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December 22, 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<sup>e</sup> Phillippe Lebel  
Corporate Secretary and  
Executive Director, Legal Affairs  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

The Secretary  
Ontario Securities Commission

Autorité des marchés financiers  
[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs/Mesdames,

**Re: CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers**

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**Introduction**

We are writing to provide our comments on the CSA Notice and Request for Comment – Proposed Amendments and Proposed Changes to Implement an Access-Based Model for Investment Fund Reporting Issuers (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 September 30, 2022, Invesco and its operating subsidiaries had assets under management of approximately USD \$1.3 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 is supportive of regulatory efforts to reduce regulatory burden on investment funds that are reporting issuers (“IFRIs”) and the modernization of delivery of continuous disclosure documents to investors. We are grateful for the CSA’s continued engagement in this area and support the proposals in the Consultation. We offer several suggestions and comments that in our view will help enhance the proposals and assist the CSA in meeting its stated goals.

### Requirement to Issue a Press Release

We agree that it is desirable to remind investors from time to time of the availability of financial statements (“F/S”) and management reports of fund performance (“MRFPs”). However, in our view, the issuance of a press release is not an effective way to do so, and we suggest that alternative methods be considered.

Currently, press releases must be issued by IFRIs in situations where, among others, the IFRI experiences a material change. By their nature, material changes tend to be infrequent. They entail a change to the business, operations or affairs of the IFRI that are “considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the investment fund”. These changes are thus so fundamental that a press release is warranted to bring such changes to investors’ attention.

In our view, informing investors that F/S and MRFPs are available for viewing, while important, does not rise to the same relevance as a material change for investors. While we appreciate that not all IFRI press releases are for material changes, issuing press releases to inform that F/S and MRFPs are ready to be viewed will, in our view, make this method of disclosure less helpful for announcements that investors (and the press) actually care about.

Further, as indicated in the Consultation, there are approximately 3600 IFRIs in Canada. Most IFRIs have a year-end of either March 31 or December 31, meaning that between 1800 to 3600 press releases will be issued by IFRIs on or about each calendar quarter-end. We are concerned that the issuance of that volume of press releases will overwhelm the SEDAR system, and if an IFRI should have an actual material change at quarter-end, this material change is likely to be unnoticed. We note that even if the proposals in the Consultation are amended to permit affiliated IFRIs to issue a single press release, hundreds of press releases would still need to be issued at quarter-end and thus investors will still be challenged in identifying press releases associated with material changes.

We note that under the current regime, very few investors request F/S or MRFPs and we expect that even fewer review F/S or MRFPs on an investment fund manager’s (“IFMs”) or IFRI’s website. As such, we believe that utilizing press releases to announce the availability of F/S and MRFPs provides little benefit as investors are generally not interested in these

documents, whereas the drawbacks to investors not easily being able to identify material changes are significant. Accordingly, we believe that the proposals under the Consultation should be amended to remove the requirement to issue a press release when F/S and MRFPs are available thereby reserving press releases for material changes to an IFRI.

In lieu of issuing press releases that announce the availability of F/S and MRFPs, we submit that the following steps should be implemented:

- (a) Fund facts for all IFRIs should include a statement indicating that F/S and MRFPs are available on SEDAR and the IFM's or IFRI's website;
- (b) Account statements that are issued by dealers and advisers to investors either on a monthly or quarterly basis and account statements issued by IFMs (where there is no dealer or adviser) to investors on an annual basis should include a generic statement that F/S and MRFPs for IFRIs are available on SEDAR and the IFM's or IFRI's website. In our view, investors are most likely to have questions about their investments once they receive account statements which detail their investment returns and a note indicating where F/S or MRFPs may be accessed would likely cause more investors to review the F/S or MRFPs;
- (c) Any press releases issued by an IFM or IFRI should include a generic statement that F/S and MRFPs for IFRIs are available on SEDAR and the IFM's or IFRI's website; and
- (d) The IFM's or IFRI's website should include a banner indicating that the F/S and MRFPs for IFRIs are available.

If the CSA deems it important that IFRIs issue a press release to announce availability of F/S and MRFPs, we respectfully submit that:

- (i) affiliated IFRIs with the same year-end should be permitted to issue a single press release announcing the availability of the F/S and MRFPs. We believe that allowing aggregation of press releases in this fashion will significantly reduce the volume of press releases that will be issued at quarter-ends thereby increasing the probabilities of investors identifying material changes to IFRI who undergo a material change at quarter-end; and
- (ii) IFRIs should be permitted to continue to provide annual notifications under the current National Instrument 81-106 *Investment Fund Continuous Disclosure* ("**Annual NI 81-106 Notifications**") rather than adopt the process under the Consultation. The issuance of press releases represents an incremental new cost to IFRIs with no cost savings to the IFM or IFRI, since the Annual NI 81-106 Notifications are usually combined with: (a) annual redemption notifications required under section 10.1(3) of National Instrument 81-102 *Investment Funds* (the "**Redemption Notification Requirement**"), and (b) annual notifications to investors reminding them of the possibility of their securities being automatically switched from a higher management fee series to a lower management fee series if certain eligibility criteria are met pursuant to relief obtained by IFMs and dealers from the requirements to deliver fund facts in such situations (the "**Automatic Switch Notification**"). If the Redemption Notification Requirement and Automatic Switch Notification (the "**Annual Notifications**") are discontinued (by

providing those notifications in the manner described in (a) to (d) above), then the proposals under the Consultation would represent significant cost savings to IFRIs.

#### Standing Instructions – exchange-traded funds (“ETFs”)

We note that accepting standing instructions, whether in electronic or paper form, will be challenging for IFRIs that are ETFs. This is because IFMs do not have ready access to the names and details of investors of ETFs and as such IFMs are not able to verify that a person is in fact a securityholder of a particular ETF. As such:

- (a) when a person provides standing instructions to an IFM to receive copies of F/S or MRFPs for ETFs, the IFM will not be able to ascertain whether the person is an investor or not. Accordingly, IFMs will have to abide by those standing instructions indefinitely until the investor calls to revoke the standing instructions; and
- (b) for ETFs there is also a strong likelihood of confusion as certain US ETFs may have the same or substantially similar names as Canadian ETFs. When a person provides standing instructions to an IFM to receive copies of F/S or MRFPs, that person may actually be holding a US ETF and the F/S or MRFPs provided to that person would be for a Canadian ETF.

#### Standing Instructions – Electronic Delivery of Documents

The Consultation requires an IFM to accept standing instructions from investors to receive F/S and MRFPs electronically. While the Consultation stipulates that the IFM must send an electronic copy of the F/S and MRFP to the investor, we ask that the CSA confirm that delivery of an electronic copy of the F/S and MRFP may be fulfilled by the IFM sending an email to the investor advising them of the availability of the F/S and MRFPs together with a link to the page on the IFM’s or IFRI’s website where the F/S and MRFPs may be accessed (“**Email Link**”). We submit that an Email Link provides access to the F/S and MRFPs which is consistent with the requirements for electronic delivery of documents under National Policy 11-201 *Electronic Delivery of Documents*. Further, an Email Link is more efficient where investors seek multiple F/S or MRFPs as the size of those documents may result in difficulties with electronic delivery if such documents are actually sent via email.

Further, we request that the CSA clarify that if an IFM sends the F/S or MRFPs to the email address provided by an investor, that neither the IFM nor the IFRI will be in default of delivery obligations should the e-mail be rejected or returned due to the email address being incorrect or discontinued.

If the CSA does not agree that F/S and MRFPs may be delivered through an Email-Link then we respectfully request that the acceptance of electronic standing instructions be at the discretion of IFMs and IFRIs.

#### Broadening the Access-Based Model to Annual Notifications

We submit that the CSA should consider extending the access-based model to the Redemption Notification Requirement and Automatic Switch Notification (the “**Annual Notifications**”).

In our opinion, the Redemption Notification Requirement is largely superfluous as: (a) the vast majority of investors have retained financial advisors who are fully aware of the requirements to submit a redemption request; and (b) in the context of ETFs, most investors do not redeem

securities with the ETF; rather investors of ETFs tend to sell securities on the stock exchange on which the ETF is listed. As such, the cost of mailing the Redemption Notification Requirement far exceeds the benefit.

For Automatic Switch Notifications, investors are moving from a higher management fee series to a lower management fee series based on meeting certain eligibility requirements. The change in series, does not change the risk to the investor – it merely benefits the investor as they pay lower fees. Accordingly, in our view the cost of mailing the Automatic Switch Notification outweighs the benefit as the entire rationale for the automatic switch is to reduce fees and expenses payable by the investor.

In our opinion, these Annual Notifications could be more effectively disclosed to investors in the manner described in (a)-(d) of “Requirement to Issue a Press Release”. The cost savings from expanding the access-based model to the Annual Notifications (combined with the proposals under the Consultation) would represent significant cost savings to IFRIs.

## **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) “Caroline Mingfok”  
Name: Caroline Mingfok  
Title: Vice-President, Legal

Per: (Signed) “Shalomi Abraham”  
Name: *Shalomi Abraham*  
Title: Senior Vice-President, Head  
of Legal - Canada

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