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Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Delivered to:

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Dear Sirs/Mesdames:

RE: CSA Notice and Request for Comment - Proposed Amendments to National Instrument 41-101 - General Prospectus Requirements, National Instrument 81-101 Mutual Fund Prospectus Disclosure, and Related Proposed Consequential Amendments and Changes and Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution - Modernization of the Prospectus Filing Model for Investment Funds.

C.S.T. Spark Inc. and C.S.T. Savings Inc. (collectively, CST) are writing to provide our comments on the CSA Notice and Request for Comment - Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, and Related Proposed Consequential Amendments and Changes and the Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution - Modernization of the Prospectus Filing Model for Investment Funds.

CST Spark Inc. is registered as a mutual fund dealer, scholarship plan dealer, and investment fund manager and both distributes and manages the CST Spark Education Portfolios. As a scholarship plan

dealer and investment fund manager, CST Savings Inc. distributes and manages the Canadian Scholarship Trust Plans, education savings plans, which are registerable with the Canada Revenue Agency as Registered Education Savings Plans (RESP).

General Comments

CST recognizes the CSA's efforts in seeking opportunities to reduce the regulatory burden for investment fund issuers. Proposals which streamline and/or reduce prospectus filing requirements will enhance our ability as an investment fund manager to allocate time to more value-added activities for both the business and investors and reduce costs.

While the Lapse Date Extension has the potential to reduce the regulatory burden for issuers, we respectfully submit that the proposal to require an issuer to file an amended and restated prospectus, instead of a stand-alone (slip sheet) amendment, will have the unintentional consequence of increasing the regulatory burden and eliminating any potential costs savings. The amended and restated prospectus format will also make it difficult for the investor to identify the material changes to the prospectus. As a result, we request that the CSA consider maintaining the current practice of allowing slip sheet amendments.

We note that the proposed amendments to NI 41-101 and NI 81-101 only speak to investment fund issuers such as mutual fund and exchange traded fund issuers. We encourage the CSA to consider this and other burden reduction proposals in the context of other types of investment funds, including scholarship plans.

1. Would the Lapse Date Extension result in reducing unnecessary regulatory burden of the current prospectus filing requirements under securities legislation? Please identify the cost savings on an itemized basis and provide data to support your views.

In our view, the Lapse Date Extension will reduce the regulatory burden for investment fund issuers provided that issuers have ability to file either a slip sheet amendment or an amended and restated prospectus depending upon the nature and extent of the changes required to be made. We respectfully submit that the implementation of the Lapse Date Extension with the requirement to amend and restate a prospectus for material changes will not result in any cost savings or reduction in regulatory burden.

In a situation where the Lapse Date Extension is combined with slip-sheet amendments, cost savings could be realized from reduced legal, audit, translation, governance and other costs associated with renewing a prospectus.

2. Would cost savings from the Lapse Date Extension be passed onto investors so they would benefit from lower fund expenses as a result? Please provide an estimate of the potential benefit to investors.

The extent to which cost savings from the Lapse Date Extension would accrue to investors will depend on whether the prospectus renewal fees are charged to investors. For issuers who charge a fixed administration fee in lieu of operating expenses, the cost savings from the Lapse Date Extension would likely benefit only the fund manager.

3. Would the Lapse Date Extension affect the currency or accuracy of the information available to investors to make an informed investment decision? Please identify any adverse impacts the Lapse Date Extension may have on the disclosure investors need to make informed

investment decisions.

CST believes that the Lapse Date Extension will not affect the currency or accuracy of the information available to investors to make an informed investment decision due to the availability of other disclosure documents such as fund facts, financial statements and management reports of fund performance and advice.

- 4. Prospectus amendments would increase over a 2-year period relative to a 1-year period. Would requiring every prospectus amendment to be filed as an amended and restated prospectus instead of “slip sheet” amendments make it easier for investors to trace through how disclosure pertaining to a particular fund has been modified since the most recently filed prospectus? In the initial stakeholder feedback received on the Project RID amendments, some commenters indicated that such a requirement would be difficult and increase the regulatory burden for investment funds. Please explain and identify any cost implications on an itemized basis and provide data to support your views.**

We do not believe that filing an amended and restated prospectus instead of a slip sheet amendment will provide investors with better disclosure. An amended and restated prospectus will not clearly identify changes that are made to an issuer and as such, it will be very difficult for an investor to identify the changes to that fund. A slip sheet amendment clearly identifies the changes being made to the prospectus.

The time and costs associated with producing an amended and restated prospectus will exceed the time and costs associated with a slip sheet amendment. Investment fund managers often issue multi-fund prospectuses and as a result, these prospectuses tend to be lengthy and the time and costs of preparing and issuing the prospectus may be higher for larger documents. Additionally, it is unclear when filing an amended and restated prospectus whether all information must be reviewed and updated to the date of the prospectus. If this is the case, then the outcome will not reduce the regulatory burden or costs associated with renewing the prospectus.

Consultation paper on base shelf prospectus filing model

CST broadly supports the objectives of the CSA to modernize the prospectus filing model for investment funds that are in continuous distribution. We are unfortunately unable to assess the feasibility of the base shelf prospectus proposal as we are focussed on the preparation of our combined simplified prospectus and annual information form.

CST appreciates the opportunity to provide comments on this initiative. I would be pleased to discuss our responses further or answer any questions that you may have at your convenience.

Yours truly,



Carole Matear CPA, CA
Chief Compliance Officer

cc. Sherry MacDonald, President and CEO, C.S.T. Spark Inc. and C.S.T. Savings Inc.