



Advancing Standards™

VIA E-MAIL

April 27, 2022

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
superintendent of Securities, Nunavut
Ontario Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Department of Justice and Public Safety, Prince
Edward Island

Attention:

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Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, and Related Proposed Consequential Amendments and Changes and Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution – *Modernization of the Prospectus Filing Model for Investment Funds*

OVERVIEW

The Portfolio Management Association of Canada (**PMAC**), is pleased to have the opportunity to submit the following comments regarding the CSA Notice and Request for Comment – Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, and Related Proposed Consequential Amendments and Changes and Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution – Modernization of the Prospectus Filing Model for Investment Funds (**Consultation**).

PMAC represents over [300 investment management firms](#) registered to do business in Canada as portfolio managers (**PMs**) with the members of the Canadian Securities Administrators (**CSA**). In addition to this primary registration, 70% of our members are also registered as investment fund managers (**IFMs**) and/or exempt market dealers (**EMDs**). Some member firms manage large mutual funds or pooled products, and others manage separately managed accounts on behalf of private clients or institutions such as pension plans and foundations. PMAC's members encompass both large and small firms and manage total assets in excess of \$3 trillion.

KEY RECOMMENDATIONS

- 1. Do not require prospectus amendments to be filed as an amended and restated prospectus.** The CSA's stated purpose for the proposed biennial prospectus renewal cycle is to reduce regulatory burden. The proposed elimination of the "slip sheet" amendment system will remove all burden reduction benefits of the proposed changes and will create significant additional regulatory burden for firms. We strongly urge the CSA not to require an amended and restated prospectus for every prospectus amendment. The costs of doing this far outweigh the benefits of the proposed biennial renewal. The slip sheet system for amendments should be retained.
- 2. Provide additional detail on the Base Shelf Prospectus proposal for further consultation.** The questions included in the Consultation are premature. The proposal does not include sufficient detail as to how the proposed system would work to allow members to provide meaningful comment.

GENERAL COMMENTS

Biennial filing

PMAC supports the work of the CSA to modernize the prospectus filing model for investment funds and its efforts to reduce regulatory burden. We agree with the proposal to eliminate the 90-day rule. Subject to our comments below, we are supportive of the move to a biennial filing model, but encourage the CSA to permit issuers to continue to use the current renewal process, if they choose to do so. We agree that updating the Fund Facts and ETF Facts annually provides investors with the appropriate information and updated disclosures sufficient to inform their investment decisions.

We strongly disagree with the proposed requirement to file an amended and restated prospectus for all prospectus amendments. We urge the CSA to adopt a flexible, principles-based approach, and to avoid a one-size-fits-all solution, by allowing fund issuers to determine when, in their view, it is appropriate to file a slip sheet amendment rather than an amended and restated prospectus.

All issuers have an obligation to provide full, true, and plain disclosure. This applies to prospectus information and continuous reporting of material and non-material changes. Under the current regime, investors have access to this information on a timely basis in order to inform their investment decisions. The Fund Facts and ETF Facts documents were created with the specific goal of providing investors with meaningful disclosure. We believe that a biennial filing of the prospectus is a welcome change that could be achieved in a manner that balances investor protection and burden reduction for issuers. However, a requirement to produce an amended and restated prospectus for *every* change will not achieve this balance and will only add regulatory burden compared to the current framework.

PMAC strongly disagrees with the requirement to create an amended and restated prospectus for every prospectus amendment. We believe this will add, rather than eliminate, regulatory burden; several members commented that they would prefer the current regime of making updates using the slip sheets. We urge the CSA to maintain flexibility in this respect. The IFM should have the discretion to amend and restate the prospectus when it deems necessary, in accordance with its obligation to provide full, true and plain disclosure. If there are substantial changes being made, the issuer may decide that it would be advisable to amend and restate the prospectus. However, it would not be reasonable to expect an amendment and restatement for minor changes, such as the intention to hold a shareholder meeting, the intention to terminate a fund or a series of funds. Or, for example, if the change only impacts one fund or one series, the entire prospectus should not require amendment and restatement, for example, regarding the reduction of management fees. This could result in the need to file several amended and restated prospectuses annually – the

costs of doing this far outweigh the benefits of the proposed biennial filing because translation costs, compliance costs associated with the Accessibility for Ontarians with Disabilities Act (**AODA**) and internal costs of producing an amended and restated prospectus are significant, and are substantially equivalent to a renewal prospectus filing.

Filing Process

Members are supportive of the added flexibility of being able to file the prospectus every two years instead of annually. However, they have many questions regarding how the filing system would function, and noted potential unforeseen consequences, which are described below.

Reduce filing frequency

Without further detail and clarification, it is not evident how this proposal would reduce burden for fund issuers. The burden reduction benefit is allowing issuers to do something that they are currently required to do annually on a less frequent basis. Changing the filing process would require building and training for new procedures, which will increase burden in the short term. In the long term, there may be burden reduction benefits; however, the new proposed requirement that all amendments be effected by filing amended and restated prospectuses significantly negates these benefits.

Prospectus amendment process

Prospectus amendments often need to be made on a time-sensitive basis. As an example, due to unforeseen changes such as those resulting from Federal or Provincial budget announcements, risk rating changes and other unplanned events. The requirement to amend and restate the prospectus does not align with a quick filing when an amendment is needed, and would be especially problematic for amendments caused by material change requirements, when an amended and restated prospectus would be required within 10 days. This is not reasonable for a 400+ page document that requires review from multiple internal and external stakeholders to ensure accuracy and clarity to meet the full, true, and plain disclosure obligation.

Lack of clarity regarding information to be updated

It is not clear what prospectus information would need to be updated for filing an amended and restated prospectus, and what information could be maintained. It is also not clear how the issuer would make non-material changes to the prospectus. As noted below, the amended and restated prospectus does not track changes for investors to identify amendments, making changes more difficult for investors to track.

Fund Facts/ETF Facts Renewal

The Consultation indicates that the Fund Facts/ETF Facts would need to be filed in the year where no prospectus is being filed. If there are material changes in the disclosure, a prospectus review process would be triggered. If the changes to the Fund Facts/ETF Facts are related to information in the prospectus, a blackline of the prospectus would also be filed. Members question whether this would trigger the need to file an amended and restated prospectus, as it seems to amount to an amendment to the prospectus.

Firms often time certain prospectus amendments to coincide with the annual prospectus renewal. With a biennial filing schedule, it is not clear how interim amendments would be made (including material changes that do not require an update to the Fund Facts/ETF Facts, but which may result in a material change report). Members question whether they will be permitted to submit immaterial changes to a prospectus at the time of Fund Facts/ETF Facts renewal or at any time without filing a Fund Facts/ETF Facts (as no information in the Fund Facts/ETF Facts would change), and if the immaterial changes would result in the payment of additional fees. As noted above and discussed further below, if an amendment and restatement of the prospectus is required, this would add significant costs compared to the current system (including the cost of the filing fees, firm resources such as employee time and fund advisory board time, and external service provider fees, including for translation and AODA compliance on the entire document). If the filing is auto-public, members suggest that the manager should include a certificate stating that there are no changes other than to the variable information, and that no blackline of the Fund Facts / ETF Facts would be required. Members do not understand the rationale for the blackline, if the filing is auto-public, since the document will be made public without regulatory review.

Members are concerned that the filing process will be challenging during a renewal. For large firms, some of which may have over 100 funds, this would require the implementation of a new process to separate Fund Facts/ETF Facts for funds that are being renewed with material changes from those Fund Facts/ETF Facts for funds that are being renewed without material changes. Splitting the Fund Facts/ETF Facts into these two categories would be time consuming and introduces risk, as it would be a cumbersome manual process. Further, the division of the Fund Facts/ETF Facts in this manner may also make it more difficult for investors to find the Fund Facts/ETF Facts for a particular fund, as it will not be evident to an investor whether their fund has had a material change.

We read the Consultation to state that, if any change to a section outside of the sections enumerated in the form (for example, "What does the ETF Invest In?") would disqualify filing under auto-public, even if the change was not material, and that the

full material change filing process would be triggered. We do not believe that immaterial changes to other sections should deem the change to be a material change. Further, we note that one of the enumerated sections which the Consultation indicates does not trigger a material change is a change to “Risk rating”, which staff at securities regulatory authorities have noted that, in their view, should be considered a material change.

There is also a risk of a comment being made on the documents filed under the private/material change regime, that could impact drafting for documents that have been made auto-public (some comments can carry across all Fund Facts / ETF Facts given that they often follow the same format). It is not clear how that situation would be addressed. The proposed system would also result in some documents being public prior to others during the same filing process, which complicates current AODA processes and website postings.

Furthermore, if the prospectus is only renewed every two years, changes to conform to rapidly evolving best practices, regulatory changes and regulatory expectations, such as those related to liquidity risk management and ESG, for example, may not be reflected in the prospectus for a longer period of time. Members also questioned how exemptive relief would be handled, given that such relief is often required to be reflected in the prospectus prior to relying on it. Members are also unclear as to whether these types of changes to prospectuses will be permitted without filing a Fund Facts/ETF Facts and incurring the fees associated with that filing. We note that currently, these changes are typically made on prospectus renewal, and filing fees are not paid to make the changes, as they are part of the renewal process.

Members are unclear as to whether the CSA will expect more frequent prospectus updates to reflect such regulatory changes. If so, the proposed regime will result in higher costs to issuers, since currently these are typically done on prospectus renewal and no additional fees are paid to make the changes.

Lastly, if information is updated in the Fund Facts/ETF Facts, this is usually because the prospectus has been updated. If such updates require an amendment and restatement of the entire prospectus, the costs would be significant. We ask the CSA to clarify the anticipated frequency and cost of prospectus restatement.

90-day Rule

We agree that the “90-day Rule” should be eliminated. As we noted in [our response to the 2019 Reducing Regulatory Burden for Investment Funds request for comment](#), many PMAC members find that this 90-day deadline can be restrictive and find it does not address the overarching policy rationale for the time limit. We agree that the elimination of the need to obtain exemptive relief to extend the deadline will result

in substantial cost savings. These costs often exceed the cost to file the original preliminary prospectus.

As PMAC stated in our 2019 letter, investment fund issuers do not typically market funds using the preliminary prospectus, unlike corporate issuers. Additionally, since the preliminary prospectus does not contain any material financial information that would be considered stale after 90 days, we do not see an investor protection rationale for requiring the 90-day deadline.

Transition Date

Depending on the changes that are made to the filing schedule and requirements, we believe that some transition time may be needed to allow issuers to familiarize themselves with the changes and adjust their documents accordingly. This is especially the case if new filing requirements are implemented. The transition period required is dependent on the extent of any rule changes. If the only change is to revise the lapse date under section 2.5 to 24 months rather than 12 months, then little transition time would be needed. Presumably changing to a 24-month lapse would not require a fund issuer to wait the 24 months prior to renewal. They could opt to refile at 12 months as per the current requirement if they so choose.

Costs implications

While supportive of these burden reduction initiatives, members emphasized that even small changes are very difficult and expensive for firms to implement. If issuers are permitted to file slip sheet amendments and not an amended and restated prospectus, these proposals have the long-term potential for cost savings for some firms. In the short term, implementing changes to processes, systems and forms represents a significant time and financial expenditure for firms which we do not see having a corresponding benefit for investors, particularly if the longer-term goal is to move to a base shelf prospectus system, which will require further revisions to the prospectus and filing procedures for issuers. The costs involved will depend on the size of the firm, the number and nature of funds offered, and the requirements in terms of filing frequency and process. It is premature to comment as to whether there would be cost savings that could be passed on to investors.

SPECIFIC CONSULTATION QUESTIONS RELATING TO THE LAPSE DATE EXTENSION

1. Would the Lapse Date Extension result in reducing unnecessary regulatory burden of the current prospectus filing requirements under securities legislation? Please identify the cost savings on an itemized basis and provide data to support your views.

PMAC would like to thank the CSA for their receptivity to stakeholder feedback on the 2019 Reducing Regulatory Burden for Investment Funds requests for comment. In [our response to the 2019 consultation](#), PMAC specifically requested that disclosure requirements be streamlined by reducing the frequency of prospectus renewals from an annual renewal to a 24-month period, and to rely on the continuous disclosure requirements in National Instrument 81-106 – *Investment Fund Continuous Disclosure (NI 81-106)* with respect to timely amendments reflecting material changes. As we noted in 2019, we agree that most of the information contained in the simplified prospectus (or long form ETF prospectus) does not require annual updating, given that investors will receive the updated Fund Facts or ETF Facts. Material changes would trigger an amendment to the simplified prospectus (long form ETF prospectus) under the material change report regime in Part 11 of NI 81-106.

It is very difficult to determine what cost savings will result if the proposed changes are adopted. As noted in the Consultation, the fees payable with respect to renewals will not change, given that current filing fees for prospectuses for investment funds in continuous distribution will be replaced with filing fees for Fund Facts and ETF Facts. We support the proposed change to reduce the amount of the fee for filing an ETF prospectus to align it with that of a mutual fund prospectus.

The work involved in updating the prospectus every two years will not necessarily be half the work of updating it annually. There will likely be more work involved, given the additional passage of time and regulatory and other developments in the interim. Many firms also use the annual filing process to streamline the introduction of new funds or new series into the prospectus. It is difficult to anticipate how these processes will adapt and what costs will be involved if there is a move to biennial filings.

We strongly disagree with the statement in Annex H that "...investment funds that currently file by way of "slip sheet" amendments would need to alter their processes, which may result in *non-material incremental costs*" (emphasis added). If an amended and restated prospectus is required to be created for every prospectus amendment, this will significantly increase the time and costs involved in making amendments, because the entire document will need to be reviewed and other amendments incorporated (and not only the information affected by the amendments). As detailed further below, this would result in significant additional costs including staff time, legal review and translation, potential auditor involvement and AODA compliance.

We also disagree with the metrics set out in Annex H to calculate the estimated savings to the industry. The savings appear to be significantly over-stated. We note that the legal costs and time associated with a renewal prospectus are not accurate. Additionally, the analysis also does not appear to take into account the internal cost of employee time and for funds with advisory boards, the advisory board costs. While we are supportive of conducting a cost analysis for the proposed changes, the data for this analysis should come from registrants and from appropriately qualified professionals who work in investment management.

Additional costs of preparing an amended and restated prospectus include AODA (which can be between \$12,000 to \$15,000 for each amended and restated prospectus depending on the length of the prospectus), and fees for translation, and design, layout, and printing costs.

As noted above, we agree that there will be cost savings associated with the elimination of the need to obtain exemptive relief if the 90-day lapse period is removed.

2. Would cost savings from the Lapse Date Extension be passed onto investors so they would benefit from lower fund expenses as a result? Please provide an estimate of the potential benefit to investors.

As noted above, it is difficult to estimate the amount of cost savings (if any) that would result from these changes that could be passed on to investors. In part, this will depend on the approach to the "slip sheet" filings and the need to file an amended and restated prospectus to reflect changes.

Whether costs can be passed on to investors also depends on the operating expense structure of the funds; for example, with respect to funds that pay their own fees, this could result in savings for the fund. If the fund is unitized and the manager pays the fees, the manager may save fees, but not the funds. Many funds charge a fixed administrative fee and therefore, whether a prospectus is produced annually or biennially, the administrative fee charged to the fund (and indirectly, the investors) remains the same; a change to the filing period will have no impact on the fees paid by the investors.

3. Would the Lapse Date Extension affect the currency or accuracy of the information available to investors to make an informed investment decision? Please identify any adverse impacts the Lapse Date Extension may have on the disclosure investors need to make informed investment decisions.

It is not clear whether this question is focused on the accuracy of the information, or the accessibility of the information to investors. We note that investors typically do not read the entire prospectus, but rather rely on the

Fund Facts/ETF Facts, and the continuous disclosure of material changes. Given that the Fund Facts/ETF Facts would be updated annually, there would be no significant change to information available to investors to make an informed investment decision. However, as noted above, it is not clear how interim amendments would be made under the proposals. If information is only updated every two years, it would not be as up to date as under the current system. If immaterial information must be updated more frequently, there would not be a currency issue. However, if such amendments are by way of an amended and restated prospectus, will issuers be required to pay filing fees for filing the amended and restated prospectus even if there are no changes to the Fund Facts/ETF Facts? If issuers will be required to pay filing fees, then the costs to issuers will increase. Further, as noted below, the information would not be as traceable and may be more difficult for investors to identify. Ultimately, we understand these proposals to be about balancing regulatory burden reduction with investor protection and comprehension. We do not believe the balance has been struck, as proposed.

4. Prospectus amendments would increase over a 2-year period relative to a 1-year period. Would requiring every prospectus amendment to be filed as an amended and restated prospectus instead of "slip sheet" amendments make it easier for investors to trace through how disclosure pertaining to a particular fund has been modified since the most recently filed prospectus? In the initial stakeholder feedback received on the Project RID amendments, some commenters indicated that such a requirement would be difficult and increase the regulatory burden for investment funds. Please explain and identify any cost implications on an itemized basis and provide data to support your views.

We do not agree that prospectus amendments will necessarily increase over a two-year period; this would depend on the circumstances of each fund. We strongly disagree that an amended and restated prospectus is required for every prospectus amendment. Under the current framework, there is no limit to the number of amendments that can be filed before an amended and restated prospectus is required. Unlike a "slip sheet" amendment, an amended and restated prospectus does not highlight the changes that are made to the document. Therefore, changes will be more difficult for investors to track.

Moreover, since the Fund Facts / ETF Facts documents replaced the prospectus as the delivery document to purchasers of mutual funds that are reporting issuers and ETFs, there is less investor reliance on the disclosure contained in the prospectus.

It would be preferable to maintain the current "slip sheet" system for making changes to the prospectus. Suggested alternatives include a restatement of

the affected paragraphs only, or the ability to provide the amendment text and then a blackline to show the change(s) from the original prospectus. However, some members noted that any blacklining of the amended and restated prospectus would need to be made AODA compliant. Another proposed alternative is to make Part A renewable on a 2-year cycle and make Part B renewable on an indefinite cycle, only to be amended and restated for that particular fund when there is a change (similar to the Base Shelf Prospectus proposal). However, for certain changes made to Part A between a renewal cycle (e.g., exemptive relief with the condition that it be disclosed in the prospectus prior to relying on it), a slip sheet Part A amendment could be made without having to amend and restate the entire Part A at that time.

Amendments made by way of “slip sheets” are currently made accessible to investors by firms in various ways, including by providing links to the original prospectus and amendments on the website. Therefore, the changes made in the slip sheet will not be “lost” by investors. We note that it may be more difficult for investors to locate the amendments on SEDAR, but this could be remedied by making changes to SEDAR. We also note that firms rarely get requests for hard copies of the prospectus.

Some members indicated that on average, they make 2-5 amendments per year. Most issuers would make amendments at least once per year, if not more frequently. Creating an amended and restated prospectus would require updating of all the information in the document (beyond information affected by the amendments – such as changes to directors and officers and other non-material changes), resulting in significant additional costs. These costs include staff time, compliance and legal review, tax review, translation and AODA costs, layout, design, printing and destruction costs, all of which would increase the burden on issuers. Currently if a prospectus amendment occurs as a slip sheet amendment and the amendment itself does not impact the disclosure in the Fund Facts/ETF Facts, then the Fund Facts/ETF Facts do not need to be updated. It is unclear from the Consultation whether Fund Facts/ETF Facts would need to be re-done if the entire prospectus is amended and restated under the proposed changes. If all of the Fund Facts/ETF Facts documents would also need to be re-done, there would be significant cost implications. These documents require significant internal review and approvals. The issuer would also be required to pay the filing fee, and fees for filing the associated updated Fund Facts/ETF Facts, if necessary. Some issuers manage hundreds of funds and may be making frequent changes; even for smaller issuers, the costs would be prohibitive. Given this uncertainty, some members asked to retain the ability to use the current slip sheet amendments with an annual prospectus renewal cycle, if they so choose.

Information regarding material changes is provided to investors in the material change report, the press release, the prospectus amendment and the Fund Facts/ETF Facts documents. There is no investor benefit to requiring a fully amended and restated prospectus as opposed to an amendment, and in fact, the additional costs of this requirement could negatively impact investors. The ability to amend information using a shorter amendment document is also consistent with other regulatory regimes, such as the U.S. “sticker” regime.

Base Shelf Prospectus

We believe that the questions included in the Consultation are premature. Our primary focus is on achieving a balance between investor protection and burden reduction for issuers. It is difficult to evaluate the potential costs and benefits of a new Base Shelf Prospectus filing model without understanding what format the prospectus would take. Members are not clear whether the Base Shelf Prospectus will be consistent with the new consolidated prospectus format. It is not clear when the filings would be required for a product that is in continuous distribution. There is no indication of whether the ETF long form prospectus would also be streamlined.

It would also be beneficial to understand whether other jurisdictions are employing such a model, and what their experiences have been.

CONSULTATION QUESTIONS REGARDING THE BASE SHELF PROSPECTUS FILING MODEL

Please note that we have only included those questions for which PMAC members provided comments.

1. Please identify the disclosure required in a simplified prospectus (SP) or an ETF prospectus that is unlikely to change year-to-year.

We would like to emphasize that there is no one-size-fits-all response to this question. What a “material” change is depends on the investment manager’s perspective, based on their professional judgment and the nature of the fund. We encourage the CSA to maintain flexibility and take a principles-based approach, rather than creating prescriptive requirements for information updates.

Examples of information that is unlikely to change year-to-year include: purchases and redemptions, organization and management (excluding information on directors and officers), legal structure, and distribution policy. Members noted that most fund families would have multiple amendments every year, but that these would not implicate every fund in the fund family.

Members believe that the proposed base shelf prospectus would make more sense if there was an individual prospectus for each fund that could be maintained for periods longer than 24 months without requiring a renewal.

However, if there were a move to an individual prospectus model (away from the fund family approach), the workload involved in renewing multiple prospectuses at the same time would far exceed the current fund family approach.

(c) Would it be appropriate for Part A of an SP under the Project RID amendments to form the equivalent of a base shelf prospectus for a group of investment funds under a Base Shelf Prospectus regime? Please explain.

We agree that the information in Part A is unlikely to change year-over-year and may be appropriate to include in the base shelf prospectus. However, under current rules, for a conventional simplified prospectus, under NI 81-101 Part 2.2, when the Part B is bound separately from the part A, an amendment to the part B of any one fund requires a full amended and restated part B. Therefore, members prefer to keep part A and part B bound together into a single document, unless a change to this policy is contemplated, in which case additional clarity would be needed.

We note that it is not clear what would be included in a Base Shelf Prospectus for ETFs. Additional clarity on this point is necessary in order for us to provide meaningful comment.

(d) Would it be appropriate for Part B of an SP under the Project RID amendments to form the equivalent of a prospectus supplement establishing an offering program for an investment fund under a Base Shelf Prospectus regime? Please explain.

We agree that this approach would make sense. As funds or series of funds are added to the prospectus, these could be inserted into the supplement, eliminating the need to fully amend the information in the prospectus. Other information such as changes in directors could be amended by way of the supplement rather than a full amendment.

Again, additional clarity would be required with respect to the proposed format for ETF prospectuses.

2. Please identify the disclosure required in an SP and an ETF prospectus that is likely to change year-to-year.

Information that is likely to change from year-to-year includes: strategies, risk factors, expenses, income tax, material contracts, director and officer information, and series.

3. Please identify, categorize, and estimate the annual costs saved by an investment fund in continuous distribution if it were not required to file an SP or an ETF prospectus. In this regard, we note that any Stage 2 proposal for a Base Shelf Prospectus should not have a negative impact on filing fees. Accordingly, any costs savings identified should not include reduced filing fees.

The cost savings are difficult to estimate, particularly as the details of the Base Shelf Prospectus regime have not been fully laid out. For example, it is not clear whether filing fees will be imposed when there are amendments to the Base Shelf Prospectus and when there are amendments to the prospectus supplement, or only when the prospectus supplement is amended. Internal processes will also need to be modified, which will reduce cost savings in the short term.

4. Please identify any adverse impacts a Base Shelf Prospectus may have on the disclosure investors need to make informed investment decisions.

Investors rely on the Fund Facts/ETF Facts documents to obtain information about their investment. Assuming that the introduction of a Base Shelf Prospectus regime will not change the requirement to provide the Fund Facts/ETF Facts, we do not believe that moving to a Base Shelf Prospectus system would have any negative impact on the disclosure that investors need to make an informed investment decision.

5. Please identify any adverse impacts a Base Shelf Prospectus may have on the liability rights investors currently have under the requirement to file an SP or an ETF prospectus.

We do not believe the Base Shelf Prospectus would have an adverse impact on the liability rights investors currently have. The liability regime would need to account for the updated information incorporated by reference into the Base Shelf Prospectus. We would need to review the forward-looking regime in more detail to understand if there would be any impact on manager liability.

CONCLUSION

We appreciate the work of the CSA to reduce regulatory burden for investment funds and welcome the opportunity to provide feedback on these proposals.

The proposed elimination of the "slip sheet" amendment system and requiring an amended and restated prospectus for all changes will create significant additional regulatory burden for investment funds. This would eliminate all potential burden reduction of the proposed biennial prospectus renewal, and would not provide any investor protection benefit. We therefore urge the CSA to maintain the slip sheet system for amendments.

With respect to the Base Shelf Prospectus, PMAC members would be pleased to respond in greater detail through a survey or comment letter when additional information on the matters outlined above is available. The requested detail will allow us to provide meaningful feedback at the appropriate time.

Please do not hesitate to contact Katie Walmsley at (416)504-7018 if you have any questions or would like to discuss our comments in more detail.

Yours truly,

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