate commenters told us that the disclosure around refunding of sales charges by the plan should also state that these amounts do not earn interest, do not count as a contribution and do not form part of the investment, and that these amounts will be return in deflated dollars, due to inflation. | We agree with the commenters and have amended this Item accordingly to include disclosure of the suggested items. |
| Item 19 – Payments from the Scholarship Plan | | | |
| 19.2 – Payments to Beneficiaries | <i>Item 19.2(2)(c) – percentage of maximum total amount of educational assistance payments (EAPs) payable at each payment date</i> | Two commenters questioned the plans’ ability to provide the disclosure required under this Item, as they each use different methodologies for calculating EAPs. These commenters are concerned that it may require disclosure of actuarial methodologies, which may be confusing to investors. Another commenter told us that while they do not offer EAP options tailored to shorter | The requirement is to disclose how and when EAPs are paid. The requirement does not mandate disclosure of methodologies. We are confident that the statement is accurate and propose |

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| | | programs, their plan would permit a beneficiary to enrol in, for example, four short programs that meet minimum Tax Act requirements. The wording in the instructions suggests that it would be required to state that beneficiaries enrolling in ineligible studies of a shorter duration would not qualify for maximum EAPs under the plan, which they consider to be inaccurate. | no change. |
| 19.3 – Amount of EAPs | <i>Description of EAP components</i> | One commenter told us that the requirements of this section to list the components of an EAP and how they are allocated will not be accurate for its plans because the proposed definition of EAP in the Form is not consistent with the definition it uses, and in particular, does not include different components it considers part of its EAP, such as a non-discretionary group bonus amount. | We expect the disclosure provided to be consistent with the definition of EAP provided in the Form, which reflects the amounts a beneficiary is entitled to under a plan. We propose no change. |
| | <i>Disclosure of EAPs required under Item 19.3(3)</i> | Two commenters told us that some plans do not presently calculate the information required under paragraphs (b), (c) and (d) of this part. They are concerned that the costs of making the necessary systems changes will far outweigh the utility to investors in having this information. | We would expect plan providers to have the information required by new Item 19.3(4). We have amended the section, however, to indicate that a description of the items specified in paragraphs (a) to (e) is required. |
| 19.4 – Payments from the EAP Account. | <i>Terminology</i> | One commenter suggested it would be more plain language to use the term “EAP Payments” rather than to refer to payments | No change. EAP Account is a defined term in the Glossary and its contents are segregated from |

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| | | from the EAP Account, as they believe it will not be clear what this term means, since it is not defined in the Glossary. | other funds i.e. principal or discretionary payments. |
| | <i>Title of rows in the table</i> | One commenter believes the bottom row in the table titled “Past breakdown of income in the EAP account” should be listed as “Total EAP Amount”, not “Total EAP Account”. | We have revised this reference to read “EAP account Total” for greater clarity. |
| | <i>“Past breakdown of Income in the EAP Account” table</i> | <p>Industry commenters told us that some of them would not be able to provide the information required in the “Past breakdown of Income in the EAP account” table as they do not presently calculate this information, that they would have to incur significant costs to do so (actuary fees), and questioned the value of this information, given the cost.</p> <p>One commenter added that providing the disclosure in this table would also be difficult because the definition of EAP in the Form is different than the one they use and excludes elements such as non-discretionary group plan bonuses. These amounts are not allocated until the time of payments so they would not be able to provide a percentage amount of the total payment for this amount.</p> | <p>We would expect plan providers to have this information. We consider it appropriate for such information to be provided to investors to help them understand their investment.</p> <p>We propose no change. We expect plan providers to have the appropriate information required to complete the disclosure in this table.</p> |
| | <i>“Past payments from the EAP Account” table</i> | Industry commenters suggested that some of them cannot provide the information | In response to these commenters, we propose no change. Similar |

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| | | <p>required in this table because they do not calculate this information presently and do not manage their plans in the way these table suggest.</p> <p>Another commenter added that its systems currently generate only the sum of discretionary and non-discretionary amounts – these payments are not calculated separately at present either on a per unit basis or by beneficiary group. This commenter does note however, that the information is available in aggregate by year of payment, which is what is currently provided.</p> | <p>to the above, it is unclear to us why plan providers would not have this information available to disclose.</p> |
| Item 21 – Discretionary Payments to Beneficiaries | | | |
| 21.2 – Historical Amount of Discretionary Payments | <i>Disclosure of payments by beneficiary group</i> | <p>One commenter told us that it will not be able to provide the information in this table because discretionary payments made to the group plan are not tracked by beneficiary group.</p> | <p>We refer the commenter to our responses above.</p> |
| Item 22 - Attrition | | | |
| 22.2 – Pre-Maturity Attrition | <i>22.2(1) pre-maturity attrition</i> | <p>One industry commenter told us the prescribed language with respect to the funds received on cancellation is inaccurate and proposed that we amend the wording to state that if a plan is cancelled, investors will get back their contributions, less fees, plus earnings on their government incentives, but not earnings on their</p> | <p>We have amended this Item to allow plan providers to add wording to indicate, if applicable, that an investor in a group plan may also get back his/her government incentives as an accumulated income payment.</p> |

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| | | contributions. | |
| | <i>Ability to provide information in the required tables</i> | <p>Industry commenters told us that some of them would not be able to provide the information required in the “Income from cancelled units” table as they do not presently calculate this information, that they would have to incur significant costs to do so. This commenter requested that they reconsider the utility of these tables.</p> <p>One commenter told us that they would be unable to provide us with attrition calculations based on how their group plans are structured. They would have to incur significant costs to do so.</p> <p>One of the commenters added that it wasn’t clear to them why this information would be relevant to an investor since the percentage amounts will vary each year.</p> | No change. We believe this is useful information for investors to have. We would expect plan providers to have this information in the normal course and to be able to provide it in table format. |
| 22.3 – Post-Maturity Attrition | <i>Disclosure for the tables</i> | One industry commenter told us that for its plans, the information required in the tables would be incomplete because beneficiaries have until the expiry of the currently defined beneficiary period to collect their EAPs. The commenter asked for clarification that the use of the expression “matured and closed” means that there is no further opportunity to collect EAPs, and added that for this information to be a useful indicator of attrition, they believe it | We have amended Instruction (1) of this Item to clarify that the intended meaning refers to no further opportunity to collect EAPs. |

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| | | is necessary to wait until the defined benefit period has expired for each beneficiary group and had asked for instructions to clarify this. | |
| Items 19-22 Collectively | <i>Information required for prescribed tables</i> | <p>One commenter suggested we re-examine all of the tables required under Items 19-22 of Part C, as much of the information is detailed and complex and for some of its members will be difficult and costly to calculate. This commenter suggested we consider whether some of this information can be provided in a more simplified format to make it easier for investors to understand. This commenter also suggested we consider whether some of these contemplated tables might be better suited for the management report of fund performance (MRFP).</p> <p>Another commenter told us that major amendments would need to be brought to their structure to provide the required data for each table. Further, we were told that the required information is too complex and incomprehensible for subscribers.</p> | <p>We are confident that plan providers can provide the necessary information for the tables required by Items 19 – 22, and believe the tables belong in the prospectus. We recognize that some of the disclosure is detailed but believe that investors will see the value in the disclosure.</p> <p>We recognize that the Form may impose additional requirements on plan providers to provide specific disclosure. We consider such disclosure to be in the interests of investors and compliant with the obligation to provide full, true and plain disclosure of all material facts in the prospectus.</p> |
| <i>Comments on Part D – Information about the Organization</i> | | | |
| General comments | <i>Transition from Part C</i> | One commenter asked how the different | We believe that appropriate |

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| | | Part C's will be transitioned to Part D, as the form contains no instructions in that regard. | guidance on this point is provided in the General Instructions to the Form and that additional clarification is not necessary. |
| Item 1 – Legal structure of the Scholarship Plan | | | |
| 1.1 – Legal structure | <i>1.1(2) – reference to shareholders</i> | An industry commenter didn't understand the reference to "shareholders", as the scholarship plans themselves, do not have directors, officers or shareholders, since they are structured as trusts. | We agree and have removed the reference to shareholders in this Item. |
| Item 2 – Organization and management details | | | |
| 2.1 – Investment fund manager | <i>Item 2.1(2) – disclosure of unique overall investment strategy or approach used by the investment fund manager</i> | One commenter questioned the utility of this disclosure requirement and suggested its members would have little to disclose here. Another commenter would like to have more information as to the meaning of "unique overall investment strategy or approach". The commenter wants to know what information we expect to see there. | We agree with the commenter and have removed this requirement. |
| 2.3 – The Foundation | <i>Disclosure of other committees that play a role in operations</i> | One commenter told us that it believes it is important for investors to understand what recourse and appeals mechanisms may be | We note the comment and have added new Item 2.6 to mandate disclosure of the role other |

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| | | available if they have circumstances not contemplated under the agreement. This commenter noted for example that it has an arms length committee chaired by its trustee, which has power arising from the contractual agreement with investors and believes there should be disclosure of this group or others like it that may perform similar roles. | committees play in operations or the governance of the plans. |
| 2.8 - Dealer compensation | <i>Item 2.8(1)(b) Disclosure of incentives to sales representatives</i> | One commenter asked that we clarify that its members can interpret the disclosure required under Item 2.8(1)(b) in the same manner contemplated for mutual funds under National Instrument 81-105 <i>Mutual Fund Sales Practices</i> (NI 81-105). | We confirm that former Item 2.8(1)(b) (now Item 2.10(1)(b)) can be interpreted in the same manner as that contemplated for mutual funds under NI 81-105. |
| | <i>Item 2.8(2) - Disclosure of compensation from management fees</i> | Industry commenters suggested that this disclosure does not fit in the context of group scholarship plans that are distributed through one affiliated dealer, where the sales and distributions costs are paid through the fees paid by subscribers. This commenter suggested there may be some residual amounts paid from management or administration fees but that these would be nominal. One of the commenters added that the calculations contemplated in this section are | We disagree with the commenters. The disclosure required by this Item (now Item 2.10(2)) is not unique to scholarship plans, but is required for other investment products such as mutual funds, some of which are also distributed through an affiliated dealer. We believe it appropriate for plans to provide this disclosure if applicable. We propose no change. The disclosure required can be adapted to reflect the operations |

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| | | overly complex and that the information is currently provided in its prospectus based upon cash flows received. | of the plan. Plan providers should simply state that which applies. |
| Item 6 – Conflicts of interest | | | |
| Item 6.1 Conflicts of Interest | <i>Disclosure already provided elsewhere</i> | One commenter reminded us that similar disclosure is already disclosed in a plan’s MRFP, which is available both on SEDAR and on the plan’s website. In addition, under NI 31-103, the plans are required to provide a written description of any conflicts of interest. The commenter suggested that adding this information in Part D of the Form would be duplicative. | No change. This is an existing requirement from Form 41-101F2 (the form scholarship plans currently use) and we do not see any basis to remove it from the new Form. |
| Item 9 - Certificates | <i>Reference to the Plan Summary</i> | One commenter asked whether the certificates should make specific reference to the Plan Summary. | We do not see the need to refer to the Plan Summary separately in the certificates since it is part of the entire prospectus. |
| Part V - Other Comments | | | |
| General Industry Regulation | <i>Disclosure alone is not sufficient</i> | Investor advocates commented that while they welcomed the CSA’s effort to improve disclosure around scholarship plans, they also cautioned that disclosure alone is not sufficient and that other measures must be taken to address concerns about the scholarship plan industry. One commenter in particular expressed this concern in light of the fact that sales | The comments below are noted and will be considered in the context of future policy developments concerning scholarship plans. |

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| | | <p>representatives for these products are not held to a fiduciary standard and are only required to meet the lowest proficiency standard of investment industry licensing in the country.</p> <p>This commenter added that with the introduction of RESPs by the government, education savings is something that can be done easily at a bank, trust company, credit union, Caisse Populaire, Alberta Treasury Branch, mutual fund dealer or investment dealer, so it is not clear to them what the advantage of specific scholarship investment funds sold by commissioned sales representatives is in practice.</p> <p>This commenter added that they question the fairness of an investment product where, if an investor stops paying their subscription, the net asset value of the investment is actually reduced. This commenter questioned whether a product such as scholarship plans, sold in the manner they are currently sold, by representatives with minimal licensing standards would even be permitted by the CSA if it were a new product, and suggested that if this is not the case, then it may be time to phase them out.</p> | |
| | <i>Corporate Governance</i> | One commenter recommended that we mandate adequate standards of corporate | The comment is noted and will be considered in the context of |

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| | | governance of group scholarship plans including requiring that a majority of the directors of the scholarship plan trust or foundation be independent. | future policy developments concerning scholarship plans. |
| | <i>Cap on Fees</i> | One commenter recommended that the CSA substantively regulate fees charged for scholarship plans and set a maximum cap of 10% or less of annual contributions can be allocated to pay fees. This commenter noted that the current fee structure can be punitive to investors in the early years. | The comment is noted and will be considered in the context of future policy developments concerning scholarship plans. |
| | <i>Require membership in an SRO with an industry-sponsored contingency fund</i> | One commenter recommended that we require scholarship plan dealers to join a self-regulatory organization (SRO) with an industry-sponsored contingency fund. This commenter suggested this would be best accomplished by having scholarship plan dealers join an existing SRO, such as IIROC or the MFDA, rather than creating their own. | The comment is noted and will be considered in the context of future policy developments concerning scholarship plans. |
| | <i>Require membership in OBSI</i> | Further to the comment above, this same commenter also believes that scholarship plan dealers should be required to join OBSI, much like mutual fund and investment dealers. The commenter noted that while members of the RESP Dealers association of Canada (RESPDAC) are members of OBSI, if any of them leaves RESPDAC, they are no longer required to maintain their membership in OBSI. | The comment is noted and will be considered in the context of future policy developments concerning scholarship plans. |

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| | <i>Require plans to have the same eligibility rules as government</i> | One commenter recommended that we require scholarship plans to have the same program eligibility requirements as are permitted under the government’s rules for RESPs as it believes having different rules is contrary to the purpose behind RESPs. | The comment is noted and will be considered in the context of future policy developments concerning scholarship plans. |
| | <i>Regulation of sales representatives</i> | One commenter suggested that there be the following additional regulation for sales representatives: <ul style="list-style-type: none"> • written conflicts of interest disclosure by the sales representative, including a description of the nature of the conflict; • no misleading job titles; • review of the RESPDAC salesperson licensing program to ensure it is adequate to protect investors; and • a requirement that representatives sign a standardized acknowledgement form confirming that they have explained key information in the prospectus and that the investor understand and is making an informed consent to purchase. | The comment is noted and will be considered in the context of future policy developments concerning scholarship plans. |
| Education on Scholarship Plans | <i>More consumer-focused investor education materials</i> | Two industry commenters recommended the education arms of the different CSA jurisdictions update their consumer | The comment is noted and will be considered in the context of future policy developments |

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| | | <p>education materials on scholarship plans and make them more robust. These commenters believe regulators should be doing as much as they can to provide information to investors about scholarship plans from an independent, unbiased perspective.</p> | <p>concerning scholarship plans.</p> |
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| <p>Part VI – List of commenters</p> |
| <p style="text-align: center;"><u>Commenters</u></p> <ul style="list-style-type: none"> • Borden Ladner Gervais LLP • The Canadian Advocacy Council for Canadian CFA Institute Societies • Canadian Foundation for Advancement of Investment Rights • C.S.T Consultants Inc. • Kenmar Associates • RESP Dealers Association of Canada • Universitas Foundation of Canada |