

**AMENDMENT TO POLICY STATEMENT TO REGULATION 81-102 RESPECTING MUTUAL FUNDS**

1. Section 2.5 of *Policy Statement to Regulation 81-102 respecting Mutual Funds* is amended by deleting paragraph (4).

2. Section 3.1 of the Policy Statement is amended:

(1) by replacing, in paragraph (1), the words “the net assets of the mutual fund, taken at market value at the time of purchase,” with the words “their net asset value”;

(2) by replacing, in subparagraphs 1 and 2 of paragraph (4), the words “net assets, taken at market value at the time of purchase” with the words “net asset value”;

(3) by deleting paragraph (6);

(4) in paragraph (7):

(i) by replacing the words “In addition to the limitation described in subsection (6), the” with the word “The”;

(ii) by replacing, in subparagraph (a), the words “subsections (4) and (6)” with the words “subsection (4)”;

(iii) by replacing, in subparagraph (c), the words “net assets” with the words “net asset value”.

3. Section 3.2 of the Policy Statement is amended by deleting, in paragraph (3), the word “simplified”.

4. Section 3.4 of the Policy Statement is amended:

(1) by deleting paragraph (1);

(2) by replacing paragraph (2) with the following:

“(2) Subsection 2.5(7) of the Regulation provides that certain investment restrictions and reporting requirements do not apply to investments in other mutual funds made in accordance with section 2.5. In some cases, a mutual fund’s investments in other mutual funds will be exempt from the requirements of section 2.5 because of an exemption granted by the regulator or securities regulatory authority. In these cases, assuming the mutual fund complies with the terms of the exemption, its investments in other mutual funds would be considered to have been made in accordance with section 2.5. It is also noted that subsection 2.5(7) applies only with respect to a mutual fund’s investments in other mutual funds, and not for any other investment or transaction.”

5. Section 3.7 of the Policy Statement is amended, in the French text, by replacing, wherever they occur, the words “valeur au marché” with the words “valeur marchande”.

6. The Policy Statement is amended by inserting, after section 3.7, the following:

**“3.7.1. Money Market Funds**

Section 2.18 of the Regulation imposes daily and weekly liquidity requirements on money market funds. Specifically, money market funds must keep 5% of their assets invested in cash or readily convertible into cash within one day, and 15% of their assets invested in cash or readily convertible into cash within one week. Assets that are “readily convertible to cash” would generally be short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an

insignificant risk of changes in value. Such assets can be sold in the ordinary course of business within one business day (in the case of the daily liquidity requirement) or within five business days (in the case of the weekly liquidity requirement) at approximately the value ascribed to them by the money market fund. The CSA note that the securities do not have to mature within the one and five business day periods. For example, direct obligations of the Canadian or U.S. government, or of a provincial government, that mature after one or five business days but that can be readily converted to cash within one or five business days, would likely be eligible for the 5% and 15% liquidity requirements.”

7. Section 5.1 of the French text of the Policy Statement is amended:

(1) by replacing paragraph (1) with the following:

“1) Le paragraphe 1 de l'article 4.4 du règlement contient des dispositions selon lesquelles un contrat ou une déclaration de fiducie par lequel une personne assume les fonctions de gestionnaire d'un OPC doit prévoir que le gestionnaire est responsable de toute perte qui découle du défaut de sa part, et de la part de toute personne dont l'OPC ou le gestionnaire a retenu les services pour assumer les responsabilités du gestionnaire envers l'OPC, de satisfaire au critère de diligence prévu à cet article. Le paragraphe 2 de cet article prévoit qu'un OPC ne doit pas dégager le gestionnaire de cette responsabilité.”;

(2) by replacing, wherever they occur in paragraph (2), the words “prestataires” and “prestataire” with, respectively, the words “fournisseurs” and “fournisseur”.

8. Section 6.2 of the Policy Statement is amended by deleting, in paragraph (3), the word “simplified”.

9. Section 13.1 of the Policy Statement is amended by deleting, wherever it occurs in paragraphs (3) and (5), the word “simplified”, and by replacing, wherever they occur in the French text of paragraphs (6) and (7), the words “repère” and “repères” with, respectively, the words “indice de référence” and “indices de référence”, and making the necessary changes.

10. Section 13.2 of the Policy Statement is amended by replacing, wherever they occur in paragraph (5), the words “a simplified prospectus” with the words “a prospectus”.

11. The Policy Statement is amended by replacing, wherever they occur in the French text of sections 1.1, 2.8 and 7.1, the words “prestataires” and “prestataire” with, respectively, the words “fournisseurs” and “fournisseur”.

12. The Policy Statement is amended by replacing, wherever it occurs in the French text, the word “liquidités” with the word “espèces”.

13. The Policy Statement is amended by replacing, wherever they occur in the French text, the words “valeur au marché” with the words “valeur marchande”.

14. The Policy Statement is amended by replacing, wherever it occurs in the French text, the word “repère” with the words “indice de référence”, and making the necessary changes.