

## **Autorité des marchés financiers Notice 81-721 relating to frequently asked questions on the implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds – Delivery of Fund Facts**

### **Purpose**

Final amendments (Amendments) implementing Stage 2 of the Point of Sale disclosure initiative for Mutual Funds were published by the CSA on June 13, 2013. On September 1, 2013, the Amendments came into force<sup>1</sup>. To assist mutual fund managers and their staff or advisors in complying with the Amendments, we have compiled a list of frequently asked questions (FAQs) and the Autorité des marchés financiers (AMF) responses to those questions.

### **Background**

The Amendments will allow delivery of the Fund Facts instead of the simplified prospectus to satisfy the prospectus delivery requirements under securities legislation to deliver a prospectus within two days of buying a mutual fund. The Amendments also include changes to the presentation of risk and performance in the Fund Facts.

The Amendments will be phased-in, with transition periods for the amendments to Form 81-101F3 – *Contents of Fund Facts Document* (Form 81-101F3) and the requirement to deliver the Fund Facts to satisfy prospectus delivery obligations under securities legislation. The key dates are as follows:

- January 13, 2014 – the amendments to Form 81-101F3 take effect;
- May 13, 2014 – filing deadline to file Fund Facts in the amended form; and
- June 13, 2014 – the delivery requirement for the Fund Facts takes effect.

### **FAQs**

After reviewing the Amendments, AMF has received questions regarding its application and interpretation. This list of FAQs is not exhaustive, but broadly reflects the types of inquiries we have received.

We have divided the FAQs into two categories:

- A. Amendments to Form 81-101F3; and
- B. Delivery of Fund Facts.

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<sup>1</sup> In Québec, these Amendments can be found in the Regulation to amend *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*, in related *Policy Statement to Regulation 81-101 respecting Mutual Fund Prospectus Disclosure* and in the Regulation to amend *Regulation 81-102 respecting Mutual Funds*. These regulations approved by Order no. V-1.1-2013-17 of the ministère des Finances et de l'Économie dated August 15, 2013, as well as the amendments to the Policy Statement, were published in the Bulletin de l'Autorité on August 29, 2013, in section 6.2.2.

## A. – Amendments to Form 81-101F3

### A-1

Q. What SEDAR filing category should be used to file the Fund Facts in the amended form?

A. As of January 13, 2014, a mutual fund that files a preliminary or pro forma simplified prospectus and annual information form must concurrently file a Fund Facts in the amended form for each class or series of the mutual fund offered under the simplified prospectus on SEDAR under the applicable filing category, i.e. “Preliminary fund facts” or “Pro forma fund facts”.

If a mutual fund has not already done so, the Amendments also require the mutual fund to file a Fund Facts in the amended form for each class or series of the mutual fund by May 13, 2014. In the latter case, the Fund Facts in the amended form should be filed under the SEDAR filing category “Stage 2 Fund Facts”. Fund Facts filed under “Stage 2 Fund Facts” will be made public automatically.

### A-2

Q. Does a Fund Facts filed under the SEDAR filing category “Stage 2 Fund Facts” need to be filed with a certificate page and/or a blackline of the Fund Facts showing changes from the latest Fund Facts previously filed?

A. A Fund Facts filed under the SEDAR filing category “Stage 2 Fund Facts” does not require a certificate page or a blackline of the Fund Facts showing changes from the latest Fund Facts previously filed.

### A-3

Q. Can a Fund Facts in the amended form be filed with a preliminary or pro forma simplified prospectus and annual information form before the amended Form 81-101F3 requirements take effect on January 13, 2014?

A. Exemptive relief from Form 81-101F3 is required to file a Fund Facts in the amended form before January 13, 2014, when the amended form requirements take effect. If filing a preliminary or pro forma simplified prospectus and annual information form before January 13, 2014, filers seeking this relief should file a cover letter on SEDAR under the applicable project number requesting an exemption from Form 81-101F3, along with a brief explanation of the rationale for early compliance with the amended form requirements. An exemption from Form 81-101F3 will be evidenced by the issuance of a receipt for the simplified prospectus and annual information form as stipulated in section 6.2 of *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*. AMF will consider granting the relief if filers comply with the amended Form 81-101F3 requirements in their entirety.

A-4

Q. We expect to file a preliminary or pro forma simplified prospectus and annual information form after the amendments to Form 81-101F3 take effect on January 13, 2014, but before the deadline for filing Fund Facts in the amended form on May 13, 2014. Do we also need to file Fund Facts in the amended form under the SEDAR filing category “Stage 2 Fund Facts”?

A. If a receipt for the simplified prospectus and annual information form is issued before May 13, 2014, then the mutual fund can concurrently file the Fund Facts in the amended form with its simplified prospectus and annual information form. A separate filing of the Fund Facts under the SEDAR filing category “Stage 2 Fund Facts” is not necessary.

If a receipt for the simplified prospectus and annual information form is not issued until after May 13, 2014, then the mutual fund must (a) file a Fund Facts in the amended form under the SEDAR filing category “Stage 2 Fund Facts” before May 13, 2014, and (b) file a Fund Facts in the amended form with the simplified prospectus and annual information form. The Amendments extended the timeframe for certain information disclosed in the Fund Facts from 30 days to 60 days. Thus, within the 60 day period, the Fund Facts filed with the mutual fund’s simplified prospectus and annual information form can be the same Fund Facts previously filed under the SEDAR filing category “Stage 2 Fund Facts” but with a changed date to correspond with the prospectus filing date.

A-5

Q. We expect to file a preliminary or pro forma simplified prospectus and annual information form after May 13, 2014. Should the accompanying blacklined Fund Facts show changes from the Fund Facts previously filed with the 2012 final prospectus or the Fund Facts more recently filed under the SEDAR filing category “Stage 2 Fund Facts”?

A. The blacklined Fund Facts should show changes from the latest Fund Facts previously filed which, in this case, would be the Fund Facts filed under SEDAR filing category “Stage 2 Fund Facts.”

## **B. – Delivery of Fund Facts**

B-1

Q. Can a Fund Facts be delivered to satisfy the prospectus delivery requirements in securities legislation before the Fund Facts delivery requirement takes effect on June 13, 2014?

A. Exemptive relief is required to deliver the Fund Facts to satisfy the prospectus delivery requirements before June 13, 2014. CSA Staff Notice 81-321 – *Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements*<sup>2</sup> provides guidance on the key terms and conditions that the CSA will look for when considering these types of applications for exemptive relief. Filers who were previously granted exemptive relief to

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<sup>2</sup> At <http://www.lautorite.gc.ca/files/pdf/reglementation/valeurs-mobilieres/0-avis-acvm-staff/2011/2011fev24-81-321-acvm-en.pdf>.

permit the early use of Fund Facts can rely on the exemptive relief until it terminates by operation of the sunset clause in the exemptive relief order, which is the date the Fund Facts delivery requirement takes effect, i.e. June 13, 2014.

B-2

Q. Can filers who were previously granted exemptive relief from the prospectus delivery requirements for pre-authorized purchase plans continue to rely on the relief after the Fund Facts delivery requirement takes effect on June 13, 2014?

A. As the sunset clauses in these exemptive relief orders vary, filers should review the sunset clause in their exemptive relief order to determine when the relief terminates.

### **Questions**

If you have any questions, please refer them to:

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