

Annex D

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*

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

“pre-authorized purchase plan” means a contract or other arrangement, that can be terminated at any time, for the purchase of securities of a mutual fund by payments in a specified amount on a regularly scheduled basis;.

3. *Subsections 3.2(2) and (2.1) are replaced with the following:*

(2) If a prospectus for a mutual fund is required under securities legislation to be delivered or sent to a person or company, the fund facts document most recently filed under this Instrument for the applicable class or series of securities of the mutual fund must be delivered or sent to the person or company in accordance with section 3.2.1.1.

(2.1) The requirement under securities legislation to deliver or send a prospectus for a mutual fund does not apply if a fund facts document is delivered or sent under section 3.2.1.1.

4. *The following is added after section 3.2.1:*

3.2.1.1 Delivery of Fund Facts Document

(1) Before a dealer accepts an instruction for the purchase of a security of a mutual fund, the dealer must deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund.

(2) Despite subsection (1), a dealer is not required to deliver or send the fund facts document if the purchaser has previously received the most recently filed fund facts document for the applicable class or series of securities of the mutual fund.

(3) Despite subsection (1), a dealer may deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund not later than midnight on the second business day after entering into the purchase of a security of the mutual fund, if all of the following apply:

(a) before accepting the instruction for the purchase of the mutual fund, the dealer informs the purchaser of the existence and purpose of the fund facts document and explains the dealer’s obligation to deliver or send the fund facts document;

- (b) the purchaser indicates that the purchase must be completed immediately or by a time specified by the purchaser;
 - (c) it is not reasonably practicable for the dealer to deliver or send the fund facts document before the time specified by the purchaser under paragraph (b);
 - (d) the purchaser consents to the dealer delivering or sending the fund facts document after entering into the purchase;
 - (e) the dealer provides verbal disclosure of all of the following:
 - (i) a description of the fundamental features of the mutual fund, and what it primarily invests in, as set out under the heading “What does the fund invest in?” in Item 3 of Part I of the fund facts document;
 - (ii) the investment risk level of the mutual fund as set out under the heading “How risky is it?” in Item 4 of Part I of the fund facts document;
 - (iii) a brief statement of the suitability of the mutual fund for particular investors as set out under the heading “Who is this fund for?” in Item 7 of Part I of the fund facts document;
 - (iv) an overview of any costs associated with buying, selling, and owning a security of the mutual fund as set out under the heading “How much does it cost?” in Item I of Part II of the fund facts document;
 - (v) a summary of any applicable withdrawal rights or rescission rights that the purchaser is entitled to under securities legislation, as set out under the heading “What if I change my mind?” in Item 2 of Part II of the fund facts document.
- (4) A consent referred to in paragraph (3)(d) must be obtained for each purchase of a security of a mutual fund and, for greater certainty, cannot be in the form of standing instructions from the purchaser.
- (5) Subsection (1) does not apply to a purchase of a security of a mutual fund by a participant under a pre-authorized purchase plan if all of the following apply:
- (a) the purchase is not the first purchase under the plan;
 - (b) the dealer provided a notice to the participant that
 - (i) states that the participant will not receive a fund facts document after the date of the notice, unless they specifically request it,
 - (ii) includes a form that a participant can use to request the fund facts document,
 - (iii) includes information about where to send the request form referenced in subparagraph (ii),

- (iv) includes information about how to access the fund facts document electronically,
 - (v) states that the participant will not have a right of withdrawal for subsequent purchases under the plan but will continue to have a right of action for damages or for rescission if there is a misrepresentation in the prospectus, annual information form, fund facts document or financial statements, and
 - (vi) states that the participant may terminate the plan at any time;
- (c) within the previous 12 months, the dealer notified the participant in writing of how the participant can request the fund facts document or any amendment to the fund facts document.

5. Section 5.2 is replaced with the following:

5.2 Combinations of Fund Facts Documents for Delivery Purposes

- (1) If a fund facts document for a particular class or series of securities of a mutual fund is delivered or sent under subsection 3.2.1.1(1), the fund facts document must not be attached to or bound with any other materials or documents, except that it may be attached to or bound with one or more other fund facts documents if the attachment or binding is not so extensive as to cause a reasonable person to conclude that the attachment or binding prevents the information from being presented in a simple, accessible and comparable format.
- (2) Despite subsection (1), if a fund facts document for a particular class or series of securities of a mutual fund is sent electronically under subsection 3.2.1.1(1), the fund facts document must not be attached to other materials or documents including another fund facts document.
- (3) A fund facts document delivered or sent under subsection 3.2.1.1(3) must not be attached to or bound with any other materials or documents, except that it may be attached to or bound with one or more of the following:
 - (a) a general front cover pertaining to the package of attached or bound materials and documents;
 - (b) a trade confirmation which discloses the purchase of securities of the mutual fund;
 - (c) a fund facts document of another mutual fund if that fund facts document is being delivered or sent under section 3.2.1.1;
 - (d) a simplified prospectus or a multiple SP of the mutual fund;
 - (e) any document incorporated by reference into the simplified prospectus or the multiple SP;
 - (f) account application documents;
 - (g) registered tax plan applications and documents.

- (4) If a trade confirmation referred to in paragraph (3)(b) is attached to or bound with a fund facts document, any other disclosure document required to be delivered or sent to satisfy a regulatory requirement for purchases listed in the trade confirmation may be attached to or bound with the fund facts document.
- (5) If a fund facts document is attached to or bound with any of the materials or documents referred to in subsection (3), a table of contents specifying all documents must be attached to or bound with the fund facts document, unless the only other documents attached to or bound with the fund facts document are the general front cover or the trade confirmation.
- (6) If one or more fund facts documents are attached to or bound with any of the materials or documents referred to in subsection (3), only the general front cover, the table of contents and the trade confirmation may be placed in front of the fund facts documents.

6. *Expiration of exemptions and waivers*

Any exemption from or waiver of a provision of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in relation to the prospectus or fund facts document delivery requirements for mutual funds, or an approval in relation to those requirements, expires on the date that this Instrument comes into force.

7. *Transition for pre-authorized purchase plans*

For the purposes of section 3.2.1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by section 4 of this Instrument, the first purchase of a security of a mutual fund by a participant under a pre-authorized purchase plan made on or after [●], is considered to be the first purchase transaction under the plan.

8. *Effective date*

This Instrument comes into force on [●].