

## **Annex E**

### **Changes to Companion Policy 81-101CP To National Instrument 81-101 Mutual Fund Prospectus Disclosure**

**1. *The changes to Companion Policy 81-101CP To National Instrument 81-101 Mutual Fund Prospectus Disclosure are set out in this Annex.***

**2. *Subsection 2.1.1(4) is replaced by the following:***

The Instrument requires delivery of the fund facts document, which satisfies the prospectus delivery requirements under applicable securities legislation. The CSA also encourages the use and distribution of the fund facts document as a key part of the sales process in helping to inform investors about mutual funds they are considering for investment..

**3. *Section 2.1.1 is changed by adding the following paragraph:***

(5) The CSA generally consider volatility to be a suitable basis for determining the investment risk rating of a mutual fund. For this reason, Form 81-101F3 prescribes specific disclosure in the fund facts document explaining how volatility can be used as a measure to gauge the risk of an investment. If the disclosure is not compatible with the specific investment risk classification methodology that is used by the manager of the mutual fund, the CSA will consider applications for relief from Item 4 of Form 81-101F3. In making the application, the manager must demonstrate the suitability of using an alternative measure in determining the investment risk rating of its mutual fund. The application must also provide sample disclosure in place of the prescribed disclosure that would assist investors in understanding the investment risk rating of the mutual fund..

**4. *Subsection 2.2(1) is replaced by the following:***

(1) A simplified prospectus is the prospectus for the purposes of securities legislation. While the Instrument requires delivery of a fund facts document to an investor in connection with a purchase, an investor may also request delivery a copy of the simplified prospectus, or any other documents incorporated by reference into the simplified prospectus..

**5. *Section 2.7 is changed by adding the following paragraph:***

(2.1) General Instruction (8.1) of Form 81-101F3 permits a mutual fund to disclose a material change and proposed fundamental change, such as a proposed merger, in an amended and restated fund facts document. We would permit flexibility in selecting the appropriate section of the amended and restated fund facts document to describe the material change or proposed fundamental change. However, we also expect that the variable sections of the fund facts document, such as the Top 10 investments and investment mix, to be updated within 60 days before the date of the fund facts document. In addition, if a mutual fund completes a calendar year or files a management report of fund

performance prior to the filing of the amended and restated fund facts document, we expect the fund facts document to reflect the updated information..

6. *Subsection 4.1.3(3) is changed by replacing the reference to “section 2.3.2” with “section 2.3.1”.*

7. *Subsection 7.1(1) is replaced by the following:*

**7.1 Delivery of the Fund Facts Document, Simplified Prospectus and Annual Information Form** – (1) The Instrument contemplates delivery to all investors of a fund facts document in accordance with the requirements in securities legislation. It does not require the delivery of the simplified prospectus, or any other documents incorporated by reference into the simplified prospectus, unless requested. Mutual funds or dealers may also provide investors with any of the other disclosure documents incorporated by reference into the simplified prospectus..

8. *Section 7.4 is replaced by the following:*

**7.4 Delivery of Non-Educational Material** – The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with either of the simplified prospectus and the annual information form. This type of material may, therefore, be delivered with, but cannot be included within, wrapped around, or attached or bound to, the simplified prospectus and the annual information form. The Instrument does not permit the binding of educational and non-educational material with the Fund Facts Document. The intention of the Instrument is not to unreasonably encumber the Fund Facts with additional documents..

9. *The Sample Fund Facts Document in Appendix A – Sample Fund Facts Document is replaced by the following:*

[Insert Sample Fund Facts Document]

10. *These changes become effective on September 1, 2013 .*