

REGULATION TO AMEND REGULATION 81-106 RESPECTING INVESTMENT FUND CONTINUOUS DISCLOSURE

Securities Act
(chapter V-1.1, s. 331.1, par. (1), (8), (19) and (34))

1. Section 1.3 of Regulation 81-106 respecting Investment Fund Continuous Disclosure (chapter V-1.1, r. 42) is amended, in paragraph (3), by deleting “Regulation 81-104 respecting Commodity Pools or” and by replacing the words “those regulations” with the words “that regulation”.

2. The Regulation is amended by adding, after section 3.11, the following:

“3.12. Disclosure of Leverage

(1) An investment fund that uses leverage must disclose in its financial statements the lowest and highest level of leverage experienced by the investment fund in the reporting period covered by the financial statements, together with a brief explanation of the sources of leverage (e.g. borrowing, short selling or use of derivatives) used, how the investment fund calculates leverage as set out in section 2.9.1 of Regulation 81-102 respecting Investments Funds (chapter V-1.1, r. 39) and the significance to the investment fund of the lowest and highest levels of leverage.

(2) The information required by subsection (1) may be included in the body of the financial statements or in the notes to the financial statements.”.

3. Form 81-106F1 of the Regulation is amended, in item 2.3 of part B:

(1) by inserting, after paragraph (2), the following:

“(3) An investment fund that uses leverage must disclose,

(a) a brief explanation on the sources of leverage (e.g., borrowing, short selling, use of derivatives) used during the period;

(b) the lowest and highest level of leverage experienced during the period; and

(c) the significance of the lowest and highest levels of leverage to the investment fund.”;

(2) by replacing, after paragraph (2), the instructions with the following:

“INSTRUCTIONS

(1) *Explain the nature of and reasons for changes in the investment fund's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid the use of boilerplate language. Your discussion should assist the reader to understand the significant factors that have affected the investment fund's performance.*

(2) *For the purposes of the disclosure required in Item 2.3(3), an investment fund's leverage must be calculated as set out in section 2.9.1 of Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39). ».*

4. This Regulation comes into force on (*indicate here the date of coming into force of this Regulation*).