

REGULATION TO AMEND REGULATION 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE

Securities Act
(R.S.Q., c. V-1.1)

1. Section 1.1 of Regulation 81-101 Mutual Fund Prospectus Disclosure is amended:

(1) by adding the following before the definition of “material contract”:

““independent review committee” means the independent review committee of the investment fund established under Regulation 81-107 respecting Independent Review Committee for Investment Funds approved by ministerial order (*indicate the number and date of the ministerial order approving the regulation*);”;

(2) in the definition of “commodity pool”:

(a) by replacing, in paragraph (a) of the French text, the words “Règlement 81-102 *Les organismes de placement collectif*” with the words “Règlement 81-102 sur les organismes de placement collectif adopté par la Commission des valeurs mobilières du Québec en vertu de la décision n° 2001-C-0209 du 22 mai 2001”;

(b) by replacing, in paragraph (b), the words “Regulation 81-102” with the words “Regulation 81-102 Mutual Funds”;

(3) by replacing, in the definition of “precious metals fund”, the words “Regulation 81-102” with the words “Regulation 81-102 Mutual Funds”.

2. Form 81-101F1, Contents of Simplified Prospectus, of the Regulation is amended:

(1) in General Instruction (2), by deleting the words “*adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001*” and by replacing the words “*of Regulation 81-102*” with the words “*of Regulation 81-102 Mutual Funds*”;

(2) in Part A:

(a) in Item 5:

(i) by adding the following subsection after subsection (3):

“(3.1) Under a separate sub-heading “Independent Review Committee” in the diagram or table, briefly describe the independent review committee of the mutual funds, including

- an appropriate summary of its mandate,
- its composition,
- that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund’s/mutual fund family’s] Internet site at [insert mutual fund’s Internet site address], or at the securityholders’ request, at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund’s e-mail address]), and
- that additional information about the independent review committee, including the names of the members, is available in the mutual fund’s Annual Information Form.”;

(ii) by adding the following subsection after subsection (5):

“(6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for substantially all of the mutual funds described in the document, provide only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection under Item 4(3.1) of Part B of this Form.”;

(iii) by adding the following Instruction after Instruction (2):

“(3) The information about the independent review committee should be brief. For instance, its mandate may in part be described as “reviewing, and providing input on, the manager’s written policies and procedures which deal with conflict of interest matters for the manager and reviewing such conflict of interest matters.” A cross-reference to the annual information form for additional information on the independent review committee and fund governance should be included.”;

(b) in Item 8.1:

(i) by adding the following subsection after subsection (3):

“(3.1) Under “Operating Expenses” in the table, include a description of the fees and expenses payable in connection with the independent review committee.”;

(ii) by adding the following subsection after subsection (5):

“(6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.”;

(3) in Part B:

(a) by adding the following after subsection (3) of Item 4:

“(3.1) Under a separate sub-heading “Independent Review Committee” in the diagram or table, briefly describe the independent review committee of the mutual funds, including

- an appropriate summary of its mandate,
- its composition,
- that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund’s/mutual fund family’s] Internet site at [insert mutual fund’s Internet site address], or at the securityholders’ request, at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund’s e-mail address]), and
- that additional information about the independent review committee, including the names of the members, is available in the mutual fund’s Annual Information Form.”;

(b) by adding the following after subparagraph (ii) of paragraph (f) of Item 5:

“(iii) the amount of the fees and expenses payable in connection with the independent review committee, charged to the mutual fund; and”;

(c) by deleting, in subsection (1) of Item 11.1, the words “adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001”;

(4) by replacing, wherever they appear, the words “Regulation 81-102” with the words “Regulation 81-102 Mutual Funds”, and making the necessary changes;

(5) by replacing the words “gérant”, “le gérant”, “du gérant”, “au gérant” and “son gérant”, wherever they appear in the French text, with the words “société de gestion”, “la société de gestion”, “de la société de gestion”, “à la société de gestion” and “sa société de gestion”, respectively, and making the necessary changes.

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

(1) in General Instruction (2), by deleting the words “*adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001*” and by replacing the words “*of Regulation 81-102*” with the words “*of Regulation 81-102 Mutual Funds*”;

(2) by adding the following after subsection (2) of Item 4:

“(2.1) If the mutual fund has relied on the approval of the independent review committee and has satisfied the relevant requirements of Regulation 81-107 respecting Independent Review Committee for Investment Funds to vary any of the investment restrictions and practices contained in securities legislation, including Regulation 81-102 Mutual Funds, provide details of the variations.

(2.2) If the mutual fund has relied on the approval of the independent review committee to implement a reorganization with, or transfer of assets to, another mutual fund or to proceed with a change of auditor of the mutual fund as permitted by Regulation 81-102 Mutual Funds, provide details.”;

(3) in Item 10.1, by striking out the word “and” at the end of paragraph (f), adding “; and” at the end of paragraph (g) and adding the following after paragraph (g):

“(h) the oversight of the manager of the mutual fund by the independent review committee.”;

(4) by adding the following after subsection (5) of Item 11.1:

“(6) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the independent review committee members of the mutual fund

(a) in the mutual fund if the aggregate level of ownership exceeds 10 percent,

(b) in the manager, or

(c) in any person or company that provides services to the mutual fund or the manager.”;

(5) by replacing the heading of Item 12 of the French text with the words “Gouvernance d’OPC”;

(6) in Item 12:

(a) by replacing, in subsection (1) of the French text, the word “régie” with the word “gouvernance”;

(b) by replacing paragraph (a) of subsection (1) with the following:

“(a) the mandate and responsibilities of the independent review committee and the reasons for any change in the composition of the independent review committee since the date of the most recently filed annual information form;

(a.1) any other body or group that has responsibility for fund governance and the extent to which its members are independent of the manager of the mutual fund; and”;

(c) by renumbering the Instruction as Instruction (1);

(d) by adding the following after Instruction (1):

“(2) *If the mutual fund has an independent review committee, state in the disclosure provided under paragraph (1)(b) that Regulation 81-107 respecting Independent Review Committee for Investment Funds requires the manager to have policies and procedures relating to conflicts of interest.*”;

(6) by replacing subsection (2) of Item 15 with the following:

“(2) Describe any arrangements under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund, members of an independent board of governors or advisory board of the mutual fund and members of the independent review committee of the mutual fund, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert.”.

4. The Regulation is amended by replacing, wherever they appear, the words “Regulation 81-102” with the words “Regulation 81-102 Mutual Funds”, and making the necessary changes.

5. The Regulation is amended by replacing the words “gérant”, “le gérant”, “du gérant”, “au gérant” and “son gérant”, wherever they appear in the French text, with the words “société de gestion”, “la société de gestion”, “de la société de gestion”, “à la société de gestion” and “sa société de gestion”, respectively, and making the necessary changes, except in the expression “courtier gérant”.

6. This Regulation comes into force on November 1, 2006.