

# COMPANION POLICY

81-101

## MUTUAL FUND PROSPECTUS DISCLOSURE

### PART 1

#### PURPOSE OF THE COMPANION POLICY

##### 1.1 Purpose of the Companion Policy

**Purpose of the Companion Policy** - The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters relating to the Instrument, including,

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument;
- (b) explanation and discussion of various parts of the Instrument; and
- (c) examples of some matters described in the Instrument.

### PART 2

#### PURPOSE AND GENERAL APPROACH OF THE INSTRUMENT

##### 2.1 Purpose of the Instrument

- (1) The purpose of the Instrument is to ensure that mutual funds provide investors with disclosure documents that clearly and concisely state information that investors should consider in connection with an investment decision about the mutual fund. Two general approaches have been used in the Instrument in order to achieve this result.
- (2) First, the Instrument requires, in subsection 4.1(1), that these documents be prepared using plain language and in a format that assists in readability and comprehension.
- (3) Second, the Instrument has been designed to ensure that investors receive disclosure documents that will be helpful to them, and permits mutual fund organizations considerable flexibility in designing those documents in order to assist investors. The Instrument contemplates the use of two documents by a mutual fund (in addition to



financial statements): a simplified prospectus, which is given to all investors, and an annual information form, which is available on request, that, together with the financial statements, contain full, true and plain disclosure about the mutual fund. However, the Instrument contemplates that, at the option of mutual fund organizations, investors may receive only the disclosure documents that pertain to the mutual funds in which they are interested.

## 2.2 Simplified Prospectus

- (1) The Instrument contemplates that all investors in a mutual fund will receive a simplified prospectus, which is to be a clear concise document that is designed to provide the typical investor with the necessary information to permit the making of an informed investment decision. The Instrument requires the delivery only of a simplified prospectus to an investor in connection with a purchase, unless the investor also requests delivery of the annual information form, financial statements or both.
- (2) The approach of the Instrument is to give investors a choice of the amount of information that they wish to consider before making a decision about investing in the mutual fund. Investors will have the option of purchasing the mutual fund's securities after reviewing the information in the simplified prospectus only or after requesting and reviewing the annual information form, financial statements, or both, incorporated by reference into the simplified prospectus.
- (3) The Instrument and Form 81-101F1 (the "SP Form") provide detailed requirements as to the contents and format of a simplified prospectus. These requirements
  - (a) are designed to ensure that simplified prospectuses are clear, concise, understandable and well-organized, and contain the most important information that an investor would consider in making an investment decision, in order to encourage investors to read and consider the contents of the simplified prospectus;
  - (b) standardize, to some degree, the order in which information is presented in a simplified prospectus, in order to ensure that investors may easily compare disclosure about one mutual fund with disclosure about other mutual funds in the same or a different simplified prospectus; and
  - (c) prohibit the addition of information in the simplified prospectus not specifically required by the SP Form, in order to prevent a simplified prospectus from expanding to a size that discourages an investor from reading it, and that obscures the most important information about a mutual fund that should be considered by an investor.

## 2.3 Annual Information Form



- (1) The Instrument contemplates that a supplemental disclosure document, the annual information form, will be provided to any person on request. The annual information form is incorporated by reference into the simplified prospectus.
- (2) Information contained in the related simplified prospectus will generally not be repeated in an annual information form except as necessary to make the annual information form comprehensible as an independent document. Generally speaking, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, such as information concerning the internal operations of the manager of the mutual fund, which may be of assistance or interest to some investors.
- (3) The Instrument and Form 81-101F2 (the "AIF Form") are designed to ensure that an annual information form, like a simplified prospectus, is prepared in a clear manner that will encourage investors to read it. Therefore, an annual information form is subject to the same general requirements of subsection 4.1(1) of the Instrument as the simplified prospectus, which is that both documents must be prepared using plain language and in a format that assists readability and comprehension.
- (4) The Instrument and the AIF Form allow for more flexibility in the preparation of an annual information form than is the case with a simplified prospectus. The rules pertaining to the order in which information is to be disclosed in an annual information form are not as stringent as for a simplified prospectus, and an annual information form may include information not specifically required by the AIF Form.

## 2.4 Financial Statements

**Financial Statements** - The Instrument contemplates that the mutual fund's most recently filed audited financial statements, and any interim statements filed after those audited statements, will be provided upon request to any person or company requesting them. Like the annual information form, these financial statements are incorporated by reference into the simplified prospectus. The result is that future filings will be incorporated by reference into the simplified prospectus, while superseding the financial statements previously filed.

## 2.5 Filing and Delivery of Documents

**Filing and Delivery of Documents** - Section 2.2 of the Instrument distinguishes between documents that are required by securities legislation to be "filed" with the securities regulatory authority and those that must be "delivered" or "sent" to the securities regulatory authority. The Canadian securities regulatory authorities remind mutual funds that documents that are "filed" are on the public record, and documents that are "delivered" or "sent" are not necessarily on the public record.

## 2.6 Supporting Documents

**Supporting Documents** - Section 2.2 of the Instrument and other Canadian securities legislation require supporting documents to be filed with a simplified prospectus and annual information form and amendments. A list of documents required is set out in an Appendix to National Policy 43-201 Mutual Reliance Review System for Prospectuses and Initial AIFs.

## 2.7 Amendments

- (1) Paragraph 2.1(d) of the Instrument requires an amendment to an annual information form to be filed whenever an amendment to a simplified prospectus is filed. If the substance of the amendment to the simplified prospectus is not such as to require a change to the text of the annual information form, the amendment to the annual information form would consist only of the certificate page referring to the mutual fund to which the amendment to the simplified prospectus pertains.
- (2) The commercial copies of an amended and restated document can be created either by a full reprint of the entire document, or by the use of stickers, affixed to an existing document, that provide the new text created by the amendment. If stickers are used, it will be necessary to use both a sticker for the substance of the amendments and a separate sticker for the cover page of the document in order to describe the type and date of the document as required by subsection 2.2(b) of the Instrument.
- (3) The requirements contained in section 2.2 of the Instrument apply both in relation to an amendment to a full simplified prospectus, and an amendment only to a Part A or Part B section of a simplified prospectus in cases in which the Part A and Part B sections are bound separately. The Canadian securities regulatory authorities note that section 2.2 of the Instrument would require amendments to various parts of a multiple SP to be evidenced as follows:
  1. For a multiple SP in which the Part A and the Part B sections are bound together, an amendment to either or both of the Part A or Part B sections could be in the form of a free standing amending instrument which would be delivered to investors with the rest of the multiple SP. The amending instrument would be identified, in accordance with subsection 2.2(3) of the Instrument, as "Amendment No. [insert number], dated [date of amendment] to the simplified prospectus document for the [name of funds] dated [date of original document]". Alternatively, the amendment could be in the form of a restated and amended multiple SP document, identified as such in accordance with subsection 2.2(3).
  2. For a multiple SP in which the Part A and the Part B sections are bound separately from each other, an amendment to the Part A section of the document in circumstances in which there was no amendment to a Part B section could be either in the form of an amending document or an amended and restated Part A

document. An amending document could be identified as "Amendment No. [insert number], dated [date of amendment], to the Part A section of the simplified prospectuses of the [name of funds] dated [original date of multiple SP]", and the amended and restated Part A document could be identified as "Amended and Restated Simplified Prospectuses dated [date of amendment] of the [name of funds], amending and restating the Simplified Prospectuses dated [original date of document]."

3. In the circumstances described in paragraph 2 above, it is noted that no amendment of any kind is required to be made to the Part B sections of the multiple SP. The footer required by Item 1 of Part B of Form 81-101F1 to be contained on the bottom of each page of a Part B section will continue to show the date of the original Part A document; for this reason the amended Part A document must be identified in a way that shows both the date of the amendments and the original date of the document so that it can be identified by investors as the document that relates to the corresponding Part B sections.
  4. For a multiple SP in which the Part A and the Part B sections are separately bound, an amendment to a Part B section must be made by way of an amended and restated Part B document, regardless of whether there is an amendment being made to the Part A section of the simplified prospectus. If no amendment to the Part A section of the simplified prospectus is being made, then it is not necessary to make any amendment to the Part A document. The amended and restated Part B document will be identified by an addition of a statement in the footer required by Item 1 of Part B of Form 81-101F1 that identifies the document as a document that amends and restates the original Part B document.
- (4) The Canadian securities regulatory authorities note that an amendment to a prospectus of a mutual fund, even if it amends and restates the prospectus, does not change the date under Canadian securities legislation by which the mutual fund must renew the prospectus. That date, which is commonly referred to as the "lapse date" for the prospectus, remains that date established under Canadian securities legislation.

## PART 3 PLAIN LANGUAGE AND PRESENTATION

### 3.1 Plain Language

**Plain Language** - Subsection 4.1(1) of the Instrument requires that a simplified prospectus and annual information form be written in plain language. The term "plain language" is defined in the Instrument as "language that can be understood by a reasonable person, applying a reasonable effort". The Canadian securities regulatory authorities note that the purpose of requiring documents to be written in plain language is to ensure that disclosure documents will be easy to read, and therefore more widely read by investors than traditional



prospectuses. Mutual funds should consider the following plain language techniques in preparing their documents:

- using short sentences
- using definite, concrete, everyday language
- using the active voice
- avoiding superfluous words
- organizing a document into clear, concise sections, paragraphs and sentences
- avoiding legal or business jargon
- using strong verbs
- using personal pronouns to speak directly to the reader
- avoiding reliance on glossaries and defined terms unless they facilitate understanding of the disclosure
- avoiding vague boilerplate wording
- avoiding abstractions by using more concrete terms or examples
- avoiding excessive detail
- avoiding multiple negatives
- using technical and business terms only when unavoidable and only if clear and concise explanations are provided for these terms.

## 3.2 Presentation

- (1) Subsection 4.1(1) of the Instrument requires that a simplified prospectus and annual information form be presented in a format that assists in readability and comprehension. The Instrument and related forms also set out certain aspects of a simplified prospectus and annual information form that must be presented in a required format, requiring some information to be presented in the form of tables, charts or diagrams. Within these requirements, mutual funds have considerable flexibility in the format used for simplified prospectuses and annual information forms. The formatting of documents can contribute substantially to the ease with which the document can be read and understood. Mutual funds should consider using the following formatting ideas when preparing their documents:

- tabular or bulleted presentation of complex information
  - maintaining white space on each page to lessen the density of the text
  - reasonably-sized, easy-to-read typeface
  - "question and answer" formats
  - avoiding presenting blocks of text in upper-case or italicized letters
  - avoiding full-justified margins.
- (2) The Canadian securities regulatory authorities are of the view that documents may be easier to read and understand with the use of design features such as pictures, colour, boxes, shading, graphs, charts, tables, graphics, sidebars and logos that accurately depict aspects of the mutual fund industry, the mutual fund or mutual fund family or products and services offered by the mutual fund family. Mutual funds should, however, exercise caution when using design features in their documents, as excessive use or crowding of design features might make the documents more difficult to read or understand.
- (3) The Canadian securities regulatory authorities note that they have, on occasion, seen amendments to simplified prospectuses prepared in highly legal and technical styles. For example, some amendments merely reference specific lines or sections of a simplified prospectus that are being amended, without providing the reader with a restated section or an explanation for the changes. In addition, some amendments have been presented in the form of photocopies of some other documents, such as meeting materials, with the word "amendment" written on the top of the photocopy. The Canadian securities regulatory authorities are of the view that these approaches are inappropriate ways of amending a simplified prospectus or annual information form under the Instrument. Material changes to mutual funds must be described in a format that assists in readability and comprehension, as required by subsection 4.1(1) of the Instrument. Therefore, the Canadian securities regulatory authorities expect that amendments will be expressed clearly, and in a manner that enables the reader to easily read and understand both the amendment and the revised sections of the relevant document. This manner of expression may require the preparation of either an amended or restated simplified prospectus or annual information form or a clearly worded amendment insert for the existing simplified prospectus or annual information form.

## **PART 4**

### **THE MULTIPLE SP**

## 4.1 General Provisions Relating to a Multiple SP

- (1) The predecessor to the Instrument, National Policy Statement No. 36 ("NP36"), contemplated the consolidation of the disclosure concerning a number of mutual funds into one document. What NP36 implied, and what the Instrument makes explicit, is that a consolidated "simplified prospectus" pertaining to a number of mutual funds is in law a number of separate simplified prospectuses, one simplified prospectus for each mutual fund. Further, a receipt issued by the securities regulatory authority in connection with a consolidated "simplified prospectus" in law represents a separate receipt for the simplified prospectus pertaining to each mutual fund. The Instrument and the SP Form make clear that a simplified prospectus under the Instrument pertains to one mutual fund and use the term "multiple SP" to refer to a document that contains more than one simplified prospectus. This distinction has been made explicit in order to clarify the statutory prospectus delivery obligation that arises on the sale of a security of a mutual fund if the two parts of the simplified prospectus are not bound together, as discussed in section 7.3 of this Policy.
- (2) Under the Instrument, a simplified prospectus consists of two sections: a Part A section, which provides introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization, and a Part B section, which contains specific information about the mutual fund.
- (3) The Instrument states that simplified prospectuses shall not be consolidated to form a multiple SP unless the Part A section of each simplified prospectus is substantially similar. In the view of the Canadian securities regulatory authorities, the term "substantially similar" would be applicable in this context if there is a high degree of similarity between the Part A sections of the simplified prospectuses that are proposed to be consolidated. This option would be available generally to mutual funds in the same mutual fund family that are administered by the same entities and operated in the same manner. There may be some deviation between the disclosure that would be provided for some of the mutual funds; those deviations have been largely contemplated by the SP Form.
- (4) In order to maximize flexibility for mutual fund organizations and improve the accessibility of disclosure provided to investors, the Instrument allows the Part B sections of a multiple SP to be bound separately from the Part A section. In addition, the Instrument permits the physical separation of each Part B section that pertains to a different mutual fund. This would permit an investor to be provided with a Part A section that described the mutual fund family and mutual fund organization generally, and only the fund-specific disclosure that relates to the mutual fund or funds in which the investor is interested. This approach could permit a "back pocket" approach in which the Part B sections of a simplified prospectus could be inserted in a pocket of the Part A section of the document.

- (5) The Instrument and the SP Form contain detailed requirements designed to ensure that the investor is aware that both the general and fund-specific parts of a multiple SP should be read.
- (6) The Instrument contains no restrictions on how many simplified prospectuses can be consolidated into a multiple SP.

## 4.2 Adding Additional Funds to a Multiple SP

- (1) It is noted that, as with NP36, mutual funds may create and file a document that contains both a *pro forma* simplified prospectus and a preliminary simplified prospectus in order to include the disclosure of a new mutual fund in documents that already pertain to existing mutual funds.
- (2) It is also possible to add a new mutual fund to a multiple SP that contains final simplified prospectuses. In this circumstance, an amended multiple SP and multiple AIF containing disclosure of the new mutual fund would be filed. The preliminary filing would constitute the filing of a preliminary simplified prospectus and annual information form for the new mutual fund and a draft amended and restated simplified prospectus and annual information form for each existing fund. Once comments concerning the document had been cleared, a final filing of the documents could be made; these documents would be a simplified prospectus and annual information form for the new mutual fund and an amended and restated simplified prospectus and annual information form for each previously existing mutual fund.
- (3) As noted under subsection 2.7(4) of this Policy, an amendment to a prospectus of a mutual fund does not change the "lapse date" of the prospectus under Canadian securities legislation. Mutual funds are encouraged to pay particular attention to this issue when following the procedures described in subsection (2).

# PART 5 THE SIMPLIFIED PROSPECTUS

## 5.1 General Purposes

**General Purposes** - The general purposes of a simplified prospectus are described in section 2.2 of this Policy. In light of those purposes, the Canadian securities regulatory authorities wish to bring a number of matters to the attention of the persons or companies that prepare simplified prospectuses.

## 5.2 Catalogue Approach



**Catalogue Approach** - The Instrument requires that a multiple SP must present the fund-specific, or Part B, disclosure about each fund using a catalogue approach, with the disclosure about each mutual fund presented separately from the disclosure about each other mutual fund. The Canadian securities regulatory authorities consider this requirement to be a key element of the disclosure regime created by the Instrument and related forms and expect that the catalogue approach will be strictly followed.

### 5.3 Additional Information

- (1) Paragraph 4.1(2)(a) of the Instrument provides that a simplified prospectus shall provide all information briefly and concisely. Paragraph 4.1(2)(e) of the Instrument requires that a simplified prospectus shall include only educational material or information that is specifically mandated or permitted by the required form.
- (2) As described in Part 2 of this Policy, the general requirements referred to in subsection (1) are important elements of the disclosure regime implemented by the Instrument and related forms. The Canadian securities regulatory authorities are of the view that simplified prospectuses must be restricted to key information and kept short in order to encourage as many potential investors as possible to read simplified prospectuses.
- (3) Item 12 of Part A and Item 14 of Part B of Form 81-101F1 permit disclosure of information required or permitted by securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by Form 81-101F1. This addition has been made to ensure that such information is not technically prohibited from being included in a simplified prospectus by paragraph 4.1(2)(e) of the National Instrument. Instruction (1) to Item 12 of Part A of Form 81-101F1 contains examples of the type of disclosure that may be appropriately included under these Items.

### 5.4 Inclusion of Educational Material

- (1) Paragraph 4.1(2)(e) of the Instrument permits the inclusion of educational material in a simplified prospectus. There are no requirements as to the location of any educational material; however, the Canadian securities regulatory authorities recommend that educational material contained in a simplified prospectus be close to mandated disclosure to which the educational material substantively relates.
- (2) It is noted that educational material contained in a simplified prospectus is subject to the general requirements of the Instrument, and therefore should be presented in a manner consistent with the rest of the simplified prospectus. Therefore, the educational material should be concise, clear and not so lengthy as to detract from the clarity or presentation of the balance of the simplified prospectus.
- (3) The definition of "educational material" contained in section 1.1 of the Instrument

excludes material that promotes a particular mutual fund or mutual fund family or the products or services offered by the mutual fund or mutual fund family. A mutual fund, mutual fund family or those products or services may be referred to in educational material as an example so long as the reference does not result in the promotion of those entities, products or services. Mutual funds should ensure that any material included within, attached to or bound with a simplified prospectus is educational material within the meaning of this definition.

## 5.5 Format

**Format** - The Canadian securities regulatory authorities emphasize that a simplified prospectus is required to use the headings and specified sub-headings exactly as they are set out in the Instrument. For sections for which no sub-heading is specified, a simplified prospectus is permitted to include sub-headings, under the required headings, if it is so desired.

# PART 6 THE ANNUAL INFORMATION FORM

## 6.1 General Purposes

**General Purposes** - The general purposes of an annual information form are described in section 2.3 of this Policy. In light of those purposes, the Canadian securities regulatory authorities wish to bring a number of matters to the attention of the persons or companies that prepare annual information forms.

## 6.2 Accessibility of an Annual Information Form

**Accessibility of an Annual Information Form** - The Canadian securities regulatory authorities expect that mutual funds, managers of mutual funds, principal distributors and participating dealers will encourage investors who want more information about a mutual fund to both request and read annual information forms. The Instrument requires that an annual information form be sent within three business days of a request, and the Canadian securities regulatory authorities expect that mutual funds and their managers will be diligent in complying with this requirement.

## 6.3 Consolidation of Annual Information Forms

**Consolidation of Annual Information Forms** - Subsection 5.4(1) of the Instrument requires the consolidation of annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. It is noted that the Instrument does not



prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated. Therefore, a mutual fund organization may prepare, for instance, one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.

## **6.4 Additional Material**

- (1) The Instrument and AIF Form do not prohibit the inclusion in an annual information form of information not specifically required by the AIF Form. Among other things, a mutual fund may therefore include educational information in an annual information form. Additional material in an annual information form is, however, subject to the general requirements contained in subsection 4.1(1) of the Instrument that all information must be presented in plain language and in a format that assists in readability and comprehension.
- (2) The Canadian securities regulatory authorities remind mutual funds that include additional information, such as educational material, in an annual information form to ensure that that material is not included primarily for purpose of promotion. An annual information form is designed to be easily understandable to investors and less legalistic in its drafting than traditional prospectuses, but it still constitutes part of a prospectus under securities legislation.

## **PART 7 DELIVERY**

### **7.1 Delivery of the Simplified Prospectus and Annual Information Form.1**

- (1) The Instrument contemplates delivery to all investors of a simplified prospectus in accordance with the requirements of securities legislation, and does not require the delivery of the documents incorporated by reference into the simplified prospectus unless requested. However, a mutual fund is free to adopt a practice of routinely providing investors or potential investors with a simplified prospectus, annual information form and financial statements if it so chooses.
- (2) The Canadian securities regulatory authorities encourage mutual funds, their managers and principal distributors to make simplified prospectuses available to potential investors as soon as possible in the sales process, in advance of any requirements contained in the Instrument or securities legislation, either directly or through dealers and others involved in selling mutual fund securities to investors.
- (3) The Canadian securities regulatory authorities do not consider the requirements of

section 3.4 of the Instrument to be exclusive. Mutual funds are therefore encouraged to inform investors that they may use the mutual fund's Internet sites and e-mail addresses to request further information and additional documents.

## 7.2 Delivery of Documents by a Mutual Fund

**Delivery of Documents by a Mutual Fund** - Section 3.3 of the Instrument requires that a mutual fund deliver or send to a person or company, upon request, a simplified prospectus or documents incorporated by reference. The Canadian securities regulatory authorities are of the view that compliance with this specifically-mandated requirement by an unregistered entity is not a breach of the registration requirements of securities legislation.

## 7.3 Delivery of Separate Part A and Part B Sections

- (1) Mutual fund organizations that create physically separate Part B sections are reminded of section 3.2 of the Instrument, which provides that the requirement under securities legislation to deliver or send a prospectus for a mutual fund is satisfied by the delivery or sending of a simplified prospectus for the mutual fund. This obligation would be satisfied only by the delivery of both the Part A and Part B sections of a simplified prospectus. Particularly in the case of a switch by an investor from one mutual fund to another in a mutual fund family, the mutual fund organization must ensure that the investor is provided with the Part B section of the simplified prospectus pertaining to the mutual fund just purchased, even if the Part A section of the simplified prospectus was previously delivered.
- (2) Subsection 5.3(2) of the Instrument permits Part B sections that have been bound separately from the related Part A section to either be bound individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for distribution to some investors, but also being bound with the Part B section of other mutual funds for distribution to other investors.

## 7.4 Delivery of Non-Educational Material

**Delivery of Non-Educational Material** - The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with either of the simplified prospectus or the annual information form. This type of material may, therefore, be delivered with, but cannot be included within, wrapped around, or attached or bound to, the simplified prospectus and annual information form.

## 7.5 Delivery of Financial Statements



**Delivery of Financial Statements** - The Canadian securities regulatory authorities remind mutual funds that statements of portfolio transactions, as part of the financial statements of a mutual fund, are documents that are incorporated by reference in a simplified prospectus and are to be delivered upon request. Statements of portfolio transactions are only required to be delivered if specifically requested, and not automatically required to be delivered in response to requests for financial statements.

## **PART 8**

### **COMMENTARY ON INVESTMENT AND RELATED DISCLOSURE**

#### **8.1 Investment Disclosure**

**Investment Disclosure** - The SP Form requires detailed disclosure concerning a number of aspects of the investment approach taken by a mutual fund, including disclosure concerning fundamental investment objectives, investment strategies, and risk and risk management. The SP Form has been prepared to require better disclosure in this regard than what was required under NP36. The Canadian securities regulatory authorities emphasize the importance that they attach to this disclosure, and note that, for many mutual funds, the best persons to prepare and review the disclosure are the portfolio advisers of the mutual fund. Therefore, it is highly recommended that those persons play an important role in the preparation and review of this disclosure.

#### **8.2 Portfolio Advisers**

**Portfolio Advisers** - The AIF Form requires disclosure concerning the extent to which investment decisions are made by particular individuals employed by a portfolio adviser, or by committee, and requires in section 10.3(3)(b) of the AIF Form that certain specified information be given about those individuals principally responsible for the investment portfolio of the mutual fund. Section 5.10 of National Instrument 81-102 Mutual Funds requires that a simplified prospectus be amended if a significant change occurs to the operations of the mutual fund. Reference is made to section 7.4 of Companion Policy 81-102CP Mutual Funds for a discussion of when a departure of a high-profile individual from a portfolio adviser of a mutual fund may constitute a significant change for the mutual fund. Mutual funds should consider these provisions if and when they encounter the departure of such a person from a portfolio adviser. If such a departure is not a significant change for the mutual fund, then there is no requirement for an amendment to a simplified prospectus, subject to the general requirement that a simplified prospectus contain full, true and plain disclosure about the mutual fund.

## **PART 9**

### **NEED FOR MULTIPLE OR SEPARATE APPLICATIONS**



## 9.1 Need for Multiple or Separate Applications

- (1) The Canadian securities regulatory authorities note that a person or company that obtains an exemption from a provision of the Instrument need not apply again for the same exemption at the time of each simplified prospectus and annual information form refiling unless there has been some change in an important fact relating to the granting of the exemption.
- (2) It should be noted that the principle described in subsection (1) does not necessarily apply to applications required to be made under the Regulations to the *Securities Act* (Quebec) for relief from provisions of those Regulations that are substantially similar to those contained in the Instrument. In that case, an application may be required with each refiling of a simplified prospectus and annual information form of a mutual fund.
- (3) In Quebec, it may be necessary to apply for exemptions from the equivalent sections in the Act and the Regulations.

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