

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 81-102 RESPECTING INVESTMENT FUNDS*

1. Section 3.4 of *Policy Statement to Regulation 81-102 respecting Investment Funds* is amended by adding, after paragraph (2), the following:

“(3) Section 2.5.1 of the Regulation provides that certain investment restrictions and reporting requirements do not apply to investments by investment funds that are not reporting issuers, including investments in other investment funds that are not reporting issuers, made in accordance with the conditions in section 2.5.1 of the Regulation.”

2. Section 3.8 of the Policy Statement is amended by inserting, at the end of paragraph (1), the following sentence:

“For purchases of debt securities made during the 60-day period after distribution, commentary 7 to section 6.1 of *Regulation 81-107 respecting Independent Review Committee for Investment Funds* provides guidance to assist in determining if the ask price for a debt security is readily available.”

3. The Policy Statement is amended by adding, after section 10.6, the following:

“10.7. *In specie* Subscriptions and Redemptions

Sections 9.4 and 10.4 of the Regulation permit subscription and redemption payments to be made by making good delivery of securities or portfolio assets. Subsections 9.4(7), 9.4(8), 10.4(6) and 10.4(7) provide exemptions from the conflict of interest investment restrictions and reporting requirements to facilitate these payments between related mutual funds, including mutual funds that are not reporting issuers and related managed accounts that are managed by the same portfolio adviser. IRC approval is a condition in instances involving payments with mutual funds that are reporting issuers. For mutual funds that are not reporting issuers, it is up to the fund’s manager to decide if an IRC should be appointed to approve these transactions or, if it has an IRC already, to tailor the IRC’s mandate to include approval of these transactions. For transactions involving managed accounts, the portfolio adviser must obtain the written consent of the client.”