

AMENDMENTS TO COMPANION POLICY 81-105: MUTUAL FUND SALES PRACTICES

1. *Companion Policy 81-105: Mutual Fund Sales Practices* is amended by replacing the title with the following:

“POLICY STATEMENT TO REGULATION 81-105 RESPECTING MUTUAL FUND SALES PRACTICES”.

2. This Companion Policy is amended by replacing section 1.1 with the following:

“1.1. Purpose

The purpose of this Policy is to state the views of the Canadian securities regulatory authorities on various matters relating to *Regulation 81-105 respecting Mutual Fund Sales Practices* (chapter V-1.1, r. 41) (the “Regulation”), including

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Regulation;
- (b) the interpretation of various terms used in the Regulation; and
- (c) examples of some of the matters described in the Regulation.”.

3. This Companion Policy is amended by inserting, after section 4.1, the following:

“4.1.1. Front-end load sales option

The Canadian securities regulatory authorities are of the view that the Regulation does not preclude members of the organization of a mutual fund from facilitating the payment by a mutual fund investor to a participating dealer of a sales commission in connection with the purchase of mutual fund securities that is negotiated and agreed to exclusively between those two parties. For example, the participating dealer may remit to the member the gross proceeds of an investor’s purchase of mutual fund securities from which the member may then deduct and remit the sales commission to the participating dealer on the investor’s behalf pursuant to instructions received from the dealer.

“4.1.2. Disclosure of deferred sales charge option

Some investment fund managers offer the deferred sales charge option as one of multiple purchase options available under a single series or class of mutual fund securities. As the deferred sales charge option is prohibited in certain jurisdictions, the simplified prospectus and the fund facts document should provide disclosure to clearly indicate the jurisdictions where the deferred sales charge option is prohibited and where it is available. Investment fund managers may opt to provide a separate series or class of mutual fund securities for the sale of the deferred sales charge option in the jurisdictions where it is available.”.

4. This Companion Policy is amended by replacing, wherever they appear, the words “the Instrument” with the words “the Regulation” and the words “person or company” with the word “person”, and making the necessary changes.