

## Regulation to amend Regulation 81-101 Mutual fund prospectus disclosure<sup>2</sup>

Securities Act

(R.S.Q., c. V-1.1, s. 331.1par. (1), (6), (8), (11), (14) and (34); 2004, c. 37)

**1.** Section 3.1 of Regulation 81-101 Mutual Fund Prospectus Disclosure is amended by adding the following subsections at the end:

“(4) the most recently filed annual management report of fund performance that was filed by the mutual fund either before or after the date of the simplified prospectus;

(5) the most recently filed interim management report of fund performance that was filed by the mutual fund either before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.”.

**2.** Section 7.1 of the Regulation is repealed.

**3.** The Regulation is amended by inserting the following after section 7.3:

### “7.4 Introduction of Management Reports of Fund Performance

Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that filed an annual management report of fund performance pursuant to Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order 2005-05 dated 19 May 2005.

This section will cease to have effect on October 27, 2006.”.

**4.** Form 81-101F1 Contents of Simplified Prospectus of the Regulation is amended:

(a) by replacing, wherever they appear, “the Instrument”, “National Instrument 81-102 Mutual Funds”, “National Instrument” and “those national instruments” by “the Regulation”, “Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001”, “Regulation” and “those regulations” respectively, and making the necessary changes.

(b) in Part A:

i. by replacing the third bullet point in Item 3.1 by the following:

“• Additional information about the Fund is available in:

- the Annual Information Form;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], or from your dealer.”;

ii. by replacing the third bullet point in Item 3.2 by the following:

“• Additional information about each Fund is available in:

- the Annual Information Form;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;

<sup>2</sup> Regulation 81-101 Mutual Fund Prospectus adopted on June 12, 2001 pursuant to decision No. 2001-C-0283 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26, dated June 29, 2001, was amended by the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0285 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26 dated June 29, 2001 and the regulation approved pursuant to Ministerial Order No. V-1.1-2004-01 dated February 19, 2004 (2004, G.O. 2, 1062).

- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], or from your dealer.”;

iii. by replacing subsection 2 of Item 14 by the following:

“(2) State, in substantially the following words:

“• Additional information about the Fund[s] is available in the Fund[’s/s’] Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

• You can get a copy of these documents, at your request and at no costs, by calling [toll-free/collect][insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund’s Internet site] or] or at [www.sedar.com](http://www.sedar.com).”.

(c) in Part B:

i. by repealing Items 8, 11 and 13.1;

ii. in Item 13.2:

(A) by replacing subsection 1 by the following:

“(1) Under the heading “Fund Expenses Indirectly Borne by Investors”, provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in subsection (2)”;

(B) by replacing subsection (4) by the following:

“(4) The management expense ratio used in calculating the disclosure to be provided under this Item is calculated in accordance with Part 15 of Regulation 81-106 respecting Investment Fund Continuous Disclosure.”.

5. Form 81-101F2 Contents of Annual Information Form of the Regulation is amended:

(a) by replacing, wherever they appear, “the Instrument”, “this Instrument”, “National Instrument 81-102 Mutual Funds”, “National Instrument” and “those national instruments” by “the Regulation”, “this Regulation”, “Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001”, “Regulation” and “those regulations” respectively, and making the necessary changes.

(b) in Item 12:

i. by adding the following after subsection (6):

“(7) Unless the mutual fund invests exclusively in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities, including:

(a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the mutual fund’s manager, portfolio adviser, or any affiliate or associate of the mutual fund, its manager or its portfolio adviser;

(b) any policies and procedures of the mutual fund’s portfolio adviser, or any other third part, that the mutual fund follows, or that are followed on the mutual fund’s behalf, to determine how to vote proxies relating to portfolio securities.

State that the complete policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities are available on request, at no costs, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or by writing to [address].

(8) State that the mutual fund’s proxy voting record for the most recent period ended June 30 is available free of charge to any securityholder of the mutual fund upon request at any time after August 31 of the same year. Give address, if any, for consulting the proxy voting record on the fund’s Internet site.”.

ii. by adding the following after the first paragraph of the Instruction:

*“The mutual fund’s policies and procedures for proxy voting must comply with section 10.2 of Regulation 81-106 respecting Investment Fund Continuous Disclosure.”;*

(c) by adding the following at the end of Item 15 :

*“INSTRUCTION*

*The disclosure required under Item 15(1) regarding executive compensation for management functions carried out by employees of a mutual fund must be made in accordance with Form 51-102F6 Statement of Executive Compensation of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005.”.*

(d) by replacing subsection 2 of Item 24 by the following :

“(2) State, in substantially the following words :

“• Additional information about the Fund[s] is available in the Fund[’s/s’] management reports of fund performance and financial statements.

• You can get a copy of these documents, at your request and at no costs, by calling [toll-free/collect][insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund’s Internet site] or] or at [www.sedar.com](http://www.sedar.com).”.

**6.** The Regulation is amended by replacing, wherever they appear, the words “this Instrument” by the words “this Regulation”, and making the necessary changes.

**7.** The Regulation is amended by replacing, wherever they appear, “National Instrument 81-102 Mutual Funds”, “the National Instrument” and “those Instruments” by “Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001”, “the Regulation” and “those Regulations” respectively, and making the necessary changes.

**8.** This Regulation comes into force on June 1, 2005, with the exception of subparagraph 4(c)(i), which comes into force on October 27, 2006.