



BY ELECTRONIC MAIL: comments@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

December 11, 2019

British Columbia Securities Commission
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, Box 55
Toronto, Ontario M5H 3S8

M^e 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

Dear Sirs / Madames:

RE: CSA Notice and Request for Comment: *Reducing the Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1* (“Proposal”)

Introduction

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

Fidelity Investments Canada ULC (“Fidelity”) is the 4th largest mutual fund company in Canada. Fidelity manages over \$142 billion in retail mutual funds, exchange traded funds and institutional assets.

We commend the CSA for taking steps with a view of reducing regulatory burden for industry participants. We are supportive of the CSA's desire to reduce regulatory burden through its phased approach, and are pleased that the CSA has introduced proposals to:

- (i) eliminate the Personal Information Form requirements for specified individuals who have already submitted a Form 33-109F4 - *Registration of Individuals and Review of Permitted Individuals*;
- (ii) codify exemptive relief from the requirement in paragraph 12.2(2)(a) of National Instrument 81-106 - *Investment Fund Continuous Disclosure* ("**NI 81-106**") to deliver a completed Form 51-102F5 - *Information Circular* ("**Form 51-102F5**") to permit use of notice-and-access for solicitation of proxies by or on behalf of management of a fund; and
- (iii) consolidate the simplified prospectus ("**SP**") and annual information form ("**AIF**").

We believe that these are steps in the right direction towards achieving the goal of reducing regulatory burden. Nevertheless, we believe that this Proposal should have targeted a number of long-standing industry requests that would have minimal effect on investors but yield more significant industry savings. These items are highlighted throughout this letter.

We are also generally in agreement with the submission being made by Investment Funds Institute of Canada.

We present our general comments in the letter and include Appendix A which contains responses to certain questions raised by the CSA in the Proposal. We hope that you will find our comments constructive and we look forward to seeing some or all of them adopted by the CSA for the ultimate benefit of investors.

Executive Summary

Fidelity believes that some of the more significant burden reduction initiatives, which the CSA should prioritize, are as follows:

- eliminate the requirement for a fund to prepare and file the unaudited interim financial report and management reports of fund performance (together, the "**Interim Reports**");
- permit a fund to prepare a consolidated fund facts or ETF facts document that would include all series of that fund;
- permit the electronic delivery of the annual financial statements as well as annual management reports of fund performance ("**MRFPs**") of a fund;
- remove irrelevant or redundant disclosure in the proposed Form 81-101F1 - *Contents of Simplified Prospectus* ("**Proposed Form 81-101F1**"); and
- modify the annual SP renewal requirement such that the SP is required to be renewed every two or three years.

General Comments

Interim Reports

Historically, we have seen a very low percentage of securityholders opt-in to receive Interim Reports, which are costly and labour intensive to prepare, review and mail. In the past 12 months, approximately 1.54% of all Fidelity securityholders requested the interim financial reports. Similarly, during the same period, approximately 1.10% of all our securityholders requested the interim MRFPs.

As compared to individual securities, investment funds are generally longer-term investments that are traded far less frequently. As such, while more frequent financial reporting may be warranted for individual securities, Interim Reports are generally not meaningful to securityholders of funds. As well, the Interim Reports are unaudited. Accordingly, we recommend that the CSA consider amending NI 81-106 to eliminate the requirement for a fund to prepare and file the Interim Reports.

This recommendation would not negatively impact investors. Securityholders would continue to receive audited financial statements and MRFPs on an annual basis. They would also continue to receive meaningful financial information through other disclosure documents, which are updated more frequently.

For Fidelity, the elimination of the Interim Reports would result in annual savings of over \$3 million. We expect that this would represent savings in the range of \$50 million for the industry. None of the measures suggested so far come close to these savings for the industry.

Fund Facts Consolidation

We believe that the CSA should permit a fund manager to prepare a single fund facts that encompasses all series of a fund in all instances, and not only in the case of automatic switching or rebalancing programs. This will make it easier for both investors and financial advisors to compare funds across different manufacturers, which is consistent with the regulatory objective these documents were designed to achieve.

Therefore, we recommend that the CSA amend Form 81-101F3 - *Contents of Fund Facts Document* and Form 41-101F4 *Information Required in an ETF Facts Document* to permit a fund to prepare a consolidated fund facts or ETF facts that would include all series of that fund. This change would significantly reduce the burden of preparing and filing these documents annually on a series level for Fidelity - from 3,396 to 542 (in English and French) - i.e., a reduction of 2,854 fund facts. In 2019 alone, Fidelity filed 8,572 fund facts (in both English and French) in connection with renewals, preliminary filings and amendments - which amounted to costs of approximately \$1,063,165. Had we been able to file a single fund facts per fund for these filings, it would have only cost approximately \$124,000 in costs, resulting in savings of almost \$1 million.

There are 106 fund managers in Canada and we believe the savings to the industry would again 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. Surely, simplification of the fund facts would have a significant impact to improve financial advisors' work lives. Lastly, dealer shelves should be easier

to manage with this meaningful improvement. We expect cost savings to arise for dealers and financial advisors as well.

Simplified Prospectus Renewal Process

We believe that one of the highest impact burden reduction initiatives would be the reduction in the frequency of the filing of a renewal SP.

Each year, fund managers spend significant resources (both internal and external) on the preparation and filing of the renewal SP and related documents. In our experience, the material information in the SP does not change significantly from year-to-year. As well, investors rely primarily on the fund facts and ETF facts as a source of material information about a fund. For these reasons, we recommend that the CSA eliminate the requirement to prepare and file the SP and related documents (not including the fund facts and ETF facts) on an annual basis and adopt a renewal period of two or even three years. We suggest that the renewal period for the fund facts and ETF facts remain at one year. Investors would continue to stay apprised of material changes impacting a fund through the regime set out in NI 81-106 (amendments filed when a material change occurs).

We believe that this recommendation was not pursued due to concerns that it would result in a reduction of revenues from filing fees and potentially a reduction in staff at the securities commissions. A reduction in regulatory burden will lead to a reduction of burden both from a financial and a workload perspective. We strongly recommend that the CSA reconsider its position without reference to its own revenues.

Access Equals Delivery of Continuous Disclosure Documents

We are supportive of the CSA's proposal to codify exemptive relief from the requirement in paragraph 12.2(2)(a) of NI 81-106 to deliver a completed Form 51-102F5 to permit use of notice-and-access for solicitation of proxies by or on behalf of management of a fund. We are also supportive of initiatives that allow reliance on the notice-and-access regime for delivery of other documents.

As in the case of Interim Reports, we have seen a very low percentage of securityholders opt-in to receive annual financial statements and MRFPs. For example, in the past 12 months, approximately 1.81% of all our securityholders requested the annual financial statements. Similarly, during the same period, approximately 0.72% of all our securityholders requested the annual MRFPs. Based on these low take-up figures, we believe that these documents are not meaningful to investors. As such, we believe that financial statements and MRFPs may be effectively delivered through a notice-and-access regime. We note that a similar approach has been adopted by the Securities and Exchange Commission ("**SEC**") in the United States; Rule 30e-3 under the *Investment Company Act of 1940* provides registered investment companies with the ability to make financial statements, among other documents, available online if a paper notice is sent to securityholders. If the delivery of annual financial statements and MRFPs was permitted through a notice-and-access regime, this would result in print/ mailing savings of over \$120,000 annually for Fidelity.

Under section 5.2(5) of NI 81-106, a fund that relies upon standing instructions in respect of the delivery of financial statements and MRFPs to securityholders must send an annual letter reminding those securityholders of their right to receive these documents. Often, other annual reminders are contained in this letter, including the annual redemption reminder required by

section 10.1(3) of National Instrument 81-102 - *Investment Funds*. We believe this information could be effectively communicated via the designated website and suggest that the CSA remove the requirement to deliver this letter. We believe that the removal of this requirement would also be beneficial to financial advisors, who often provide us with feedback that they would prefer for us to not contact their clients in this manner as it often leads to confusion.

Overall, we believe that allowing for delivery of disclosure documents through the designated website will accrue benefits to investors and financial advisors. This will allow both investors and financial advisors to have easy access to all disclosure documents in one centralized location. Since most fund managers already maintain a website, we believe that these proposals will not impose additional burden. Fidelity, for example, already posts its offering and continuous disclosure documents on its website in an easily accessible manner.

Consolidation of the Simplified Prospectus and Annual Information Form

The CSA has proposed to repeal the requirement for a fund to file an AIF. We believe that, in the long term, consolidating the AIF disclosure requirements into the SP will help to achieve the goal of reducing regulatory burden. However, we believe that the CSA has fallen short of achieving its intended goal of reducing burden in this regard.

We are primarily concerned that while the CSA has taken time to propose changes to consolidate Form 81-101F1 - *Contents of Simplified Prospectus* ("**Form 81-101F1**") and Form 81-101F2 - *Contents of Annual Information Form* ("**Form 81-101F2**"), it has not taken the time to remove irrelevant or redundant disclosure requirements.

We strongly believe in the removal of requirements that are difficult to produce and are generally not meaningful to an investor's decision to the purchase, sell or hold securities of a fund. In particular, some examples of requirements that are particularly burdensome are as follows:

- Item 4.3(3) – *Portfolio Adviser* of the Proposed Form 81-101F1, Part A should be removed given that information about the individual portfolio manager responsible for managing the portfolio of a fund is generally not meaningful to investors. To the extent investors find value in this information, it should be made electronically available on the fund manager's designated website.
- The proposed item 4.13 – *Independent Review Committee and Fund Governance* in the Proposed Form 81-101F1, Part A should be removed. Section 4.4 of National Instrument 81-107 - *Independent Review Committee for Investment Funds* already requires funds to file and post their Independent Review Committee Report annually, which contains more comprehensive information.
- While we commend the CSA for not carrying over subsections (3)-(6) of Item 11.1 (Principal Holders of Securities) of Form 81-101F2 into the Proposed Form 81-101F1, we believe that the proposed item 4.14 – *Ownership of Securities of the Mutual Fund and the Manager* in the Proposed Form 81-101F1, Part A should be removed in its entirety as well. This disclosure is not meaningful for investors because the same concerns do not apply in the fund context as in a public company context (i.e., there are no takeover threats in the fund context).
- Subsections (2) and (7) of Item 9 – *Risks* of the Proposed Form 81-101F1, Part B should be removed in their entirety. The requirements of these subsections remain substantially

the same as the current requirements set out in Form 81-101F1. This information is difficult to produce and is not meaningful to investors. The information is also stale dated when an investor has access to it. Furthermore, the purpose of this disclosure can be more appropriately achieved in the specific risk disclosure.

Furthermore, the consolidation of the SP and AIF will require a one-time rewrite of the SP. This will require fund managers to become familiar with the requirements of the Proposed Form 81-101F1. Initially, this will put a strain on internal resources and, where applicable, could result in increased costs through reliance on external resources.

Finally, we are also of the view that time sensitive information should be removed from the SP as this information is routinely disclosed in other disclosure documents such as the MRFPs.

Exemptive Relief

We encourage the CSA to codify routine exemptive relief on a more frequent basis and grant omnibus or blanket orders that can be relied upon by the industry as a whole (like the “no-action letter” process used by the SEC). We believe these changes will lessen the time and expense associated with routine exemptive relief applications, allow more firms to benefit from the interpretive guidance of the CSA and ensure industry participants are subject to similar conditions, where appropriate.

Conclusion

We support the CSA’s commitment to reduce regulatory burden and believe that our comments, if adopted, will achieve this aim while upholding investors’ interests. When evaluating the efficacy of existing, new or proposed regulation, we encourage the CSA to consider its impact on industry participants as well as its value to investors.

Once again, we would like to thank the CSA for the opportunity to comment on the Proposal and we would be pleased to discuss any of our comments.

Yours sincerely,

“W. Sian Burgess”

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Senior Vice President, Fund Oversight
Fidelity Investments Canada ULC

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APPENDIX A

CSA NOTICE AND REQUEST FOR COMMENT REDUCING REGULATORY BURDEN FOR INVESTMENT FUND ISSUERS – PHASE 2, STAGE 1 December 11, 2019	
SUMMARY OF CONSULTATION QUESTIONS	FIC COMMENTS
<i>General</i>	
1. Are there any areas that would benefit from a reduction of undue regulatory burden or streamlining of requirements, while preserving investor protection and market efficiency, which we should consider as part of Phase 2, Stage 2 (and onwards)? Please prioritize any suggestions you may have.	<p>We believe that the following areas would benefit from a reduction of undue regulatory burden or streamlining of requirements, while preserving investor protection and market efficiency:</p> <ul style="list-style-type: none"> • eliminate the requirement for a fund to prepare and file the Interim Reports; • permit an investment fund to prepare a consolidated fund facts or ETF facts that would include all series of that fund; • permit the electronic delivery of the annual financial statements as well as annual MRFPs of a fund; • remove irrelevant or redundant disclosure in the proposed Form 81-101F1 - Contents of Simplified Prospectus; and • modify the annual prospectus renewal requirement such that the prospectus is required to be renewed every three years.
2. With the exception of Workstreams 1, 2 and 3, the Proposed Amendments and Proposed Changes do not introduce any new requirements for investment funds. Instead, we are either removing requirements or introducing exemptions that are permissive in nature. As a result, we do not contemplate any prolonged transition period following the in-force date of the proposals. Are there any specific elements of the Proposed Amendments and Proposed Changes which investment funds and their managers would require additional time to comply with? If so, please explain why and provide suggestions for an appropriate transition period.	We are generally supportive of the quick adoption of the Proposed Amendments and Proposed Changes while affording funds and their managers adequate time to implement.
Workstream One: Consolidate the Simplified Prospectus and the Annual Information Form <i>Consolidation of Form 81-101F2 into Form 81-101F1</i>	
3. As described in footnotes 3 to 5 of the Notice, certain specific requirements from the existing Form 81-101F1 and Form 81-101F2 were not carried over into the proposed Form 81-101F1. Do you support or disagree with these changes? If so, please explain.	We are supportive of these changes. However, we note that the disclosure requirements pertaining to principal holders of securities should be removed in their entirety. This disclosure is not meaningful for investors because the same concerns do not apply in the fund context as in a public company context

		(i.e., there are no takeover threats in the fund context).
4.	<p>Are there any disclosure requirements from the proposed Form 81-101F1 that are redundant or unnecessary and that can be removed or modified without impacting investor protection or market efficiency? If so, what are the reasons why the disclosure requirements should be removed or modified and how will investor protection and market efficiency be maintained? Are there any significant cost implications associated with sourcing the required disclosure? If so, please explain. Please comment in particular on the proposed Item 4.14 (Ownership of Securities of the Mutual Fund and the Manager) of Part A and whether it should be narrowed in scope or removed entirely.</p>	<p>We believe that the following disclosure requirements from the proposed Form 81-101F1 are redundant or unnecessary and can be removed or modified without impacting investor protection or market efficiency:</p> <ul style="list-style-type: none"> • Item 4.3(3) – <i>Portfolio Adviser</i> in the proposed Form 81-101F1, Part A. The information about the individual portfolio manager responsible for managing the portfolio of a fund is generally not meaningful to investors. To the extent investors find value in this information, it should be made electronically available on the fund manager’s designated website. • Item 4.13 – <i>Independent Review Committee and Fund Governance</i> in the proposed Form 81-101F1, Part A. Section 4.4 of National Instrument 81-107 - <i>Independent Review Committee for Investment Funds</i> already requires funds to file and post their Independent Review Committee Report annually, which contains more comprehensive information. • Item 4.14 – <i>Ownership of Securities of the Mutual Fund and the Manager</i> in the proposed Form 81-101F1, Part A. Please see our response to question 3. • Subsections (2) and (7) of Item 9 – <i>Risks</i> in the proposed Form 81-101F1, Part B. The requirements of these subsections remain substantially the same as the current requirements set out in Form 81-101F1. This information is difficult to produce and is generally not meaningful to investors. The information is also stale dated when an investor has access to it. Furthermore, the purpose of this disclosure can be more appropriately achieved in the specific risk disclosure.
5.	<p>As an alternative to complete removal, are there any disclosure requirements from the proposed Form 81-101F1 that could be</p>	<p>We agree with the CSA that the enumerated items should be relocated to the proposed fund manager designated website. In particular, we</p>

	<p>relocated to another required disclosure document or to the proposed “designated website” for investment funds, while still maintaining investor protection and market efficiency? If so, why should these disclosure requirements be relocated and where should they be relocated to? Please comment in particular on any of the following proposed items:</p> <ul style="list-style-type: none"> a. Part A, Item 4 (Responsibility for Mutual Fund Operations); b. Part A, Item 7 (Purchases, Switches and Redemptions); c. Part A, Item 8 (Optional Services Provided by the Mutual Fund Organization); d. Part B, Item 8 (Name, Formation and History of the Mutual Fund). 	<p>believe that Part A, Item 4.3(3) should be relocated to this website.</p>
6.	<p>The proposed Item 7(2) of Part A of Form 81-101F1 requires a description of the circumstances when the suspension of redemption rights could occur. We are considering, however, whether to require specific disclosure in the prospectus regarding any liquidity risk management policies that have been put in place for the investment fund. This would include a list of any liquidity risk management tools that have been adopted as permitted by securities regulations, along with a brief description of how and when they will be employed and the effect of their use on redemption rights. Would the prospectus be the most appropriate place for this type of disclosure, or are there other alternatives that we should consider?</p>	<p>We do not believe that implementing additional disclosure requirements will result in regulatory burden reduction.</p>
7.	<p>The current prospectus disclosure rules were drafted at a time when inventories of physically printed prospectuses were required to satisfy prospectus delivery requirements. In recognition of this, flexibility exists in terms of how to deal with amendments to avoid significant costs that might be associated with having to reprint large quantities of commercially prepared copies of the prospectus. With the transition to delivery of the Fund Facts and the ETF Facts documents in place of the prospectus, along with the advent of print-on-demand technology and electronic delivery, is it still necessary to maintain this flexibility? Would it be less burdensome for investment funds and investment fund managers to follow the approach taken with the Fund Facts document and ETF Facts document by requiring that all amendments be in the form of an amended and restated prospectus, prepared in</p>	<p>We do not believe that requiring that all amendments be in the form of an amended and restated prospectus, prepared in accordance with the proposed Form 81-101F1 will result in burden reduction. In fact, this disclosure requirement would likely be more burdensome for funds and their managers. Fund managers exhaust a great deal of internal and external resources in the preparation of a prospectus, especially on updating time sensitive information as mandated by the proposed Form 81-101F1.</p>

	accordance with the proposed Form 81-101F1? Why or why not?	
8.	Item 11.2 (Publication of Material Change) of NI 81-106 sets out requirements that an investment fund must satisfy where a material change occurs in its affairs. Can these requirements be streamlined or modified in any way while maintaining investor protection and market efficiency?	We believe that the requirement that a fund must issue a material change report is unnecessary and should be removed. The press release already contains all the information that is meaningful to investors. An amendment to the applicable disclosure documents further reflects the material change.
9.	Will any exemptive relief decisions be rendered ineffective as a result of the repeal of Form 81-101F2? If so, are there any transitional issues that need to be considered? Please explain.	While we expect that certain exemptive relief decisions may be impacted and potentially rendered ineffective as a result of the repeal of Form 81-101F2, we would need to review individual exemptive relief decisions in order to be in a position to provide meaningful comments.
10.	Are there any disclosure requirements in the proposed Form 81-101F1 that require additional guidance or clarity?	By and large, the disclosure requirements in the proposed Form 81-101F1 reflect much of the existing disclosure requirements set out in the current Form 81-101F1 and Form 81-101F2. At this time, we do not believe that the disclosure requirements in the proposed Form 81-101F1 require additional guidance or clarity.
11.	Currently a final prospectus must be filed within 90 days of receiving a receipt for a preliminary prospectus. We are of the view that this requirement is more relevant to non-investment fund issuers and is not necessarily applicable to investment funds, particularly to investment funds in continuous distribution. As a result, we are currently considering whether to either extend the final filing deadline or remove this requirement entirely. Do you have any views on the applicability of this provision to investment fund issuers? If you agree that the provision is not required, please explain whether it would be preferable to extend or eliminate the filing deadline, including the reason for your preference. If an extension is preferred, would 180 days be sufficient?	We are supportive of affording issuers flexibility in this regard. While the 90-day period within which a final prospectus must be filed is sufficient in most circumstances, we do contemplate instances where a longer period may be warranted. For example, a fund may be seeking exemptive relief, which, if not granted within the 90-day period, could result in the issuer having to refile the preliminary prospectus. As such, we are supportive of eliminating the filing deadline for fund issuers.
<i>Investment Funds Not in Continuous Distribution</i>		
12.	Should investment funds not in continuous distribution that have already prepared and filed an AIF using Form 81-101F2 be permitted to continue using that Form? If so, why?	We believe that permitting funds not in continuous distribution that have already prepared and filed an AIF using Form 81-101F2 to continue using that Form is consistent with the goal of reducing regulatory burden.
13.	Should investment funds not in continuous distribution be relieved entirely of the requirement to file an AIF? If so, what impact would this have on an investor's ability to access an up-to-date consolidated disclosure	We believe that funds not in continuous distribution should be relieved entirely of the requirement to file an AIF. The fund manager designated website is the appropriate form of disclosure through which the investor can

	<p>record for an investment fund not in continuous distribution? Alternatively, please comment on whether elements from the current Form 81-101F2 should be incorporated into any of the following:</p> <ul style="list-style-type: none"> a. Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance; b. designated website; a. other forms of disclosure (please specify). 	<p>access up-to-date consolidated disclosure record for a fund not in continuous distribution.</p>
<i>Workstream Two: Investment Fund Designated Website</i>		
14.	<p>The proposed Part 16.1 of NI 81-106 requires reporting investment funds to designate a qualifying website on which the investment fund must post regulatory disclosure documents. This proposal represents the first stage of a broader initiative to both improve the accessibility of disclosure to investors and enhance the efficiency with which investment funds can meet their disclosure obligations. The CSA, however, recognize that electronic methods of providing access to information and documents besides websites may be used to provide information regarding investment funds. As a result, we ask for specific feedback on the following questions related to the issue of making the proposed Part 16.1 more technologically neutral:</p> <ul style="list-style-type: none"> a. Should the proposed Part 16.1 be revised to provide investment funds with the option to designate other technological means of providing public access to regulatory disclosure besides websites? In your response, please comment on the following issues: any potential investor protection concerns, consistency with securities instruments outside of the investment fund regime, and the benefits of making such a change. b. What other technological means of providing public access to regulatory disclosure should be captured by the proposed amendments? Please be specific. Of these means, please identify which are currently in use and which are expected to be used in the future. c. Should any parameters (e.g. free to access, accessible to the public) be applied to limit which technological means of providing public access to regulatory disclosure besides websites should be included in the proposed Part 16.1? If so, please 	<p>We do not have any comments at this time.</p>

	<p>state which parameters should apply and why.</p> <p>d. If you agree that technological means of providing public access to regulatory disclosure besides websites should be included in the proposed Part 16.1, what terms could be used to refer to these means? What are the benefits and drawbacks of each possible option? Some examples include “digital platform”, “electronic platform”, and “online platform”.</p> <p>e. Are there any elements of the current proposed amendments and proposed changes under Workstream Two that would not work if an investment fund could designate other technological means of providing public access to regulatory disclosure besides websites?</p>	
15.	<p>Are there unintended consequences arising from the proposed section 16.1.2 of NI 81-106 that we should consider? For example, under the proposed section, an investment fund may designate a website that is maintained by a Related Person. We are of the view that this would avoid circumstances where an investment fund would have to create an entirely new and separate website, where to do so would not be desirable. Are there any practical issues associated with this that we should consider?</p>	<p>We do not anticipate unintended consequences arising from the proposed section 16.1.2 of NI 81-106. We understand that it is current a market practice for funds or fund managers to maintain a publicly accessible website.</p>
16.	<p>Are there any aspects of the proposed guidance provided in 81-106CP that are impractical or misaligned with current market practices?</p>	<p>We believe that the proposed guidance provided in 81-106CP affords adequate flexibility to funds and reflects current market practices.</p>
17.	<p>Some investment funds may maintain a website that is accessible only by securityholders with an access code and a password (i.e. a private website). Would an investment fund currently maintaining a private website accessible only to its securityholders encounter any issues with the proposed requirement to post regulatory disclosure required by securities legislation on a designated website that is publicly accessible?</p>	<p>We do not have comments at this time.</p>
<p><i>Workstream Three: Codify Exemptive Relief Granted in Respect of Notice-and-Access Applications</i></p>		
18.	<p>Will participation rates for investment fund securityholder meetings change under the notice-and-access system? In particular, is it anticipated that participation rates would change? Please provide an explanation for your answer.</p>	<p>We do not believe that participation rates for fund securityholder meetings would change significantly under the notice-and-access system. We are of the view that the participation rate is generally driven by investor interest and not the mode of proxy solicitation.</p>

Workstream Five: Codify Exemptive Relief Granted in Respect of Conflicts Applications	
19.	<p>The Proposed Amendments include new exemptions in sections 6.3 and 6.5 of NI 81-107 to permit secondary market trades in debt securities of related issuers and secondary market trades in debt securities with a related dealer, respectively. The exemptions are based on discretionary relief granted to date that includes pricing conditions. The pricing conditions are not the same under each exemption and also differ from what is currently codified under section 6.1 of NI 81-107.</p> <ul style="list-style-type: none"> • In accordance with subsection 6.1(2) of NI 81-107, for inter-fund trades of portfolio securities between related reporting investment funds, non-reporting investment funds and managed accounts, the portfolio manager may purchase or sell a debt security if, among other conditions, all of the following apply: <ul style="list-style-type: none"> ○ the bid and ask price of the security is readily available as provided under paragraph 6.1(2)(c); ○ the transaction is executed at a price, which is the average of the highest current bid and lowest current ask determined on the basis of reasonable inquiry as provided under paragraph 6.1(2)(e) and subparagraph 6.1(1)(a)(ii). • In accordance with the proposed paragraph 6.3(1)(d) of NI 81-107, reporting and non-reporting investment funds would be able to invest in non-exchange traded debt securities of a related issuer in the secondary market if, among other conditions, all of the following apply: <ul style="list-style-type: none"> ○ where the purchase occurs on a marketplace, the price is determined in accordance with the requirements of that marketplace as provided under the proposed subparagraph 6.3(1)(d)(i) of NI 81-107; ○ where the purchase does not occur on a marketplace, as provided under the proposed subparagraph 6.3(1)(d)(ii), the price is either of the following:
	<p>We are supportive of the inclusion of new exemptions in sections 6.3 and 6.5 of NI 81-107. However, we believe that, like section 6.1 of NI 81-107, the requirements of the exemptions are very perspective in nature. As such, we would recommend to the CSA to revise the exemptions with a more principle-based approach.</p>

	<ul style="list-style-type: none"> ▪ the price at which an arm's length seller is willing to sell the security; ▪ not more than the price quoted publicly by an independent marketplace or the price quoted, immediately before the purchase, by an arm's length purchaser or seller. <ul style="list-style-type: none"> • In accordance with the proposed subsection 6.5(1), reporting investment funds, non-reporting investment funds and managed accounts, may trade debt securities with a related dealer if, at the time of the transaction, among other conditions, all of the following apply: <ul style="list-style-type: none"> ○ the bid and ask price of the security transacted is readily available as provided under the proposed paragraph 6.5(1)(d); ○ the purchase is not executed at a price which is higher than the available ask price and the sale is not executed at a price which is lower than the available bid price, as provided in the proposed paragraph 6.5(1)(e). <p>Should these pricing conditions be revised? Should they be more harmonized? Are there any self-regulatory organization rules or guidance for pricing methods that we should consider in such cases?</p>	
Workstream Six: Broaden Pre-Approval Criteria for Investment Fund Mergers		
20.	We propose to mandate new disclosure requirements in the Information Circular in subparagraph 5.6(1)(a)(ii) and paragraph 5.6(1)(b) of NI 81-102 as pre-approval criteria for investment fund mergers. Are there any additional disclosure elements that we should require beyond what has been proposed? If so, please provide details.	We do not have any comments at this time.
Workstream Seven: Repeal Regulatory Approval Requirements for Change of Manager, Change of Control of a Manager, and Change of Custodian that Occurs in Connection with a Change of Manager		
21.	Given the oversight regime in place for investment fund managers, we are proposing to repeal the requirement for regulatory approval of a change of manager or a change of control of a manager under Part 5 (Fundamental Changes) of NI 81-102. Does this proposal raise any investor protection issues? If so, explain what measures, if any,	We are supportive of the proposal to repeal the requirement for regulatory approval of a change of manager or a change of control of a manager under Part 5 (Fundamental Changes) of NI 81-102. We believe that this is consistent with the goal of reducing regulatory burden and does not raise any investor protection issues.

	securities regulators should consider in order to mitigate such issues. Alternatively, should we maintain the requirements for regulatory approval of these matters and seek to streamline the approval process by eliminating certain requirements in subsection 5.7(1) of NI 81-102? If so, please comment on whether such an approach would be preferable to the existing proposal, which has been put forward with consideration given to the presence of the investment fund manager registration regime.	
22.	When there is a change of manager or a change of control of a manager, should securityholders have the right to redeem their securities without paying any redemption fees before the change? If so, what should be the period after the announcement of the change during which securityholders should be allowed to redeem their securities without having to pay any redemption fees?	We do not believe that securityholders should have the right to redeem their securities without paying any redemption fees when there is a change in manager or a change of control of a manager. Securityholders are not conferred such a right in other instances when fundamental changes occur under NI 81-102.
23.	We propose to add to subsection 5.4(2) of NI 81-102 certain disclosure requirements in the Information Circular regarding a change of manager. Is there any other disclosure in the Information Circular that we should mandate, beyond what has been proposed? If so, please provide details.	No.
24.	When a change of manager is planned, we are considering requiring that the related draft Information Circular be sent to securities regulators for approval before it is sent to securityholders in accordance with subsection 5.4(1) of NI 81-102. What concerns, if any, would arise from introducing this requirement? We expect that securities regulators would establish a process to review the Information Circular. If securities regulators took 10 business days to approve the Information Circular as part of the review process, would that create any issues with respect to the organization of the securityholder meeting?	We do not believe that introducing a new requirement in the form of regulatory approval of the Information Circular before it is sent to securityholders in accordance with subsection 5.4(1) of NI 81-102 is consistent with the goal of reducing regulatory burden.
25.	Investment funds currently rely on the form of Information Circular provided for in Form 51-102F5 Information Circular of NI 51-102, which was developed primarily for non-investment fund issuers. <ul style="list-style-type: none"> a. Should Form 51-102F5 of NI 51-102 be replaced with an Information Circular form that is tailored to investment funds? b. If investment funds had their own form of Information Circular, would this reduce costs or make it easier to comply with requirements to produce an Information Circular? 	<ul style="list-style-type: none"> a. We agree that Form 51-102F5 of NI 51-102 should be replaced with an Information Circular form that is tailored to funds. b. We believe that a form tailored for funds will make it easier to comply with requirements to produce an Information Circular and will result in more meaningful disclosure to securityholders of funds. c. We do not have any comments at this time. d. We are supportive of affording fund issuers greater flexibility in meeting the disclosure requirements and allowing to include

	<p>c. If investment funds had their own form of Information Circular, are there certain form requirements that should be added which would provide investors with useful disclosure that is not currently required by Form 51-102F5? Alternatively, are there disclosure requirements that could be removed? Please provide details.</p> <p>d. Should investors receive additional tailored disclosure adapted to their needs? Would investors benefit from receiving a summary of key information from the Information Circular in a simple and comparable format, in addition to the Information Circular itself or as a distinctive part of the Information Circular (e.g. as a summary appearing at the front of the document)?</p>	<p>additional tailored disclosure where warranted. While summary page appending the Information Circular may be beneficial to investors, we do not believe that mandating a separate disclosure document is consistent with the goal of reducing regulatory burden.</p>
<p>Workstream Eight: Codify Exemptive Relief Granted in Respect of Fund Facts Delivery Applications</p>		
<p>26.</p>	<p>Currently, a separate Fund Facts or ETF Facts must be filed for each class or series of a mutual fund or ETF that is subject to NI 81-101, or NI 41-101 respectively. The Proposed Amendments contemplate allowing a mutual fund to prepare a single consolidated Fund Facts that includes all the classes or series covered by certain automatic switch programs on the basis that the only distinction between the classes or series relates to fees.</p> <p>a. Should the CSA consider allowing the preparation and filing of consolidated Fund Facts and ETF Facts where there are no distinguishing features between classes or series other than fees, even in circumstances where there is no automatic switch program? Alternatively, should the CSA consider mandating consolidation in such circumstances? In either case, we anticipate revising the form requirements of Form 81-101F3 to be consistent with paragraph 3.2.05(e) of NI 81-101 as set out in Appendix B, Schedule 8 of this publication.</p> <p>b. Are there other circumstances where consolidation should be allowed or mandated? If so, what parameters should be placed on such consolidation? Additionally, what disclosure changes would need to be made to Form 81-101F3 to accommodate the consolidation?</p>	<p>We recommend that the CSA amend Form 81-101F3 and Form 41-101F4 Information Required in an ETF Facts Document to permit a fund to prepare a consolidated fund facts or ETF facts document that would include all series of that fund. Not only will this change reduce the burden of preparing and filing these documents on a series level but, more importantly, it will also make it substantially easier for investors and financial advisors to compare different mutual funds, which is consistent with the regulatory objective these documents were designed to achieve.</p>