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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  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Ontario Securities Commission  
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

Dear Sirs/Mesdames:

**Re: Proposed amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* to implement an access-based model for investment fund reporting issuers (the “Proposed Amendments”)**

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

Lysander Funds Limited (“**Lysander**”) is an investment fund manager offering prospectus-qualified investment funds including conventional mutual funds, alternative mutual funds, closed-end funds and exchange-traded funds. Lysander was founded with the goal of helping Canadian investors reach their long-term financial goals. Lysander believes strongly in helping investment advisors and the general public understand our products so that they can make prudent investment decisions. Accordingly, Lysander takes its disclosure obligations seriously.

### **Summary of Lysander’s Submissions on the Proposed Amendments**

We applaud the CSA for the proposal to extend the access-based model for investment funds, albeit only to a sub-set of documents and only to investment funds that are reporting issuers. Overall, we are supportive of this initiative, with the following exceptions and/or clarification (as applicable):

1. Instead of the requirement to issue a press release to notify investors of the availability of the financial statements and MRFPs, having prominent disclosure on the investment fund's designated website about the availability of such documents, together with the amended disclosure required on the Fund Facts, ETF Facts or Scholarship Plan documents, as applicable, should be sufficient.
2. Instead of deeming all instructions from investors to receive the designated documents as standing instructions, the requirement should be that fund managers only need to respond and send to investors the documents on an "as requested" basis. There should be no more "standing instructions" concept for the delivery of the designated documents.
3. The transition provisions should not deem annual instructions given by investors prior to the Proposed Amendments coming into force as becoming standing instructions after the Proposed Amendments come into force.
4. The access-based model should also be extended to the notification requirement in National Instrument 81-102 *Investment Funds*, sub-section 10.1(3), where a fund manager is required to provide an annual statement on redemption requirements to each investor in an investment fund.

### **Lysander's Submissions on the Proposed Amendments**

1. ***Instead of the requirement to issue a press release to notify investors of the availability of the financial statements and MRFPs, having prominent disclosure on the investment fund's designated website about the availability of such documents, together with the amended disclosure required on the Fund Facts, ETF Facts or Scholarship Plan documents, as applicable, should be sufficient.***

The Proposed Amendments contemplate fund managers issuing a press release (presumably to notify investors) after the designated documents have been filed. We submit that issuing a press release is an ineffective and costly method to notify investors. As investors of investment funds ourselves, most of us do not "keep an eye out" for press releases issued by investment funds in which we are invested for any news regarding the investment funds. If anything, most of us are unaware when the investment funds in which we are invested have issued a press release. Furthermore, the cost of issuing such press release is borne by the fund and ultimately the investors. In our view, this is a cost that does not lead to a proportionate benefit to investors.

Absent a press release, under the Proposed Amendments, investors will be notified of the availability of the designated documents on a fund's designated website. In addition, the Proposed Amendments contemplate having language in the Fund Facts, ETF Facts and Scholarship Plan documents, as applicable, that will inform investors on how they can obtain a copy of the designated documents.

We would propose using a fund's designated website to go further in communicating the availability of the designated documents: at any given time, the designated website can also provide clear disclosure on when the *next set* of designated documents will be available, such that any interested investors would know when to return to the website to review the next set of financial disclosure documents.

We submit that all the methods of communication described above, together, are sufficient to advise interested investors on how they can receive a copy of the designated documents, without the need for funds to issue press releases.

2. ***Instead of deeming all instructions from investors to receive the designated documents as standing instructions, the requirement should be that fund managers only need to respond and send to investors the documents on an “as requested” basis. There should be no more “standing instructions” concept for the delivery of the designated documents.***

We submit that a modernized framework for delivery of designated documents to any requesting investors should no longer include the concept of “standing instructions”. We find it problematic that the Proposed Amendments automatically deem any requests from investors to receive a copy of the designated documents as standing instructions. With the wider adoption of using the internet to access information (and internet penetration in Canada continues to increase), we query whether there is still the need for the concept of “standing instructions” for investors to access financial disclosure information.

For any investor who wishes to receive a copy of the designated documents and contacts the fund manager with their request, the fund manager should respond to such request and send to the investor the documents. However, our view is there is no need to turn such requests into standing instructions and assume the investor wishes to continue to receive the designated documents. While the Proposed Amendments contemplate the opportunity for the investor to subsequently provide the fund manager with the instructions that they no longer wish to receive the documents, the process of assuming and waiting for subsequent instructions from the investor means the need for fund managers to track these requests and implement a program. For fund managers that are currently using the mechanism of annual instructions, they will have to set up such a program. For fund managers that are currently using the mechanism of standing instructions, they will need to continue to maintain such a program. We submit that this seems inconsistent with the goal of reducing regulatory burden on investment funds and is also not a step towards modernization.

For the Lysander funds, based on our data from recent years, more than 99.5% of investors do not make a request to receive a copy of the designated documents. This means only less than 0.5% of investors would express the need for us to send them a copy of the designated documents. For this small group of investors, our view is the fund manager should respond to their requests, but sending to the investors the documents on an “as requested” basis is sufficient.

3. ***The transition provisions should not deem annual instructions given by investors prior to the Proposed Amendments coming into force as becoming standing instructions after the Proposed Amendments come into force.***

For the reasons submitted under item #2 above, we submit that the transition provisions should deem *annual* instructions given by investors prior to the Proposed Amendments coming into force as *annual* instructions (and not *standing* instructions) after the Proposed Amendments come into force.

4. ***The access-based model should also be extended to the notification requirement in National Instrument 81-102 Investment Funds, sub-section 10.1(3), where a fund manager is required to provide an annual statement on redemption requirements to each investor in an investment fund.***

National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) currently requires fund managers to send to investors an annual statement on matters related to the redemption of fund securities. Lysander currently includes this annual statement in the same annual mailing that it sends to investors under NI 81-106. Our understanding is that many other fund managers take a similar approach in meeting this requirement in NI 81-102. We submit that the access-based model should also extend to this requirement in NI 81-102. Otherwise, fund managers like Lysander will still end up having to send an annual mailing to securityholders in their funds. In our view, the information required to be communicated to investors under NI 81-102, 10.1(3) can be communicated by way of having prominent disclosure on a fund’s designated website. Investors can be educated on their redemption rights without receiving a specific annual notice in the mail.

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We thank the CSA for the opportunity to provide comments on the Proposed Amendments and we would be pleased to further discuss.

Yours truly,

**LYSANDER FUNDS LIMITED**

*(signed) “Ruth Liu”*

Ruth Liu  
General Counsel and Chief Compliance Officer

*Cc: Richard Usher-Jones, President, Lysander Funds Limited*