

**BY ELECTRONIC MAIL:** [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca), [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**January 31, 2025**

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

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: (416) 593-2318  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Fax: (514) 864-8381  
Email: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs/Mesdames:

**RE: Proposed Amendments to National Instrument 81-101 - Mutual Fund Prospectus Disclosure, National Instrument 81-102 - Investment Funds, National Instrument 81-106 Investment Fund Continuous Disclosure, National Instrument 81-107 - Independent Review Committee for Investment Funds and Related Proposed Consequential Amendments and Changes; Modernization of the**

## **Continuous Disclosure Regime for Investment Funds (the “Proposed Amendments”)**

Thank you for the opportunity to provide comments to the Canadian Securities Administrators (the “**CSA**”) on the Proposed Amendments.

Fidelity Investments Canada ULC (“**Fidelity**”, “**we**”, “**us**”, “**our**”) is the third largest mutual fund company in Canada. As at January 21, 2024, Fidelity managed more than \$285 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets. Over 1.5 million Canadians entrust us with their savings, and we take their trust very seriously.

We are largely supportive of the letter provided by the Investment Funds Institute of Canada (“**IFIC**”) and provide our comments herein to echo and in some cases to add to that letter. Of most significance, we respectfully propose:

1. *Eliminating the Interim Reports* (defined below).
2. *Extending the effective date of the Proposed Amendments while permitting early adoption.*
3. *Eliminating the requirement to discuss satisfaction of a fund’s investment objective.*
4. *Including all series of a fund for performance disclosure and year-over-year changes for cost disclosure.*
5. *Converting graphs/charts to tables and including all series as applicable.*
6. *Removing tax characterization to avoid misleading investors.*
7. *Removing cross-references to the Designated Website.*

### **1. Other Areas for Modernization**

**Are there any other areas of the continuous disclosure regime for investment funds that should be modernized, and which have not been addressed as part of this project? Please provide detailed rationale for each suggestion.**

We acknowledge the CSA state in the Notice and Request for Comment that the work on implementation of an access-based delivery model for investment fund reporting issuer continuous disclosure documents is ongoing, and we wish to reiterate our commendation of the CSA for taking steps to implement such an access-based model and reaffirm our letter of December 23, 2022 in that regard.

Additionally, as recommended as part of our response to the Capital Markets Modernization Taskforce: Consultation Report July 2020, we respectfully wish to reiterate our support for a single fund facts document. While the fund facts document is an offering document rather than a continuous disclosure document, we nevertheless feel it remains an important area for modernization. Investment funds that are reporting issuers are required to prepare and file a fund facts document for each series of an investment fund. Since the fund facts regime came into force in 2011, the variety of series offered by

investment funds and the number of fund facts and ETF facts documents have grown exponentially. As well, the investment fund industry has not established consistent naming standards for the series it offers. Therefore, it can be very difficult for investors to compare series across fund companies.

We respectfully submit that the CSA should permit an investment fund to prepare a single fund facts that encompasses all series of the fund in one document. This will make it easier for both investors and financial advisors to compare funds across different manufacturers, consistent with the regulatory objective these documents were designed to achieve. It is worth noting that allowing for a single fund facts would significantly reduce the burden of preparing and filing these documents annually on a series level. While the savings to the industry would be significant, the real beneficiaries of this change would be the investor, the financial advisor and the dealer. The investor will have the ability to compare costs across series and have all the information about a fund in one document which is surely much better disclosure for the investor. In addition, financial advisors must keep track of all the versions of the fund facts for one fund and deliver the correct version to the investor. Streamlining the fund facts disclosure will undoubtedly improve financial advisors' work in this regard. Lastly, dealer shelves should be easier to manage with this meaningful improvement.

## **2. Effective Dates and Exemptions.**

**As described in the Notice, the CSA is proposing that the final amendments and final changes have an effective date of three months following final publication. However, the CSA is also proposing time limited exemptions from compliance with the final amendments and final changes. In particular, we are proposing to provide an exemption from compliance in respect of each Workstream and the FER Revisions, for approximately a 9- month period following the effective date. (See also the transition provisions at the end of each amending instrument, which have been drafted with the intention to give effect to these arrangements.)**

- a. In respect of each Workstream and the FER Revisions, please comment on whether the proposed effective date is appropriate and whether the proposed length of the exemption from compliance is sufficient to enable investment funds to prepare for the new requirements. If not, provide alternative timelines and an explanation of how any additional time would be used.**

We are respectfully of the view that the exemption from compliance with the final amendments and final changes should be extended to 24 months following the date of publication, permitting firms the much-needed additional time to implement those amendments and changes. The changes, namely in Workstream 1, involve the creation of an almost entirely new document, requiring new system connectivity architecture to capture the required data, redesigned workflows, re-branding, and AODA compliance assessments. As such, we respectfully submit that the longer timeframe will be required.

However, we welcome the ability for firms to adopt the amendments and changes earlier, prior to the expiration of the exemption from compliance, as they are able. This provides firms with the ability to potentially realize burden reduction earlier for certain elements of the changes, once they are able to implement them. We are of the view this will be of great benefit to firms.

- b. In respect of Workstream One – Fund Report, please comment on whether an investment fund that prepared an interim MRFP using the requirements set out in the Current Form 81-106F1 should be able to file its subsequent annual MRFP also using the requirements set out in the Current Form 81-106F1, even where the currently envisioned exemption period has ended. If yes, please explain why.**

We respectfully comment that this additional exemption is not required provided the length of the compliance exemption, referenced above, is adequate.

### **3. Frequency of Preparation.**

**Currently, an investment fund that is a reporting issuer must file an annual MRFP and an interim MRFP (see section 4.2 of NI 81-106) and an investment fund that is a reporting issuer and a scholarship plan must file an annual MRFP but is not required to file an interim MRFP (see section 4.3 of NI 81-106). We are proposing that these filing requirements would remain unchanged for the Fund Report. Please comment on whether this proposed approach meets investor needs for remaining current as to the status of their reporting issuer investment fund holdings.**

Investment funds are generally long-term investments that are traded far less frequently than individual securities. Historically, we have seen a very low percentage of investors opt-in to receive interim financial reports and management reports of fund performance (collectively, the “**Interim Reports**”), which are costly and labour intensive to prepare, review, file and deliver. The Interim Reports are also unaudited. By our latest estimate, less than 2% of investors request to receive the Interim Reports. We note that this take-up rate has remained generally consistent since the introduction of National Instrument 81-106 *Investment Fund Continuous Disclosure* (“**NI 81-106**”) nearly 20 years ago. It is clear to us that the Interim Reports are generally not read and are not meaningful to investors.

Fidelity has consistently recommended, and we respectfully recommend now, that the CSA take steps to eliminate the requirements for investment funds to prepare, file and deliver the Interim Reports. We believe that this recommendation would not negatively impact investors. Investors would continue to receive the audited financial statements and MRFPs on an annual basis. Investors would also continue to receive meaningful financial information through other disclosure documents, which are updated more frequently.

#### 4. Forward Looking Information.

The Proposed Form 81-106A will require standardized language regarding forward looking information to be placed towards the beginning of a Fund Report (see proposed Item 3 of Part A), with an option to provide additional disclosure in the Other Material Information section at the end of the Fund Report. The standardized language is intended to be more easily understood by investors, and the option to provide additional disclosure later in the document is intended to provide investment funds with the flexibility to supplement the required language. Please comment on whether this proposed approach to forward looking information disclosure in the Fund Report meets investor needs for transparency around the forward-looking information, and the needs of investment funds. If not, please propose an alternative approach along with detailed rationale as to why the alternative approach would represent an improvement.

The OSC's review of forward-looking information ("FLI") as set out in OSC Staff Notice 51-721 - *Forward-Looking Information Disclosure* ("**Staff Notice 51-721**") highlighted the importance of the clear identification of forward-looking information, stating, "The identification of material FLI in a generic and boilerplate manner does not allow users of the financial information to specifically identify and understand that a forward-looking statement is being provided...".

In our view, one of the risks of splitting standardized FLI disclosure from supplemental FLI disclosure is reducing the standardized FLI disclosure to boilerplate and investors not reviewing the cross-referenced supplemental information. To reduce this risk, we respectfully submit that all FLI information should be disclosed together in a single section to ensure the disclosure is helpful and that investors can properly identify FLI.

In addition, we are deeply concerned with the proposal to mandate disclosure of forward-looking information (Proposed Form 81-106A, item four, column three) (additional responses relating to this section of the Proposed Amendments are provided in response to question 7). Providing forward-looking information is not currently mandatory for reporting issuers. While National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") sets out the requirements for FLI when provided, it does not itself mandate the disclosure of FLI. We respectfully submit that Proposed Form 81-106A, item four, column three will effectively render the disclosure of FLI mandatory for investment fund issuers, inconsistent with what is required of corporate issuers, thereby subjecting investment fund issuers to significantly more risk. The OSC acknowledged as part of Staff Notice 51-721 that FLI is a "challenging area". It may not be appropriate for IFMs to provide this kind of disclosure taking into consideration the role of the IFM and the nature of the fund. Further, NI 51-102 requires the update and withdrawal of FLI if there are material differences between previously disclosed FLI and actual results, raising the question whether IFMs will be required to update and withdraw fund reports in such circumstances. Mandating the disclosure of FLI will be a significant departure from the current continuous disclosure regime and is not consistent with the rules applicable to corporate issuers.

## **5. Years of FER Disclosure.**

**The Costs section of the Proposed Form 81-106A includes a requirement to provide FER information for only one year, with a statement regarding any increase from the previous year in the summary, where such a summary is provided (see proposed Item 6 of Part A). Please comment on whether additional FER information should be required (e.g., two years' worth of information). Alternatively, please comment on whether increases or decreases in FER as compared to the last prepared Fund Report should be identified in their own column in the table that appears in the Costs section, with the corresponding removal of such information from the summary. If writing in support of a particular approach, please describe how the approach selected would support making the Fund Report easier to read and understand, easier to use, and easier to navigate, for investors, than the MRFP.**

We respectfully propose that the year-over-year change in FER should be presented in the table for each series; this may be done simply as a movement column. Further, we propose moving the FER definition from the table to the summary section, providing space for the addition of a year-over-year change column, which would enhance the usefulness and usability of the report.

## **6. MER Without Waivers or Absorptions.**

**The Proposed Form 81-106A requires the presentation of MER in the Costs section. No space has been included within the Costs section to disclose MER without waivers or absorptions, where expenses have been waived or absorbed. Instead, instructions have been provided to disclose MER without waivers or absorptions in the Other Material Information section, along with a cross-reference, in the Costs section, to that information (see proposed Item 6 of Part A). This approach to presenting MER without waivers or absorptions is being proposed because we are of the view that it assists in making the Fund Report easier to read and understand. Please comment on whether the proposed disclosure is effective in achieving this aim. If not, please propose an alternative approach (e.g. presenting MER without waivers or absorptions as a new column within the table in the Costs section) and explain why it would represent an improvement.**

In order to maintain consistency with other disclosure documents, namely the Fund Facts document, we respectfully propose that disclosure of the MER without waivers or absorptions should not be required. Instead, consistent with the Fund Facts document, a footnote describing that without waivers the MER could have been higher is adequate.

Should the CSA decide that this disclosure is required, we respectfully propose that it not be cross-referenced to the Other Material Information section but rather be contained within the table itself. This would avoid a large write-up describing each series with this condition and would allow the investor to focus in one area for this information as opposed to having to flip pages and cross reference.

## **7. ESG-Specific Disclosure.**

**The Proposed Form 81-106A includes a requirement that an investment fund provide a brief summary of the IFM's assessment of the investment fund's success**

**in achieving its investment objectives and using its investment strategies to achieve those investment objectives, during the period covered by the Fund Report (see proposed Item 4 of Part A). Detailed instructions are also provided regarding how the disclosure should be completed in the case of an investment fund that has ESG-related aspects to its investment objectives or investment strategies. These instructions are not intended to create any additional burden for such investment funds. Rather, they are intended to clarify how those investment funds can appropriately satisfy the requirements that apply to all investment funds in that section. Please comment on whether these detailed instructions would make it challenging to provide concise disclosure in the Investment Objectives and Investment Strategies section of the Fund Report. If a challenge is identified, please provide details and suggest an alternative approach.**

We are deeply concerned with the proposed requirement that the investment fund manager provide an assessment of the fund's success in achieving its investment objectives and strategies (Proposed Form 81-106A, item 4, column two). We respectfully submit that investors look to the fund MRFP to understand how the fund performed over the period. In reading that the fund was successful in meeting its investment objective, an investor will undoubtedly mistakenly understand that to mean that the fund's performance was positive over the period. Indeed, the Sample Fund Report in Appendix C of the Proposed Amendments seems to make this very error, conflating success in meeting the fund's objectives with performance. That section of the sample states, "During the period, the net asset value of the fund increased from \$1.05 billion to \$1.2 billion due to positive performance, partially offset by net redemptions." This statement reflects an aspect of performance of the fund, it does not state whether the fund was successful in achieving its investment objective. Take, for example, the investment objectives of a sample fixed income fund: "The fund aims to provide a steady flow of income. It invests primarily in fixed income securities issued by Canadian and foreign companies". This fund can still be successful in meeting its investment objective during times when fixed income markets are challenged, or when the fund is experiencing redemptions. Yet when an investor reads a statement of success in meeting the investment objectives during such a period, they will be under the misapprehension that fixed income markets are doing well or that the fund itself is growing. As another example, something as simple as an equity fund's objective of "long-term capital appreciation" is subject to a significant degree of interpretation. Assigning a measure of success in meeting this long-term goal, in a time-specific document, will introduce significant investor confusion.

Further, unless there has been a compliance breach, investment funds will always invest in accordance with their objectives and strategies, and therefore always report success in this regard, rendering the disclosure meaningless for investors. Compliance breaches are captured and reported as part of s. 12.1 NI 81-102 compliance reporting and we respectfully submit are not appropriate for the fund reports.

We respectfully submit that focusing on a 12-month period to assess an investment fund's success is contradictory to the ethos of long-term investing. If an investor is investing with a 12-month time horizon in mind, it can be argued the only appropriate investment vehicle

for them would be a money market fund. Assigning success over a 12-month period encourages investors to seek-out funds that have done well only in the short term, not necessarily over the long-term, undermining the goal of long-term investing and leading to more investor churn.

We also respectfully submit that commenting on a fund's success in achieving its investment objectives and strategies does not appear to be a requirement in other comparable jurisdictions globally. In the U.S., shareholder reports are required to include detailed information about the fund's financial performance, operations, and other significant events, however it does not mandate the investment fund manager to summarize the fund's success in achieving its investment objectives and using its investment strategies. In the E.U., the key investor information document must include information about the essential characteristics of the UCITS, including the investment objectives and investment policy, but does not require disclosure about whether those objectives and investment policy were met. In the U.K., the authorized fund manager's report must contain a review of the investment activities during the period, a portfolio statement, and comparative information for the last three annual accounting periods, but not a discussion about whether the fund's success in meeting its investment objectives and strategies. We note that the CSA mention as part of the Proposed Amendments that recent efforts by the SEC to redesign its mutual fund and ETF reports were considered but, as mentioned above, their amended reports do not include such a requirement.

With respect to ESG-focused funds, certain ESG-focused funds will utilize a proprietary framework to identify investment opportunities that is not shared with the public. To assign a measure of success would likely involve divulging intellectual property and, because of the detailed process, likely would not be a simple/straight-forward metric and require a significant amount of disclosure. In addition, the approaches utilized by similar ESG funds, for example women's equity-focused funds, will differ, rendering comparisons of statements of success impossible.

Further, certain other ESG funds, for example climate-related funds, are forward-looking in nature, investing in securities that seek to achieve a future state or that could benefit from future changes. We respectfully submit that the success of ESG funds with an inherent forward-looking focus cannot be assessed over a 12-month period.

For these reasons (and those in response to question 4), we respectfully urge the CSA to remove the requirements of Item 4 from its finalized rules.

#### **8. Classes/Series of Performance Information.**

**The Proposed Form 81-106A includes a requirement that performance information be disclosed in respect of the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees (see proposed Item 7 of Part A). This varies from the Current Form 81-106F1, which requires that performance information for all classes or series be provided (see Item 4 of Part B of the Current Form 81-106F1). We are of the view that the proposed requirements for presenting performance information will generally reduce the number of**



**classes or series for which performance information will need to be provided in a Fund Report. We are also of the view that this will have the effect of making the Performance section of the Fund Report easier to navigate for an investor, while presenting the most essential performance information for an investor to be aware of (i.e. the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees).**

- Please comment on whether this proposed approach for determining which classes or series of an investment fund for which performance information should be provided, meets investor needs for a Fund Report that is easy to navigate but which also contains sufficient information for an investor to make decisions. If not, please describe an alternative approach in detail that would meet the same objectives. In particular, provide specific criteria that might be used to determine which class or series of performance information should be included.**
- Should the proposed requirements for which classes or series of performance information be provided, be modified to also require the disclosure of performance information for the class or series with the lowest management fee that is available for purchase by a retail investor? We are particularly interested in feedback on this issue given the increasing popularity of no-load classes or series and fee-based accounts.**
- For situations where a particular class or series of an investment fund has the highest management fee but no performance information that can be disclosed, please propose an alternative form of disclosure.**
- Please comment on whether investment funds should be required to present performance information on their designated website for any class or series that does not have its performance information included in a Fund Report, together with a cross-reference to such information in the Fund Report. If yes, provide detailed comments on the challenges that an IFM would face in meeting this requirement.**

We respectfully disagree with the proposal to present performance factors for only one series, as both performance and cost disclosures are of extreme importance to investors. It is our view that this information should be available and easily referable by the investor in the Fund Report. Presenting performance factors and cost disclosures for only one series would require the investor to perform computations for their specific series in order to understand the true performance of their applicable series or having to take additional steps to find this information on a designated website.

Further, we note that the series with the highest management fee will change over time, hampering comparability and consistency of the documents. Adjusting the presentation format to a table for the year-over-year disclosure and expanding it to include annual compound return disclosure will be consistent with the goal of saving space while allowing

access to and usability of the information for all investors, irrespective of the series they own. It is also more AODA friendly.

Additionally, we respectfully submit that presenting certain series on the website not only adds additional burden for the investor, as they would need to take the additional step of finding the relevant information on the website, it also puts additional burden on the investment fund managers as the information would now be bifurcated across separate places. Typically, the websites of investment fund managers display regularly updated dynamic information, not static information as at a historic period of time. The Proposed Amendments would require new website development and website design to house static, historical information inconsistent with the other disclosures on the website and therefore could be misleading.

Further, we respectfully submit that posting this information on the website could pose the risk that parts of the website will be incorporated by reference into the prospectus, attracting prospectus-level liability, unreasonably expanding the review ambit of the auditors.

### **9. Related Party Transactions.**

**The Proposed Form 81-106A does not include a section requiring disclosure pertaining to related party transactions. Instead, a different requirement has been developed and added as an appendix (to be prepared by the IFM) to the annual report to securityholders that an investment fund's IRC must prepare pursuant to section 4.4 of NI 81-107. This contrasts with the Current Form 81-106F1 which includes a section entitled "Related Party Transactions" (see Item 2.5 of Part B of the Current Form 81-106F1). Please comment on whether this proposed approach to disclosure regarding related party transactions is an effective method of providing this information to investors while ensuring that the Fund Report contains the appropriate amount of information and is easy to navigate.**

We propose that either (i) the proposed new s. 2.5 of National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("NI 81-107") be eliminated entirely, or (ii) the current requirement of Item 2.5 of Part B of the Current Form 81-106F1 be ported without change into the requirements for the body of the IRC report in NI 81-107. We note that the CSA provide that the Proposed Amendments are intended to deliver on the strategic goal of reducing regulatory burden, however we respectfully submit that the creation of a new appendix to the IRC's annual report to securityholders, that will require a process for preparation, review and publication, containing entirely new disclosure requirements undermines that strategic goal while also not enhancing the utility of this disclosure to investors. The new disclosure requirements proposed in s. 2.5 of NI 81-107 include (i) a description of the types of transactions entered into by an investment fund which are not included in filed related party transaction reports, and (ii) a description of any provision in securities legislation or any order made under securities legislation that imposes a requirement to provide disclosure about the transaction and keep a record in respect of the transaction. These are significantly more onerous disclosure requirements

than what is currently required under Current Form 81-106F1 and is in no way a burden reduction.

Further, we are concerned that the proposed amendments add a new definition of “related party” which is more expansive than how that term is currently defined. The current requirement states *“In determining who is a related party, investment funds should look to the Handbook. In addition, related parties include the manager and portfolio adviser (or their affiliates) and a broker or dealer related to any of the investment fund, its manager or portfolio adviser.”* The proposed amendments state, *“For the purposes of preparing a report under subsection (1), a related party to the investment fund includes, for greater certainty, all of the following: (a) the manager; (b) an affiliate of the manager; (c) the portfolio adviser; (d) an affiliate of the portfolio adviser; (e) a dealer that is related to the investment fund; (f) a dealer that is related to the manager; (g) a dealer that is related to the portfolio adviser; (h) another investment fund that is managed by the manager or an affiliate of that manager.”*. We respectfully submit that this is significantly more expansive than the current definition and would create two sources for the definition of “related party”, causing confusion and potential contradiction.

We respectfully recommend that, if the CSA are unwilling to delete this requirement in its entirety, the existing requirement as-worded be ported without change into the requirements for the body of the IRC report.

## **10. Liquidity.**

**Investment fund liquidity risk management is an area of increasing regulatory focus. We are of the view that investors should have access to in-depth yet understandable disclosure regarding the liquidity of the investments held in the investment portfolio of their investment fund. For this reason, the Proposed Form 81-106A includes a Liquidity Profile section (see Item 11 of Part A of the Proposed Form 81-106A). The Current Form 81-106F1 does not contain a comparable requirement. Please comment on whether the disclosure proposed for the Liquidity section of the Fund Report is understandable to investors and contains the appropriate amount of information for them. If not, please describe in detail an alternative approach.**

We respectfully recommend the removal of the liquidity disclosures from the Proposed Amendments. Generally, the mutual fund industry is highly liquid, as is shown in the statistics captured as part of the OSC Investment Fund Survey. Removing the requirement to provide liquidity disclosures from the Proposed Amendments would contribute to the stated goal of keeping the Fund Report condensed thereby improving investor usability and friendliness.

Should this section continue to be required, we respectfully propose a tabular format instead of a pie chart, as this is more manageable in terms of spacing, shading and future AODA considerations.

### **11. Scholarship Plan MER.**

The Proposed Form 81-106A requires that a scholarship plan provide its MER, and where applicable, its MER without waivers and absorptions (see Item 6 of Part A of the Proposed Form 81-106A). In contrast, the Current Form 81-106F1 does not require that a scholarship plan provide such information (see Item 3.2 of Part B of the Current Form 81-106F1).

- A. Please comment on whether an investor in a scholarship plan would find this information less useful than an investor in another type of investment fund. If yes, please provide a detailed explanation.**
- b. Please comment on whether scholarship plans will experience any unique challenges in preparing this information for a Fund Report. If so, describe the challenges in detail and explain whether there are any ways through which scholarship plans can address those challenges.**

No comment.

### **12. Other Material Information.**

The Proposed Form 81-106A includes a section entitled “Other Material Information” (see Item 13 of Part B of the Proposed Form 81-106A). A similar section is also present in the Current Form 81-106F1 (see Item 6 of Part B of the Current Form 81-106F1). Please comment on whether there are alternative methods for presenting the information that might currently be placed in this section. When responding, please consider not only the disclosure requirements of the section itself but also any places in the Proposed Form 81-106A where cross-references to the Other Material Information section are a possibility (e.g. the Forward Looking Information section for supplementary disclosure an investment fund wishes to provide, and the Costs section for information on MER without waivers and absorptions – see Items 3 and 6, respectively, of Part A of the Proposed Form 81-106A).

We respectfully propose that this section be maintained, and that the investment fund manager have the discretion to add additional disclosure to this section as needed. An investment fund manager may wish to add, for example, additional disclosures or descriptions of events that transpired during the period, which would be an important value add to the investor.

### **13. Designated Website Disclosure.**

Under subsection 16.1.2(1) of NI 81-106, an investment fund must designate one qualifying website on which the fund intends to post disclosure as required by securities legislation. Please comment on whether any disclosure from the Fund Report should be removed and, instead, replaced with a requirement to place that disclosure on the designated website of an investment fund. If yes, please provide details regarding any challenges that an IFM might face with respect to such placement and comment on whether such disclosure should be subject to a separate filing requirement.

While we are supportive of posting the Fund Report to the designated website, we respectfully submit that the designated website should not be a place to display content required by the Fund Report. As outlined in our response to question 8, the data required by the Fund Report is as at a historical point in time, whereas data on an IFM's website is generally dynamic and updated frequently. Furthermore, the designated website is not a continuous disclosure document, is not audited, and should not attract prospectus-level liability.

#### **14. Cross-References to Designated Website.**

**The Proposed Form 81-106A includes several cross references to information that may be available on the designated website of an investment fund (see Item 5 of Part A of the Proposed Form 81-106A which references Quarterly Portfolio Disclosure, and Item 7 of Part A of the Proposed Form 81-106A which references performance information where it is available). Please comment on whether any other information that is, or may be, disclosed on the designated website of an investment fund, should also be cross-referenced in the Fund Report.**

Consistent with our responses to questions 8 and 13, given the dynamic nature of the designated website, we respectfully comment that the requirements should not be expanded in terms of additional cross-references.

#### **15. Modifications for Specific Investment Funds.**

**The Proposed Form 81-106A has been prepared in such a way that it will be applicable to all types of reporting issuer investment funds, with modifications for scholarship plans where appropriate (see Item 9 of Part A of Form 81-106F1). This mirrors the approach taken in the Current Form 81-106F1. Please comment on whether any additional modifications to the Proposed Form 81-106A are required for certain types of investment funds. We are particularly interested in types of investment funds that are less commonly held than conventional mutual funds and ETFs. Identify specific situations where additional instructions would be beneficial, as well as sample instruction language. Please also comment on whether any proposals would create concerns around maintaining a Fund Report that is easy to read and understand, as well as easy to use in making decisions.**

No comment.

#### **16. Additional Suggestions.**

**Please comment on whether the content and format of the Fund Report can be further enhanced to support the needs of investors and other stakeholders, to the extent such comments have not already been provided as part of responses to earlier questions. Please support any comments with reference to findings in the Investor Testing Report or other applicable research. Where other research is referenced, please provide citations.**

1. In our view, respectfully, for the Fund Report to be effective as a replacement for the current MRFP:

- Information must be presented for all series to ensure easy and equal usability by all investors;
- Investors must not be required to navigate to a large number of sources (websites, SEDAR+, Fund Facts) to understand the report;
- Tables should be used instead of graphs and charts, as they are a more easily understood presentation format, a more condensed format, and more compatible with AODA.

We note that these proposals are generally consistent with the findings of the Investor Testing Report regarding length and usability, acting as enhancements to the versions presented to the test group.

2. The Statistics Section of the proposed Fund Report contemplates the disclosure of a distribution rate and the amount of distributions classified as return of capital. Given the Fund Report is often not coterminous with the taxation year-end of the Fund, we respectfully suggest that both be removed so as not to mislead investors as to future tax characterization and rates. This is consistent with efforts put forth to ensure the removal of promissory language from these types of disclosures.

#### **17. Investor Education.**

**The CSA wants to ensure that investors understand why the MRFP is being replaced with the Fund Report. The CSA also wants to ensure that investors understand the new features and content within the document. Several avenues are being considered to achieve these aims, including a digital campaign and an annotated Fund Report.**

- a. Please comment on whether these types of educational tools would be sufficient to support investor understanding of the Fund Report. If not, please provide detailed suggestions regarding additional measures that the CSA should consider.**
- b. Please comment on how IFMs and investment fund dealers can play a role in supporting efforts to help investors understand the Fund Report. Please also comment on how the CSA can facilitate IFM and dealer efforts in this regard.**

We agree that the CSA's proposed investor education initiatives are appropriate, and respectfully request that IFMs also be permitted to produce additional investor materials, as required.

#### **18. Additional Disclosure Elements.**

**The Proposed Form 81-107A will serve as a new, standardized form to be used for the filing of related party transaction reports under subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107. The types of transactions to which the Proposed Form 81-107A applies, include purchases by an investment fund but not transactions where the investment fund took part in the sale of securities. Please comment on whether any**

**stakeholders would be disadvantaged by sale information being left out of the Proposed Form 81-107A. If any stakeholders are identified, please provide details on how they would use the sale information, if provided.**

We are supportive of the CSA's initiative to streamline the information reporting requirements with respect to related party transactions and to reduce the frequency of that required reporting.

**19. Stakeholders that would Benefit from Maintaining Disclosure.**

**As part of the Proposed Amendments for this Workstream, we are proposing to eliminate certain class- or series-level disclosure requirements under Part 3 of NI 81-106 that are not required by IFRS. Please comment on whether any stakeholders would benefit from these disclosure requirements remaining in place. If any stakeholders are identified, please provide details on how they currently use such information and comment on whether any alternative sources of information are available.**

We agree that the removal of this information is the appropriate course of action. These sections result in information overload and are not of key benefit to stakeholders. We respectfully propose that the CSA permit IFMs to remove these sections from the disclosure as soon as the IFMs are able, in advance of the implementation of the remainder of the Proposed Amendments, given their inherent burden reduction. The time usually taken to prepare these sections can be reallocated to the development of the remainder of the Proposed Amendments.

**20. Timing Considerations.**

**The Proposed Amendments implement the FER into the Fund Facts and ETF Facts, namely the "Quick facts" and the "How much does it cost?" sections of those documents. Please comment on whether there are any timing issues that should be considered with respect to the implementation of these Proposed Amendments, given that the TCR Project amendments are expected to come into effect on January 1, 2026, subject to certain transition periods. When commenting, please consider that the effective date of the amendments and changes being proposed as part of this initiative have not yet been finalized.**

As outlined in the response to question 2, we are respectfully of the view that the exemption from compliance with the final amendments and final changes should be extended to 24 months following the date of publication, permitting firms the much-needed additional time to implement the Proposed Amendments.

We would like to thank the CSA for the opportunity to comment on the Proposed Amendments and we would be pleased to discuss any of our comments.

Yours sincerely,

***“Kristian Adomait”***

Kristian Adomait  
Director, Fund Treasury  
Fidelity Investments Canada ULC

***“Stefania Zilinskas”***

Stefania Zilinskas  
Senior Legal Counsel  
Fidelity Investments Canada ULC

c.c. Rob Strickland, President  
W. Sian Burgess, Senior Vice President, Fund Oversight  
Robyn Mendelson, Vice President Legal and Procurement