

## REGULATION 81-106 RESPECTING INVESTMENT FUND CONTINUOUS DISCLOSURE

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (8), (9), (19), (19.1), (20) and (34))

1. Section 1.1 of Regulation 81-106 respecting Investment Fund Continuous Disclosure is amended:

(1) by inserting, after the French text of the definition of “material contract”, the following definitions:

“« entreprise ayant une obligation d’information du public » : une entreprise ayant une obligation d’information du public au sens du Manuel de l’ICCA;

« état des variations de la situation financière » : tout état des variations des capitaux propres ou de l’actif net attribuable aux porteurs applicable au fonds d’investissement;

« états financiers » : notamment les rapports financiers intermédiaires;”;

(2) by inserting, after the definition of « EVCC », the following definition:

““financial statements” includes interim financial reports;”;

(3) by inserting, after the definition of “non-redeemable investment fund”, the following definition:

““publicly accountable enterprise” means a publicly accountable enterprise determined in accordance with the Handbook;”;

(4) by replacing, in the French text of the definition of “management fees”, the words “charges d’exploitation” with the words “charges opérationnelles”;

(5) by inserting, after the definition of “scholarship plan”, the following definition:

““statement of changes in financial position” means a statement of changes in equity or in net assets attributable to securityholders, as applicable to the investment fund;”;

(6) by replacing the definition of “net asset value” with the following definition:

““net asset value” means the value of the total assets of the investment fund less the value of the total liabilities, other than net assets attributable to securityholders, of the investment fund, as at a specific date, determined in accordance with Part 14;”.

2. Section 2.1 of the Regulation is replaced with the following:

### “2.1. Comparative Annual Financial Statements and Auditor's Report

(1) An investment fund must file annual financial statements for the investment fund's most recently completed financial year that include

(a) a statement of financial position as at the end of that financial year and a statement of financial position as at the end of the immediately preceding financial year;

(b) a statement of comprehensive income for that financial year and a statement of comprehensive income for the immediately preceding financial year;

(c) a statement of changes in financial position for that financial year and a statement of changes in financial position for the immediately preceding financial year;

(d) for financial years beginning on or after January 1, 2011, a statement of cash flows for that financial year and a statement of cash flows for the immediately preceding financial year;

(e) a statement of investment portfolio as at the end of that financial year; and

(f) a statement of financial position as at the beginning of the immediately preceding financial year if the investment fund discloses in its annual financial statements an explicit and unreserved statement of compliance with IFRS and if the investment fund:

(i) applies an accounting policy retrospectively in its annual financial statements,

(ii) makes a retrospective restatement of items in its annual financial statements, or

(iii) reclassifies items in its annual financial statements; and

(g) notes to the annual financial statements.

(2) Annual financial statements filed under subsection (1) must be accompanied by an auditor's report.”.

3. Section 2.2 of the Regulation is amended by replacing, in the French text, the words “rapport de vérification” with the words “rapport d’audit”.

4. Sections 2.3 and 2.4 of the Regulation are replaced with the following:

**“2.3. Interim Financial Report**

An investment fund must file an interim financial report for the investment fund's most recently completed interim period that includes

(a) a statement of financial position as at the end of that interim period and a statement of financial position as at the end of the immediately preceding financial year;

(b) a statement of comprehensive income for that interim period and a statement of comprehensive income for the corresponding period in the immediately preceding financial year;

(c) a statement of changes in financial position for that interim period and a statement of changes in financial position for the corresponding period in the immediately preceding financial year;

(d) for financial years beginning on or after January 1, 2011, a statement of cash flows for that interim period and a statement of cash flows for the corresponding period in the immediately preceding financial year;

(e) a statement of investment portfolio as at the end of that interim period; and

(f) a statement of financial position as at the beginning of the immediately preceding financial year if the investment fund discloses in its interim financial report compliance with International Accounting Standard 34 *Interim Financial Reporting* and if the investment fund:

- (i) applies an accounting policy retrospectively in its interim financial report,
  - (ii) makes a retrospective restatement of items in its interim financial report, or
  - (iii) reclassifies items in its interim financial report; and
- (g) notes to the interim financial report.

#### **“2.4. Filing Deadline for Interim Financial Report**

The interim financial report required to be filed under section 2.3 must be filed on or before the 60th day after the end of the most recent interim period of the investment fund.”.

5. Sections 2.6 and 2.7 of the Regulation are replaced with the following:

#### **“2.6. Acceptable Accounting Principles**

(1) For financial years beginning before January 1, 2011, the financial statements of an investment fund must be prepared in accordance with Canadian GAAP determined in accordance with Part IV of the Handbook applicable to public enterprises.

(2) For financial years beginning on or after January 1, 2011, the financial statements of an investment fund must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(3) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

#### **“2.7. Acceptable Auditing Standards**

(1) Financial statements that are required to be audited must be audited in accordance with Canadian GAAS.

(2) For financial years beginning before January 1, 2011, audited financial statements must be accompanied by an auditor’s report prepared in accordance with Canadian GAAS and the following requirements:

1. The auditor’s report must not contain a reservation.
2. The auditor’s report must identify all financial periods presented for which the auditor has issued an auditor’s report.
3. If the investment fund has changed its auditor and a comparative period presented in the financial statements was audited by a different auditor, the auditor’s report must refer to the former auditor’s report on the comparative period.
4. The auditor’s report must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(3) For financial years beginning on or after January 1, 2011, audited financial statements must be accompanied by an auditor’s report prepared in accordance with Canadian GAAS and the following requirements:

1. The auditor's report does not contain a modification of opinion.
  2. The auditor's report identifies all financial periods presented for which the auditor has issued an auditor's report.
  3. The auditor's report is in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework.
  4. The auditor's report refers to IFRS as the applicable fair presentation framework.
  5. If the investment fund has changed its auditor and a comparative period presented in the financial statements was audited by a different auditor, the auditor's report is accompanied by the predecessor auditor's report on the comparative period or refers to the predecessor auditor's report on the comparative period."
- 6.** Section 2.8 of the Regulation is amended, in the French text:
- (1) by inserting, in the title and after the word "**Vérificateurs**", the words "**ou auditeurs**";
  - (2) by inserting, after the words "de vérification" and wherever they occur, the words "ou d'audit".
- 7.** Section 2.9 of the Regulation is amended:
- (1) by replacing, in paragraph (3), the words "interim financial statements" with the words "an interim financial report";
  - (2) by replacing paragraph (4) with the following:
 

"(4) Despite subsections paragraphs 4.8(7)(a), (7)(b), (8)(a) and (8)(b) of Regulation 51-102 respecting Continuous Disclosure Obligations,

    - (a) for an interim financial report for an interim period in the transition year, the investment fund must include as comparative information
      - (i) a statement of financial position as at the end of its old financial year; and
      - (ii) a statement of comprehensive income, a statement of changes in financial position, and a statement of cash flows, for the interim period of the old financial year;
    - (b) for an interim financial report for an interim period in a new financial year, the investment fund must include as comparative information
      - (i) a statement of financial position as at the end of the transition year; and
      - (ii) a statement of comprehensive income, a statement of changes in financial position, and a statement of cash flows, for the period that is one year earlier than the interim period in the new financial year."
- 8.** Paragraph (j) of section 2.10 of the Regulation is amended by replacing the words "interim and annual financial statements" with the words "interim financial report and annual financial statements".

**9.** Section 2.12 of the Regulation is amended by replacing, wherever they occur, the words “interim financial statements” with the words “interim financial report”, and making the necessary changes.

**10.** Section 3.1 of the Regulation is amended:

(1) by replacing the title with the following:

**“3.1. Statement of Financial Position”;**

(2) by replacing, in the introductory sentence, the words “statement of net assets” with the words “statement of financial position”;

(3) by replacing, in the French text of paragraph 13, the words “les bénéfices” with the words “le résultat”;

(4) by replacing paragraphs 14 and 15 with the following:

“14. total equity or net assets attributable to securityholders and, if applicable, for each class or series.;

15. total equity per security or net assets attributable to securityholders per security, or if applicable, per security of each class or series.”.

**11.** Section 3.2 of the Regulation is amended:

(1) by replacing the title with the following:

**“3.2. Statement of Comprehensive Income”;**

(2) by replacing, in the introductory sentence, the words “statement of operations” with the words “statement of comprehensive income”;

(3) by replacing, in the French text of paragraph 7, the words “de vérification” with the words “d’audit”;

(4) by deleting paragraph 12;

(5) by replacing paragraph 14 with the following:

“14. income tax.”;

(6) by inserting the following paragraph after paragraph 17:

“17.1 if recognized as an expense, distributions, showing separately the amount distributed out of net investment income, out of realized gains on portfolio assets sold, and return of capital.”;

(7) by replacing paragraphs 18 and 19 with the following:

“18. increase or decrease in total equity from operations, or in net assets attributable to securityholders (excluding distributions) from operations, and, if applicable, for each class or series.

19. increase or decrease in total equity from operations per security, or in net assets attributable to securityholders (excluding distributions) from operations per security, or, if applicable, per security of each class or series.”.

**12.** Section 3.3 of the Regulation is amended:

(1) by replacing the title with the following:

**“3.3. Statement of Changes in Financial Position”;**

(2) by replacing, in the introductory sentence, the words “statement of changes in net assets” with the words “statement of changes in financial position”;

(3) by replacing paragraph 1 with the following:

“1. total equity or net assets attributable to securityholders at the beginning of the period.”;

(4) by deleting paragraph 2;

(5) by replacing paragraphs 6 and 7 with the following:

“6. if not recognized as an expense, distributions, showing separately the amount distributed out of net investment income, out of realized gains on portfolio assets sold, and return of capital.”;

7. total equity or net assets attributable to securityholders at the end of the period.”.

**13.** Section 3.4 of the Regulation is amended:

(1) by replacing the title with the following:

**“3.4. Statement of Cash Flows”;**

(2) by replacing, in the introductory sentence, the words “statement of cashflows” with the words “statement of cash flows”;

(3) by deleting paragraph 1;

(4) by replacing paragraph 3 with the following:

“3. payments for the purchase of portfolio assets.”.

**14.** Section 3.5 of the Regulation is amended:

(1) by replacing, in the French text of subparagraph (a) of subparagraph 2 of paragraph (1), the words “titre de participation” with the words “titre de capitaux propres”;

(2) by replacing, in the French text of paragraph (6), the words “notes y afférentes” with the words “notes de celui-ci”;

(3) by replacing, in the French text of paragraph (7), the words “notes afférentes à” with the words “notes de”;

(4) by inserting the following paragraph after paragraph (8):

“(8.1) Despite any requirement in Canadian GAAP for an investment fund to prepare consolidated financial statements, the statement of investment portfolio must:

(a) be presented on a non-consolidated basis;

(b) identify any portfolio assets which represent investments that have been consolidated in the statement of financial position; and

(c) include an explanation of any differences relating to the basis of accounting for investments between the statement of investment portfolio and the statement of financial position.”.

**15.** Section 3.6 of the Regulation is amended:

(1) by replacing, in the French text of the title, the words “**Notes afférentes aux**” with the words “**Notes des**”;

(2) in paragraph (1):

(a) by replacing, in the French text of the introductory sentence, the words “notes afférentes aux” with the words “notes des”;

(b) by inserting the following paragraph after subparagraph 1:

“1.1 for financial years beginning on or after January 1, 2011, the basis for classifying the investment fund’s outstanding securities, or each class or series of outstanding securities, as either equity instruments or financial liabilities.”;

(c) by replacing subparagraphs 4 and 5 with the following:

“4. the total cost of distribution of the investment fund’s securities recorded in the statement of changes in financial position.

5. the net asset value per security as at the date of the financial statements compared to the total equity per security or net assets attributable to securityholders per security as shown on the statement of financial position, and an explanation of each of the differences between these amounts.”;

(3) by adding the following paragraph after paragraph (2):

“(3) For financial years beginning on or after January 1, 2011, the notes to the financial statements must disclose:

(a) in the case of annual financial statements, an explicit and unreserved statement of compliance with IFRS; and

(b) in the case of interim financial reports, compliance with International Accounting Standard 34 *Interim Financial Reporting*.”.

**16.** Section 3.8 of the Regulation is amended:

(1) by replacing, in the French text of paragraph (1), the words “notes afférentes aux” with the words “notes des”;

(2) by replacing, in paragraph (2), the words “statement of net assets” with the words “statement of financial position”;

(3) by replacing, in paragraph (3), the words “statement of operations” with the words “statement of comprehensive income”.

**17.** Section 3.9 of the Regulation is amended:

(1) by replacing, in the French text of paragraph (1), the words “notes afférentes aux” with the words “notes de”;

(2) by replacing, wherever they occur in paragraph (2), the words “statement of net assets” with the words “statement of financial position”;

(3) by replacing, in paragraph (3), the words “statement of operations” with the words “statement of comprehensive income”.

**18.** Section 3.10 of the Regulation is amended:

(1) by replacing, in the French text of paragraph (1), the words “notes afférentes à” with the words “notes de”;

(2) by replacing, in paragraph (2), the words “statement of net assets” with the words “statement of financial position”;

(3) by replacing, in paragraph (3), the words “statement of operations” with the words “statement of comprehensive income”.

**19.** Section 3.11 of the Regulation is amended:

(1) in paragraph (1):

(a) by replacing, in the French text of the introductory sentence, the words “état distinct” with the words “état séparé”;

(b) by replacing, in subparagraph (iii) of subparagraph (a), the words “statement of net assets” with the words “statement of financial position”;

(c) by replacing, in subparagraph (c), the words “statement of operations” with the words “statement of comprehensive income”;

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

“(2) Despite the requirements of sections 3.1 and 3.2, an investment fund that is a scholarship plan may omit the “total equity per security or net assets attributable to securityholders per security” and “increase or decrease in total equity from operations per security, or in net assets attributable to securityholders (excluding distributions) from operations per security” line items from its financial statements.”.

**20.** Section 4.2 of the Regulation is amended by replacing the words “interim financial statements” with the words “interim financial report”.

**21.** Subparagraph (b) of paragraph (2) of section 5.1 of the Regulation is replaced with the following:

“(b) the interim financial report;”.

**22.** Paragraph (2) of section 7.1 of the Regulation is amended, in the French text, by replacing the words “notes afférentes aux” with the words “notes des”.

**23.** Paragraph (d) of section 8.2 of the Regulation is amended by replacing the words “interim financial statements” with the words “an interim financial report”.

**24.** Section 8.3 of the Regulation is amended, in the French text, by replacing the words “notes y afférentes” with the words “notes de ces états”.

**25.** Section 8.4 of the Regulation is amended by replacing the words “the net assets” with the words “of the total equity or net assets attributable to securityholders”.

**26.** Paragraph (b) of section 8.5 of the Regulation is amended by replacing “[net assets/venture investments]” with “[total equity/net assets attributable to securityholders/venture investments]”.

27. The title of Part 13 of the Regulation is amended, in the French text, by replacing the words “**DE VÉRIFICATEUR**” with the words “**D’AUDITEUR**”.

28. Section 13.2 of the Regulation is amended by replacing, wherever they occur in the French text, the words “de vérificateur” with the words “d’auditeur”, and making the necessary changes.

29. Section 15.1 of the Regulation is amended by replacing subparagraph (A) of subparagraph (i) of subparagraph (a) of paragraph (1) with the following:

“(A) total expenses of the investment fund, excluding distributions if recognized as an expense, commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, as shown on its statement of comprehensive income;”.

30. Paragraph (1) of section 15.2 of the Regulation is amended:

(1) by replacing subparagraph (i) of subparagraph (a) with the following:

“(i) multiplying the total expenses of each underlying investment fund, excluding distributions if recognized as an expense, commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, by”;

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

“(b) the total expenses of the investment fund, excluding distributions if recognized as an expense, commissions and other portfolio transaction costs, before income taxes, for the period.”.

31. The Regulation is amended by inserting, after section 18.5, the following section:

**“18.5.1. Transition to IFRS**

(1) For the first interim period in the financial year beginning on or after January 1, 2011, an investment fund must file, with its interim financial report for that interim period, an opening statement of financial position as at the date of transition to IFRS.

(2) For the first financial year beginning on or after January 1, 2011, an investment fund must file, with its annual financial statements for that financial year, an audited opening statement of financial position as at the date of transition to IFRS.

(3) Despite sections 3.1, 3.2, 3.3 and 3.4, for financial years beginning before January 1, 2011, an investment fund may present line items and use terminology in its financial statements consistent with the immediately preceding financial year.”.

32. Form 81-106F1 of the Regulation is amended:

(1) in item 1 of Part A:

(a) by deleting, in paragraph (e), the sentence “This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.”;

(b) by replacing the first paragraph of paragraph (f) with the following:

“All references to “net assets” or “net assets per security” in this Form are references to total equity or net assets attributable to securityholders determined in accordance with Canadian GAAP as presented in the financial statements of the investment fund. All references to “net asset value” or “net asset value per security” in this

Form are references to net asset value determined in accordance with Part 14 of the Regulation.”;

(2) in Part B:

(a) by inserting, in the third paragraph of item 1, the words “interim financial report,” after the words “the investment fund’s”;

(b) by replacing, in the French text of instruction (2) of item 2.5, the words “*de mesure*” with the words “*d’évaluation*”;

(c) in item 3.1:

(i) in paragraph (1):

(A) in the table entitled “*The Fund’s Net Assets Per [Unit/Share]*”:

(I) by replacing, wherever they occur in the French text, the words “attribuable à l’exploitation” with the words “provenant de l’exploitation”;

(II) by replacing the words “total expenses” with the words “total expenses [excluding distributions]” and the words “From income (excluding dividends)” with the words “From net investment income (excluding dividends)”;

(B) by replacing, in the French text of footnote (1) of the table entitled “*The Fund’s Net Assets Per [Unit/Share]*”, the word “*vérifiés*” with the word “*audités*” and the words “*notes afférentes aux*” with the words “*notes des*”;

(C) by replacing, in the French text of footnote (2) of the table entitled “*The Fund’s Net Assets Per [Unit/Share]*”, the words “*attribuable à l’exploitation*” with the words “*provenant de l’exploitation*”;

(D) by replacing, in footnote (2) of the table entitled “*Ratios and Supplemental Data*”, the words “*(excluding commissions and other portfolio transaction costs)*” with the words “*(excluding [distributions], commissions and other portfolio transaction costs)*”;

(ii) by inserting, after paragraph (3), the following paragraph:

“(3.1) Show the financial highlights on a non-consolidated basis.”;

(iii) by replacing, in the French text of paragraph (7), the word “*vérifiés*” with the word “*audités*”;

(iv) by inserting, after paragraph (7), the following paragraph:

“(7.1) (a) For financial years beginning before January 1, 2011, the financial highlights may be derived from the investment fund’s financial statements prepared in accordance with subsection 2.6(1) of the Regulation.

(b) For financial periods beginning on or after January 1, 2011, derive the financial highlights from the investment fund’s financial statements prepared in accordance with subsection 2.6(2) of the Regulation.

(c) Despite (a), an annual MRFP for a financial year beginning on or after January 1, 2011 must disclose financial highlights for the

immediately preceding financial year which are derived from financial statements prepared in accordance with subsection 2.6(2) of the Regulation.

(d) If the financial highlights relate to financial periods beginning both before and on or after January 1, 2011, disclose, in a note to the table, the accounting principles applicable to each period.”;

(d) in item 3.2, by replacing, in the table, the words “Balance Sheet” with the words “Statement of Financial Position” and the words “Statement of Operations” with the words “Statement of Comprehensive Income”;

(e) by replacing, in the French text of instruction (4) of item 5, the words “*titres de participation*” with the words “*titres de capitaux propres*”;

(3) by replacing the second paragraph of item 1 of Part C with the following:

““This interim management report of fund performance contains financial highlights, but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling [toll-free/collect call telephone number], by writing to us at [insert address] or by visiting our website at [insert address] or SEDAR at [www.sedar.com](http://www.sedar.com).”.

**33.** This Regulation comes into force on January 1, 2011.