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April 26, 2022

VIA EMAIL

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

Attention:

M^e Phillippe Lebel
Corporate Secretary and
Executive Director, Legal Affairs
Autorité des marchés financiers

Grace Knakowski
Secretary
Ontario Securities Commission

consultation-en-cours@lautorite.qc.ca comments@osc.gov.on.ca

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*

Introduction

We 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 Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution – Modernization of the Prospectus Filing Model for Investment Funds (the “**Consultation**”). Thank you for the opportunity to submit comments.

Invesco Canada Ltd. (“**Invesco Canada**”) is a wholly-owned subsidiary of Invesco Ltd. (“**Invesco**”). Invesco is a leading independent global investment management company, dedicated to delivering an investment experience that helps people get more out of life. As of March 31, 2022, Invesco and its operating subsidiaries had assets under management of approximately USD \$1.6 trillion. Invesco operates in more than 20 countries in North America, Europe and Asia. Invesco Canada operates Invesco’s Canadian business and maintains offices in Toronto, Montreal, Vancouver and Charlottetown.

General Comments

Invesco Canada applauds the CSA for their continued efforts in seeking to reduce regulatory burden for investment fund issuers. We believe that the efforts to streamline and reduce prospectus filing requirements will increase efficiency and ultimately reduce operating and legal costs which may benefit investors in the long-term.

We believe that the Lapse Date Extension would meet the CSA’s goal of reducing the burden for issuers, with one important caveat. That is, in our view, the proposal to require an issuer to file amended and restated prospectuses for amendments, rather than ‘slip sheet’ amendments, will unintentionally increase burden and eliminate any potential costs savings from the Lapse Date Extension. As such, we request that the CSA update the proposal to remove the requirement to file amended and restated prospectuses and continue to allow slip sheet amendments to be used.

- 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.**

We believe that the Lapse Date Extension will be beneficial to investment fund issuers, provided that issuers retain the flexibility to slip sheet amendments. We also believe that issuers should be allowed to make immaterial amendments to their prospectuses without paying regulatory filing fees at least annually, in order to enhance disclosures following new or updated regulatory guidance. Please see our comments in response to question 4 below for greater detail.

In the long term, cost savings would flow from reduced legal costs, audit costs, translation costs, internal governance costs 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.**

If issuers are permitted to continue to issue slip sheet amendments, there may be overall costs savings from the Lapse Date Extension. For issuers that charge operating expenses to investors, those cost savings would accrue to investors. However, certain issuers charge a fixed administration fee in lieu of operating expenses. For those issuers, the cost savings from the Lapse Date Extension would likely not accrue to investors and would benefit the fund managers.

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.**

Please see our comments in response to question 4.

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 for the following reasons:

- a) Under the current disclosure regime, investors are only provided with fund facts or ETF facts at the time of purchase. While prospectuses are available to investors upon request, we believe that very few investors review prospectuses either at the time of purchase or thereafter. Investors generally obtain advice from their advisors and use fund facts or ETF facts as their primary disclosure documents. When there are material amendments to fund facts or ETF facts, new fund facts or ETF facts are issued. Accordingly, in our view, the disclosure of material changes impacting an issuer to an investor is not impaired by the manner in which amendments are affected to a prospectus.
- b) For those investors who do review prospectuses, an amended and restated prospectus does not clearly identify changes that are made to an issuer. As such, it will be very cumbersome and challenging for an investor to identify the changes to that fund without reviewing other ancillary disclosure documents like a material change report. In contrast, a slip sheet amendment clearly identifies the changes made to the prospectus and accordingly, investors do not need to source other documents to identify changes to the prospectus or the issuer.
- c) We are not aware of any investor who has ever complained about not being able to track slip sheet amendments to prospectuses. As such, we do not believe that

amended and restated prospectuses will provide any real benefit to investors from a disclosure perspective.

Accordingly, we are of the view that slip sheet amendments provide investors with disclosure of issuer changes that is equivalent to disclosures under an amended and restated prospectus.

The costs associated with producing an amended and restated prospectus exceed the costs associated with a slip sheet amendment. This is because investment fund managers tend to issue multi-fund prospectuses rather than single fund prospectuses. As such, prospectuses tend to be lengthy and may exceed 200 pages. The costs of translation are greater for larger documents and in addition, certain provinces have legislation that seeks to provide disabled investors with equal access to information such as *Accessibility for Ontarians with Disabilities Act* (Ontario). This legislation requires that documents posted on a website be accessible to persons with disabilities. The cost of making those documents accessible is directly correlated to the number of pages in the document. Accordingly, the cost of making an amended and restated prospectus of 200+ pages accessible versus a 1 or 2 page slip sheet amendment is significant. These costs could even be borne by investors where managers have implemented fixed administration cost regimes, as those fixed administration cost regimes ordinarily exclude costs associated with future changes to legislation.

Further, we are concerned that if amendments are required to be filed as amended and restated prospectuses that the CSA will expect issuers to update their prospectus disclosures more regularly following the issuance of CSA guidance. For example, the CSA has issued guidance on liquidity and ESG matters, which for some issuers may lead to amendments to disclosure. These enhancements to prospectus disclosures are generally folded into an annual prospectus renewal which is not subject to payment of regulatory filing fees (as these amendments form part of the renewal). If issuers are required to pay to make these amendments and if issuers are expected to more frequently update these types of disclosures, issuers will file more amendments which will incur greater regulatory filing fees. We do not believe this is the intent of the proposal, but would wish to avoid this as a possible consequence.

Consultation paper on base shelf prospectus filing model

Invesco Canada is supportive of any initiatives which would reduce regulatory burden for investment fund issuers. We are unfortunately unable to assess the feasibility of the base shelf prospectus proposal as we believe that greater detail is required on how this will be implemented as corporate issuers using the base shelf prospectus regime are generally not in continuous distribution and hence a supplement for a limited number of securities that can be approved by the CSA quickly makes sense.

Conclusion

We would be pleased to discuss our responses in greater detail at your convenience. Thank you for the opportunity to comment on this important matter.

Yours truly,

Invesco Canada Ltd.

Per: (Signed) "Shalomi Abraham"

Name: Shalomi Abraham
Title: Senior Vice President,
Head of Legal - Canada

Per: (Signed) "Caroline Mingfok"

Name: Caroline Mingfok
Title: Vice-President, Legal

cc. John Zerr, President & CEO, Invesco Canada Ltd.