

## REGULATION TO AMEND REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS

Securities Act  
(chapter V-1.1, s. 331.1, par. (1) and (6))

1. Form 41-101F2 of Regulation 41-101 respecting General Prospectus Requirements (chapter V-1.1, r. 14) is amended:

(1) in Item 1.3:

(a) by replacing, in paragraph (1) and after “venture capital fund,” the words “commodity pool” with the words “alternative fund”;

(b) by adding, after paragraph (3), the following:

“(4) If the mutual fund to which the prospectus pertains is an alternative fund, include a statement explaining that the fund has the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds and explain how exposure to such asset classes or the adoption of such investment strategies may affect investors’ chance of losing money on their investment in the fund.”;

(2) by deleting Item 1.12;

(3) by replacing, in Item 3.3, subparagraph (e) of paragraph (1) with the following:

“(e) the use of leverage, including the following:

(i) the maximum amount of leverage the investment fund may use as a ratio calculated in accordance with section 2.9.1 of Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39) by dividing the sum of the following by the net asset value of the alternative fund:

(A) the aggregate value of the investment funds’ indebtedness under any borrowing agreements entered into by the fund;

(B) the aggregate market value of securities to be sold short by the investment fund;

(C) the aggregate notional amount of the investment fund’s exposure under its specified derivatives transactions,

(ii) any restrictions on the leverage used or to be used by the investment fund, and

(iii) a brief explanation of any maximum or minimum limits that apply to each source of leverage;”;

(4) by adding, in Item 5 and after Instruction (3), the following:

“(4) *If the mutual fund is an alternative fund, describe the asset classes that the mutual fund invests in or the investment strategies that the mutual fund follows that cause it to fall within the definition of “alternative fund” in Regulation 81-102 respecting Investment Funds. If those investment strategies involve the use of leverage, disclose the sources of leverage (e.g., borrowing, short selling, use of derivatives) as well as the maximum amount of leverage the alternative fund may use as a ratio calculated in accordance with section 2.9.1 of Regulation 81-102 respecting Investment Funds by dividing the sum of the following by the net asset value of the alternative fund:*

(a) *the aggregate value of the alternative fund's indebtedness under any borrowing agreements entered into by the fund;*

(b) *the aggregate market value of securities to be sold short by the alternative fund;*

(c) *the aggregate notional amount of the alternative fund's exposure under its specified derivatives transactions.”;*

(5) in Item 6.1:

(a) by replacing, in paragraph (1), subparagraph (b) with the following:

“(b) the use of leverage, including the following:

(i) any restrictions on the leverage used or to be used by the investment fund, and

(ii) a brief explanation of any maximum and minimum limits that apply to amounts of leverage to the investment fund.”;

(b) by adding, after paragraph (6), the following:

“(7) For an alternative fund that borrows cash under subsection 2.6(2) of Regulation 81-102 respecting Investment Funds,

(a) state that the alternative fund may borrow cash and the maximum amount the fund may borrow, and

(b) briefly describe how borrowing will be used in conjunction with other strategies of the alternative fund to achieve its investment objectives and the terms of the borrowing arrangements.”;

(6) by adding, after Item 19.11, the following:

**“19.12. Lender**

(1) State the name of each person that has lent money to the investment fund.

(2) State whether any person that has lent money to the investment fund is an affiliate or associate of the manager of the alternative fund.”.

**2.** This Regulation comes into force on *(indicate here the date of coming into force of this Regulation)*.