The Ontario Securities Commission

OSC Bulletin

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The Ontario Securities Commission exercises its regulatory oversight function through the administration and enforcement of Ontario's *Securities Act* (R.S.O. 1990, c. S.5) and *Commodity Futures Act* (R.S.O. 1990, c. C.20), and administration of certain provisions of the *Business Corporations Act* (R.S.O. 1990, c. B.16).

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FOR IMMEDIATE RELEASE
April 13, 2023

TEKNOSCAN SYSTEMS INC.,
H. SAMUEL HYAMS,
PHILIP KAI-HING KUNG AND
SOON FOO (MARTIN) TAM,
File No. 2022-19

TORONTO – Take notice that an attendance in the above-named matter is scheduled to be heard on April 28, 2023 at 12:00 p.m.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.2 Bridging Finance Inc. et al.

FOR IMMEDIATE RELEASE
April 14, 2023

BRIDGING FINANCE INC.,
DAVID SHARPE,
NATASHA SHARPE AND
ANDREW MUSHORE,
File No. 2022-9

TORONTO – The Tribunal issued an Order in the above-named matter.

A copy of the Order dated April 14, 2023 is available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.3
Orders

A.3.1 Bridging Finance Inc. et al.

IN THE MATTER OF
BRIDGING FINANCE INC.,
DAVID SHARPE,
NATASHA SHARPE AND
ANDREW MUSHORE

File No. 2022-9

Adjudicators: Sandra Blake (chair of the panel)
Timothy Moseley

April 14, 2023

ORDER

WHEREAS on April 14, 2023, the Capital Markets Tribunal held a hearing by videoconference to schedule two motions brought by Staff of the Ontario Securities Commission (**Staff**) to: (1) compel further witness summaries from David Sharpe and Natasha Sharpe; and (2) dismiss the stay motions of David Sharpe and Natasha Sharpe;

ON HEARING the submissions of the representatives for each of Staff, David Sharpe, Natasha Sharpe, the receiver of Bridging Finance Inc., and Andrew Mushore;

IT IS ORDERED, for reasons to follow, that:

1. Staff's motion for further witness summaries from David Sharpe and Natasha Sharpe shall be heard by videoconference at 10:00 a.m. on May 23 and 26, 2023, or on such other date and time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

2. materials for Staff's motion for further witness summaries shall be delivered as follows:

    a. David Sharpe and Natasha Sharpe shall each serve and file a responding motion record, if any, by 4:30 p.m. on April 21, 2023;

    b. Staff shall serve and file a reply record, if any, and written submissions, by 4:30 p.m. on May 3, 2023;

    c. each respondent shall serve and file responding written submissions, if any, by 4:30 p.m. on May 17, 2023; and

    d. Staff's reply submissions, if any, shall be heard orally at the hearing of the motion;

3. Staff's motion to dismiss the stay motions of David Sharpe and Natasha Sharpe shall be treated as having been withdrawn;

4. the stay motions of David Sharpe and Natasha Sharpe shall be heard by videoconference at 10:00 a.m. on May 23 and 26, 2023, or on such other date and time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

5. materials for David Sharpe's and Natasha Sharpe's motions shall be delivered as follows:

    a. David Sharpe and Natasha Sharpe shall serve and file by 4:30 p.m. on April 21, 2023, written submissions that:

        i. identify the witnesses for whom they wish to have summonses issued in support of their stay motions;

        ii. describe the topics anticipated to be covered by each witness; and

        iii. address the reasons they seek each witness's testimony;

b. Staff shall serve and file responding materials, if any, and written submissions, by 4:30 p.m. on April 28, 2023;

c. David Sharpe and Natasha Sharpe shall serve and file written reply submissions, if any, by 4:30 p.m. on May 3, 2023;

d. Natasha Sharpe shall serve and file the record for her motion for a stay, by 4:30 p.m. on May 12, 2023;

e. Staff, Andrew Mushore and the receiver of Bridging Finance Inc. shall each serve and file a responding motion record, if any, by 4:30 p.m. on May 15, 2023;

f. David Sharpe and Natasha Sharpe shall serve and file a reply record, if any, and written submissions, by 4:30 p.m. on May 16, 2023;

g. Staff, Andrew Mushore and the receiver of Bridging Finance Inc. shall each serve and file responding written submissions, if any, by 4:30 p.m. on May 18, 2023; and

h. David Sharpe's and Natasha Sharpe's reply submissions, if any, shall be heard orally at the hearing of the motion.

"Sandra Blake"

"Timothy Moseley"

B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA and CCIR Notice of Publication – CCIR Individual Variable Insurance Contract Ongoing Disclosure Guidance and Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations – Total Cost Reporting (TCR) for Investment Funds and Segregated Funds

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CCIR CCRRA Canadian Council of Insurance Regulators Conseil canadien des responsables de la réglementation d'assurance

CSA AND CCIR NOTICE OF PUBLICATION

CCIR INDIVIDUAL VARIABLE INSURANCE CONTRACT ONGOING DISCLOSURE GUIDANCE

AND

AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

AND TO

COMPANION POLICY 31-103CP *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

TOTAL COST REPORTING (TCR) FOR INVESTMENT FUNDS AND SEGREGATED FUNDS

April 20, 2023

Introduction

The Canadian Securities Administrators (the **CSA**) and the Canadian Council of Insurance Regulators (the **CCIR**, together, the **Joint Regulators** or **we**), are adopting enhanced cost disclosure reporting requirements for investment funds and new cost and performance reporting guidance for individual variable insurance contracts or IVICs (referred to here as **Segregated Fund Contracts**), as described below (collectively, the **Total Cost Reporting Enhancements or TCR Enhancements**).

The TCR Enhancements have been developed by a joint project committee composed of members from the CSA, CCIR, Canadian Insurance Services Regulatory Organizations (CISRO) and the New Self-Regulatory Organization of Canada (**New SRO**) (the **Project Committee**).

The TCR Enhancements for the securities sector (the **Securities Amendments**) are for amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and changes to the Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**31-103CP** or the **Companion Policy**).

The TCR Enhancements for the insurance sector are found in the *Individual Variable Insurance Contract Ongoing Disclosure Guidance* (the **Insurance Guidance**) – an enhanced disclosure framework for Segregated Fund Contracts. The CCIR expects each of its member jurisdictions will adopt the framework by local guidance or, in certain jurisdictions, regulation. In addition to

including cost and performance reporting guidance, the Insurance Guidance also includes additional ongoing performance disclosure guidance designed to bring the insurance sector into closer harmony with the securities sector, as well as guidance with respect to ongoing disclosure with respect to Segregated Fund Contract guarantees.

The Securities Amendments are relevant for all registered dealers, advisers and investment fund managers. The Insurance Guidance will apply to all insurers offering Segregated Fund Contracts to their policy holders.

We expect New SRO to amend its member rules, policies and guidance to be materially harmonized with the Securities Amendments.

In some jurisdictions, ministerial approvals are required for the implementation of the Securities Amendments. Provided all ministerial approvals are obtained, they will come into force on January 1st, 2026, subject to the transition period discussed below.

Substance and Purpose

The TCR Enhancements are part of the Joint Regulators' harmonized response to concerns we have identified relating to current cost disclosure requirements for investment funds and segregated funds and product performance reporting requirements for segregated funds.

One important concern which we aim to address is that there are currently no requirements for securities industry registrants or insurers to provide ongoing reporting to investors and policy holders on the amount of such costs after the initial sale of the investment product, in a form which is specific to the individual's holdings and easily understandable.

We believe the TCR Enhancements will enhance investor protection by improving investors' and policy holders' awareness of the ongoing embedded fees such as management expense ratios (**MER**) and trading expense ratios (**TER**) that form part of the cost of owning investment funds and segregated funds. The Insurance Guidance will also enhance policy holder protection by improving policy holders' awareness of their rights to guarantees under their Segregated Fund Contracts and how their actions might affect their guarantees.

The TCR Enhancements are as consistent as possible between the securities and insurance sectors with respect to disclosure of the ongoing costs of owning Segregated Fund Contracts and investment funds, taking into account the material differences among those products and in the ways the two sectors and their regulatory regimes operate.

New elements for the securities sector

The Securities Amendments add the following new elements to NI 31-103:

- In the annual report on charges and other compensation (the **ARCC**) under section 14.17 for the account as a whole, for all investment fund securities owned by a client during the year, excluding labour-sponsored investment funds (LSIFs) and prospectus-exempt funds, information relating to:
    - the aggregate amount of fund expenses, in dollars, for all investment funds;
    - the aggregate amount of any direct investment fund charges (e.g., short-term trading fees or redemption fees), in dollars, for all investment funds, and;
    - the fund expense ratio (the **FER**), as a percentage, for each investment fund class or series.
- Additions to the existing requirement for investment fund managers to provide necessary information to the dealers and advisers who distribute their products.
- Provisions relating to the calculation and reporting of this information.

Existing exemptions for statements and reports provided to non-individual permitted clients (including, for example, many different institutional investors), pursuant to subsections 14.14.1(6) and 14.17(5) of NI 31-103, will continue to apply.

There are no grandfathering provisions.

Annex A – *Summary of changes to NI 31-103 and 31-103CP* describes the key changes to the NI 31-103 and the Companion Policy in more detail.

New elements for the insurance sector

The Insurance Guidance indicates insurers should provide the following information in statements to investors with respect to the cost of holding segregated fund contracts, in addition to the information already described in the December 2017 CCIR Segregated Funds Working Group Position Paper and the June 2018 appendix amendments (the Segregated Fund Position Paper):

- the fund expense ratio, stated as a percentage, for each segregated fund held by the client within their Segregated Fund Contract during the statement period; and
- for the Segregated Fund Contract as a whole:
    - the aggregate amount of fund expenses, in dollars, for all segregated funds held in the contract during the statement period;
    - the aggregate cost of insurance guarantees under the Segregated Fund Contract, in dollars, for the statement period; and
    - the aggregate amount of all other expenses under the Segregated Fund Contract, in dollars, for the statement period.

Although the Insurance Guidance itself is not legally binding, insurance regulators in each jurisdiction will implement this initiative in line with their respective regulatory requirements, which will, in some jurisdictions, include legally binding requirements with effective dates which match the Securities Amendments.

Background

The TCR enhancements were developed over the course of an extensive consultation process.

Publication for Comment

We published proposed securities amendments and insurance guidance for comment on April 28, 2022 for a 90-day comment period (the **Proposals**). We received 38 letters for both the insurance and securities sectors. We have considered the comments received and thank all of the commenters for their input.

We have made changes to some of the Proposals. These changes are summarized below and discussed in Annex B – *Summary of comments and responses - Securities*. As these changes are not material, we are not publishing the Proposals for another comment period.

Copies of the comment letters were posted on the following websites:

- the Alberta Securities Commission at www.albertasecurities.com
- the Autorité des marchés financiers at www.lautorite.qc.ca
- the Ontario Securities Commission at www.osc.gov.on.ca
- the Canadian Council of Insurance Regulators at www.ccir-ccrra.org

Other Consultations

The TCR Enhancements follow on work securities regulators began after the completion of the Client Relationship Model, Phase 2 project in 2016 and the Segregated Fund Position Paper, as well as extensive consultations with investor advocates and market participants, including at the June 2021 and June 2022 meetings of the Joint Forum of Financial Market Regulators.[1]

Following the end of the comment period, the Project Committee created a joint working group and held technical consultations with industry stakeholders and service providers in order to discuss potential issues related to the proposed transition date and implementation issues (the **Additional Consultations**).

Summary of Changes to the Proposals

In developing the TCR Enhancements, we carefully reviewed the comments that we received on the Proposals. We found some of the comments recommending changes to be persuasive and revised the Proposals accordingly. We have sought to adequately

[1] https://www.securities-administrators.ca/news/joint-forum-of-financial-market-regulators-receive-early-feedback-regarding-total-cost-reporting-and-climate-change/; https://www.securities-administrators.ca/news/joint-forum-of-financial-market-regulators-engages-with-industry-and-investor-groups-on-investment-fee-transparency/

balance the regulatory burden imposed, while maximizing investors' awareness and understanding of their costs of investing. We have summarized the most notable changes below.

Securities sector

Fund expense ratio

We have moved the requirement to report the fund expense ratio for each investment fund from the quarterly or monthly account statements to the ARCC. We believe that consolidating all information related to costs in a single annual report will facilitate investor understanding of this information.

Application of Securities Amendments

We have excluded prospectus-exempt and LSIFs from the scope of the Securities Amendments due to the differences between how those products operate as compared to funds included within the scope of the TCR Enhancements and considering the potential implementation issues which may be related to their inclusion. The Securities Amendments apply to all other investment funds, including scholarship plans.

Newly-established funds

We have added new provisions specifying in which circumstances cost information about newly-established funds may be excluded, considering that this information may not be available for those funds. In the case where such information is excluded, a notification must be included in the report.

Due diligence

We have clarified that we do not expect dealers and advisers to routinely undertake a due diligence review of the information provided to them by investment fund managers, outside of certain exceptional circumstances outlined in NI 31-103 and the Companion Policy. In the case where such exceptional circumstances arise, dealers and advisers will continue to be required to make reasonable efforts to obtain the required information, subject to considerations about the materiality and costs of doing so.

Use of approximations

We added guidance that encourages the use of exact information. However, we continue to allow IFMs to use reasonable approximations, recognizing that there can be circumstances in which exact information will be unavailable or that the costs of obtaining it may outweigh the potential improvement over an approximation.

We have removed the requirement that approximations be based on information found in a fund's most recently disclosed fund facts document, ETF facts document, prospectus or management report of fund performance in order to grant registered firms additional flexibility in using approximations and to minimize the regulatory burden imposed. However, we have also provided guidance in the Companion Policy which notes that those documents can generally be relied on for these purposes.

We have also allowed dealers and advisers to use reasonable approximations when making reasonable efforts to obtain or determine cost information, in the case where the exceptional circumstance referred to above apply.

Despite the allowance for registered firms to use reasonable approximations, we have added guidance which encourages investment fund managers to provide exact information, whenever available, considering that doing so would enhance investor understanding of their costs of investing.

We believe this approach adequately balances the need for investors to receive information about the ongoing costs of owning investments funds, while avoiding imposing an undue regulatory burden on registrants.

Calculation methods

We have modified how cost information such as fund expenses and direct investment fund charges are required to be calculated, in order to clarify how each type of fee should be accounted for.

We have also specified that the actual fees paid by the investor, including any performance fees and deducting any fee waivers, rebates or absorptions, should be reported. We have however indicated through guidance that the additional disclosure of any waivers, rebates or absorptions as a separate line item will be allowed.

We have also adjusted the formula which must be used when calculating fund expenses in order that it more accurately reflects the costs actually incurred by each client. The revised formula is based on the more accurate calculation of the fund expenses for each day for which a fund was owned by an investor. We continue however to allow registered firms to provide a reasonable approximation of this amount.

Notifications

We have revised the required notifications, in collaboration with the OSC Investor Office Research and Behavioural Insights Team (**IORBIT**), with the goal of enhancing investor understanding.

In response to comments regarding the inclusion of third-party charges, we have mandated the inclusion of a notification when certain such charges are deducted, as well as a notification concerning the embedded fees which may be associated with ownership of products which are not included within the scope of the Securities Amendments, such as structured products.

We have also mandated the inclusion of a notification that explains to investors how they can take action with regards to the fee information contained in the report, for example by contacting their advisor to discuss the fees they pay or by considering the impact of those fees on the long-term performance of their portfolio.

ARCC sample document

We have made the required changes to the ARCC sample document, in collaboration with IORBIT, in order to reflect other changes made to the Proposals.

Other

The Securities Amendments also include revisions to the guidance in the Companion Policy which are primarily intended to clarify the interpretation of the new requirements.

Insurance sector

Harmonization

We modified the Insurance Guidance to harmonize with the changes made to the Securities Amendments, as described above, taking into account the material differences among those products and in the ways the two sectors and their regulatory regimes operate. This includes changes such as adding definitions and calculation methodologies for Fund Expenses and Fund Expense Ratios, permitting insurers to use approximations, adding additional notifications and clarifying when cost information about newly-established funds may be excluded.

Insurance Costs

We clarified insurers are only required to disclose the dollar amount of insurance cost as a separate item in a policyholder's annual statement where the insurance cost is not already included in another cost, such as fund expenses.

Legacy Contracts

We added a process for insurers to apply for exemptions from specific expectations in the Insurance Guidance in the unusual cases where costs to policyholders of insurer compliance will exceed the benefits to the policyholders.

We recognize that where certain contracts are no longer being sold and the overall number of policyholders is low, the cost to upgrade systems to comply with the Insurance Guidance might be passed on to only a few policyholders, resulting in a disproportionate impact to individuals who own these older Segregated Fund Contracts. CCIR will only grant exemptions in exceptional circumstances, as described in the Insurance Guidance, in cases where an insurer can demonstrate to CCIR that complying with an expectation will result in costs to policyholders that would exceed the benefit to the same policyholders.

The changes to the Proposals and our reasons for making them are discussed in more detail in Annex B – *Summary of comments on the Proposals and responses*.

Further Changes

We may consider making proposals for extending the TCR Enhancements to include prospectus-exempt and labour sponsored investment funds at a future date.

Transition

The TCR Enhancements will take effect on January 1, 2026. Both securities registrants and insurers will have to deliver the first annual reports that incorporate the TCR Enhancements for the year ending December 31, 2026.

We have extended the transition period in light of significant implementation issues and concerns identified in the comment letters and the Additional Consultations.

We believe this would result in the shortest possible delay for clients to receive TCR-enhanced reports, while providing industry with a sufficient implementation period.

We therefore:

- encourage registrants and insurers to begin reviewing their systems and conducting advanced planning as soon as possible in order to have all of the resources necessary for implementation in place on time; and
- expect registrants and insurers to complete the implementation of all required changes to their individual systems well in advance of January 1st, 2026, in order to allow sufficient time for testing and the resolution of any unanticipated issues.

The CSA and CCIR will establish an implementation committee with the participation of New SRO to provide guidance, respond to questions and otherwise assist registrants to operationalize the TCR Enhancements within the transition period (the **Implementation Committee**). This could include assisting registrants in determining appropriate standards and timelines for transmission of information and obtaining high-level updates on the timely progress of the implementation of the TCR Enhancements.

List of Annexes

This notice contains the following annexes:

- Annex A - Summary of changes to NI 31-103 and 31-103CP
- Annex B - Summary of comments and responses - Securities
- Annex C - Amendments to NI 31-103
- Annex D - Blackline showing changes to NI 31-103 under the Securities Amendments
- Annex E - Blackline showing changes to 31-103CP
- Annex F - Amendments to 31-103CP
- Annex G - Adoption of the Securities Amendments
- Annex H - Insurance Guidance
- Annex I - Insurance sample annual statement

This notice will be available on the following websites of CSA jurisdictions:

www.lautorite.qc.ca
www.asc.ca
www.bcsc.bc.ca
www.fcnb.ca
nssc.novascotia.ca
www.osc.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

This notice will also be available on the CCIR website: https://www.ccir-ccrra.org.

Questions

If you have any questions, please contact the staff members listed below.

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ANNEX A

SUMMARY OF CHANGES TO NI 31-103 AND THE COMPANION POLICY

This annex summarizes the changes that the Securities Amendments will make to the current versions of NI 31-103 and the Companion Policy. In addition to the changes summarized in this annex, the Securities Amendments also include technical drafting changes and clarifications.

Reporting of investment fund cost information in ARCC

We have expanded section 14.17 of NI 31-103 to require reporting the following information in the ARCC, for the account as a whole, for all investment funds securities owned by a client during the year, with the exception of LSIFs and prospectus-exempt funds (references to investment funds in this annex therefore exclude LSIF and prospectus-exempt funds):

- the total amount of fund expenses, in dollars, for all investment fund securities;
- the total amount of direct investment fund charges (e.g., short-term trading fees or redemption fees), in dollars, for all investment fund securities, and;
- the fund expense ratio, as a percentage, for each investment fund class or series of securities.

The total amount of fund expenses, as well as each fund expense ratio must be reported inclusive of performance fees and net of any fee waivers, rebates or absorptions.

In addition, the following total amounts must be reported in the ARCC:

- the total investment fund expenses and charges, consisting of the total amount of (a) the fund expenses and (b) the direct investment fund charges
- the total costs of investing, consisting of the total amount of (a) the registered firm's charges, which are required to be reported under current requirements and (b) the total investment fund expenses and charges, which are newly required under the Securities Amendments.

Notifications to clients in ARCC

We have expanded section 14.17 to require the following notifications to be included in the ARCC:

- a notification explaining to clients how they can take action based on the information provided in the report;
- if the client owned investment fund securities during the period covered by the report:
    - a notification which provides explanations to clients concerning fund expenses;
    - a notification which refers clients to fund issuers' documents for more information about fund expenses and fund performance, and to their account statements for information about their current holdings;
- if deferred sales charges (DSC) were paid by the client, an explanation of those charges;
- if other direct investment fund charges were charged to client, an explanation of those charges;
- if information reported about the fund expenses, direct investment fund charges or fund expense ratio(s) is based on an approximation or any other assumption, a notification that this is the case[1];
- if a structured product, LSIF or prospectus-exempt investment fund securities were owned by the client, a notification that such products have embedded fees which may not be required to be reported in the ARCC;
- if the registered firm knows or has reason to believe that the client paid custodial fees, intermediary fees or interest charges to third-parties related to securities owned by the client, a notification that such charges or fees may not be reported in the ARCC;
- if any foreign funds were owned by the client, a notification that information about those funds may not be directly comparable to equivalent information for Canadian investment funds, and that it may include different types of fees.

[1] A detailed description of those approximations or assumptions is not required to be reported.

IFM duty to provide information to dealers and advisers

We have expanded the IFM's duty to provide information under section 14.1.1 of NI 31-103 to encompass the additional information dealers and advisers are required to deliver to clients under the Securities Amendments.

We have added section 14.1.2 [*Determination of fund expenses per security*] to specify what information IFMs should provide registered dealers and advisers to allow them to comply with section 14.17(1)(i), as well as to specify how the fund expenses per security for the day, which are used as an input in the formula for calculating the aggregate amount of fund expenses under section 14.17(6), must be calculated.

Calculation methods for cost information

We have added subsection 14.17(6) to specify the method which must be used for calculating the aggregate amount of fund expenses.

In summary, for each day in the reporting period, registered dealers and advisers must multiply the amount of fund expenses per security for that day by the number of securities owned by the client on that day, for each class or series of investment fund securities owned by a client. The dealer or adviser must then add together the resulting amounts for each class or series of investment fund securities owned by a client and for each day in the reporting period to obtain the aggregate amount of fund expenses for the year.

Reporting of fund expenses and direct investment fund charges by dealers and advisers

We have added section 14.17.1 to specify that registered dealers and advisers must report information based on the information provided by IFMs, in the case where IFMs are required to do so.

We have added subsection 14.17.1(2)(a) which provides that, in certain exceptional circumstances, such as if no information is provided by the IFM, the registered firm must make reasonable efforts to obtain or determine the required information by other means. This subsection also allows dealers or advisers to obtain or determine a reasonable approximation of that information.

Use of reasonable approximations

We have added subsection 14.1.2(2) to allow for the use of approximations by IFMs where it would not result in misleading information:

- paragraph 14.1.2(2)(a) allows IFMs to use a reasonable approximation of the inputs referenced in the formula for calculating the fund expenses per that security for the day;
- paragraph 14.1.2(2)(b) allows IFMs to provide dealers or advisers with a reasonable approximation of the aggregate amount of fund expenses, aggregate amount of direct investment fund charges and fund expense ratio for each class or series of investment fund securities.

We have added subsection 14.17(8) to allow registered dealers or advisers to report reasonable approximations to their clients, in the case where approximations are provided by IFMs or determined by the registered dealer or adviser consistent with other requirements in the Securities Amendments.

Companion Policy guidance discusses our expectations with respect to the use of approximations contemplated in the Securities Amendments.

Exemptions

We have included exemptions from certain reporting requirements for newly-established investment funds, considering that information about the fund expenses and fund expense ratio of such funds may not be available.

We note that the existing exemption from the requirement to provide an ARCC to a non-individual permitted client (including, for example, many institutional investors), pursuant to subsection 14.17(5) will continue to apply.

There are no grandfathering provisions.

ANNEX B

SUMMARY OF COMMENTS AND RESPONSES - SECURITIES

This annex summarizes the written public comments we received on the Proposals and our responses to those comments. Out of the 33 comment letters we received for the securities sector, 27 were from industry stakeholders (including registrants, industry associations and law firms), and 6 were from non-industry stakeholders (including investors, investor advocates, academics and others).

This annex contains the following sections:

A. General comments and responses

B. Transition

C. Reportable costs

D. Calculation Methodology

E. Use of estimates and approximations

F. IFMs' duty to provide information

G. Dealer reliance on IFMs

H. Issues related to specific product types

I. Disclosure Format

J. Exemptions

K. List of securities commenters

A. GENERAL COMMENTS AND RESPONSES

	Comment	Response
Balance of costs and benefits		
1.	Investor advocates and the majority of industry commenters expressed support for the objectives of the Proposals. However, there were some industry comments that expressed the view that TCR is or may be unnecessary or that the costs for the industry to implement and comply would outweigh the benefits to investors. Some of these commenters urged more research and consultation before proceeding further with the project. Investor advocates, however, urged us not to delay implementation of the Proposals, in light of its importance for investors. One industry commenter stated that they were unsure of why the TCR project was needed and suggested that it could be adequately addressed through the proposed notification regarding fund expenses and by directing investors to contact their investment representative for more information regarding fund expenses. They also asked that further research be conducted to confirm whether TCR will change investment decision-making patterns by retail investors. This commenter was also of the view that it is unrealistic to expect that retail investors, through TCR, will achieve the	We continue to believe that it is necessary to provide investors with complete and transparent information relating to the ongoing costs of owning investment funds because doing so will allow investors to make better-informed decisions and will ultimately result in better investing outcomes. We do not agree with suggestions that it is sufficient that investors be provided with a notification about fund expenses and be directed to contact their investment representative for more information. While registered representatives are required to make recommendations to clients which are suitable, clients, and not registered representatives, make investment decisions[1]. We also note that self-directed investors do not receive advice from registered representatives. We also believe that it is not sufficient that investors can access individual fund cost information on their own initiative, for example by consulting each investment fund's most recent Fund Facts or ETF facts. Finding and collecting

[1] This excludes the specific case of managed account where discretionary trading authority has been delegated to a registered adviser or investment dealer.

	same level of understanding as dealing representatives regarding the cost structures of investment funds. Investor advocates however noted that increased transparency should help investors identify the more expensive products in their portfolio and ways to lower their costs. One commenter cited a recent study which found that higher investment fees can set back an individual's retirement by four years. An investor advocate further qualified the ability for consumers to see and understand all the fees and costs associated with buying a product as a fundamental investor right and stated that the current regime leads many investors to believe that they already have full disclosure of costs. Investor advocates were of the view that the project would promote competition within the fund management industry and help drive down costs as firms compete on delivering products and services more efficiently. They also noted that Canada has some of the highest mutual fund costs in the world. However, an industry commenter asked that the CSA explain how transparency about costs would encourage more competition. Some industry commenters were also of the view that the project could lead to dealer consolidation.	up-to-date information for all the funds an investor has owned during the year, taking into account purchases and redemptions during this period, would be complex, time-consuming, especially for ordinary retail investors. Costs have a significant impact on returns, which add up over time. It is necessary for investors to be aware and understand the costs they pay in order to allow them to assess the value they receive in return and make informed decisions. Investors should therefore receive clear personalized information about the ongoing costs of their investment funds in the same way as they already receive such information about their other costs of investing. We aim to increase investor awareness and understanding of investment fund costs, which will help address the information asymmetry between investors and registrants. We do not believe that investors would be required to achieve the same level of understanding as dealing representatives regarding the cost structures of investment funds in order to benefit from the TCR enhancements. In making enhancements to the ARCC, we have been careful in assessing what information should be included in the ARCC in order to increase investor awareness and understanding of costs, as discussed in more detail in other responses in this annex. We have provided a sample document showing how that information can be presented in an accessible format. It is also important to bear in mind that dealers and advisers are expected to provide the context for information contained in the reports that are sent to their clients. The need to address the information gap regarding costs and compensation paid by clients to other parties, such as IFMs, was publicly identified by securities regulators following the completion of the CRM2 project in 2016.The MFDA published a discussion paper for consultation in 2018[2]. The CSA and CCIR then established the joint TCR project and published the Proposals for comments, following extensive prior consultations with investor advocates and market participants, notably at the 2021 Joint Forum of Financial Market Regulators, as well as through informal technical consultations with industry associations and service providers. We are satisfied that sufficient research and consultation has been done and that it is time to move forward with the Securities Amendments. We have made changes to the Proposals that will reduce the costs of implementation and compliance for industry stakeholders, including:

[2] MFDA Bulletin #0748-P, Discussion Paper on Expanding Cost Reporting – Summary of Comments, April 19, 2018.

		• consolidation of the enhanced disclosure requirements in the ARCC, so that there will be no new elements in monthly or quarterly client statements • allowing the use of reasonable approximations where appropriate, without requiring overly detailed notifications • providing guidance that in the normal course, IFMs can provide reasonable approximations which rely on information in existing disclosure documents when providing information dealers and advisers who distribute their funds, without rigidly requiring them to do so in all circumstances • providing guidance that in the normal course, dealers and advisers can rely on the information provided by IFMs without undertaking burdensome due diligence • excluding private investment funds and LSIFs in light of their unique nature and potential implementation issues • providing a significantly longer transition period
Prospectus-exempt funds and labour-sponsored funds		
2.	Industry commenters expressed significant concerns about the implementation issues related to the inclusion of prospectus-exempt investment funds (private funds) LSIFs, including the following: • IFMs of private funds do not typically calculate a FER as a percentage since they are not required to do so under National Instrument 81-106 *Investment Fund Continuous Disclosure* • private funds do not have publicly available information that would allow a dealer or adviser to calculate a FER or determine if a reported FER is misleading • investment funds with illiquid assets generally do not publish NAV on a daily basis and there is no standard valuation frequency with the result that if an IFM does not provide an exempt market dealer (EMD) with FER information for an investment fund that meets the requirements of the Proposals, it will be the norm and not the exception that an EMD's client account statements will simply state that such information is unavailable and not being reported • there is a wide variety of prospectus-exempt fund structures and features, some with complex pricing structures (e.g., alternative investments) that would be challenged in calculating and communicating cost information in a manner consistent with the Proposals • applying TCR to pooled funds may lead dealers and adviser to discontinue offering them to their clients, especially in the case of pooled funds of managers with smaller amounts of assets under management, who may not have the same resources as larger IFMs to build and maintain the	We have concluded that these differences and resulting implementation issues are sufficiently large that it would not be appropriate to include private funds and LSIFs in the Securities Amendments. Additional consultations would be necessary before making any proposals to include private funds and LSIFs. This would require consideration of the costs and benefits of including them in a potential future phase of the project. Our regulatory regime generally distinguishes the exempt market, among other things to encourage capital raising. Investors in exempt-market funds must be qualified under a prospectus exemption and meet certain investor criteria, such that less disclosure is required to be provided to them.

	necessary support for dealers and advisers to provide TCR regarding their pooled funds • investors in private funds must be accredited investors or satisfy other criteria • there is no pre-existing infrastructure to transmit information about private funds that could be built out to support TCR • due to the nature of LSIFs and the underlying small- and medium-sized business investment criteria, LSIFs with inactive trading status or in the wind-up phase may not have current prices	
Harmonization		
3.	Commenters supported harmonizing annual reporting requirements between the securities and the insurance sectors, with some noting the need to recognize unique features of the products in doing so. Commenters encouraged us to adopt the same timetable for the implementation of both the Securities Amendments and the Insurance Guidance. They pointed out that a shared schedule would be in the interests of investors and policyholders, who would wish to receive comparable information at the same time, and also in the interests of the industry participants in both sectors, who would be able to share some of the implementation costs.	Harmonization is a core objective of the TCR project. We have sought to ensure that the TCR enhancements are as consistent as possible between the securities and insurance sectors, taking into account the material differences among those products and in the ways the two sectors and their regulatory regimes operate. The removal of the proposed requirement to include new information in monthly or quarterly account statements has further increased harmonization, with both sectors requiring information to be reported on an annual basis.
Drafting comments		
4.	We received a number of drafting suggestions and comments on the Proposals.	While we incorporated some of these suggestions in the Securities Amendments, this summary does not include a detailed list of all the drafting comments or changes that we made.
General and Out-of-scope matters		
5.	We received a number of comments on topics that are outside the scope of the TCR project, including: • material revisions to the ARCC not related to ongoing cost information • extending the ARCC to include investment products not within the jurisdiction of CSA members • allowing consolidation of ARCCs for clients with multiple accounts with a registrant • allowing consolidation of ARCCs for portfolio manager clients whose accounts are held at an investment dealer • revisiting the content of the annual investment performance report • adding new exemptions or waivers to the existing requirements to deliver ARCCs or investment performance reports to clients • delivery methods for mandated reports • mandating a notification concerning proprietary product shelves • changes to Fund Facts and ETF Facts documents and other point-of-sale requirements • comments relating to other CSA projects We also received comments recommending that regulators: • strongly enforce the amendments • impose impactful sanctions and fines	We note the comments, but have not provided specific responses to comments outside the scope of the project, as well as to general comments.

	• undertake investor education initiatives regarding investment fees and costs	

B. TRANSITION

	Comment	Response
Length of transition period		
6.	Most industry commenters asked that the transition period be extended. They underlined the complexity of the project and that it will require significant time and resources, and argued that the proposed implementation timeframe was unreasonable, given the need to develop infrastructure to automate the required cost calculations and transmit the required calculations between IFMs and dealers and advisers. Some also noted that not all funds are sold through Fundserv, so more than one solution may be required, including the use of manual processes and development of a new centralized infrastructure. Investor advocates and a few industry commenters, however, supported the proposed transition period or asked that it be shortened. They stressed the importance of providing enhanced cost information to investors. Some also questioned the validity of industry concerns about the amount of time that would be required to implement the new requirements. We also received some comments for and against different forms of phased implementation, with some commenters proposing that different products be phased in at different times.	We have extended the transition period in light of the significant implementation issues and concerns identified in the comment letters and the Additional Consultations. We believe that this extended transition period will result in the shortest possible delay for clients to receive enhanced reports, while providing industry with sufficient time to implement the new requirements. We do not anticipate extending it. Adopting a shorter implementation timeline would not have been realistic, as requiring that the first enhanced annual reports be received for the year 2025, as opposed to the year 2026, would have allowed for a transition period of only up to 20 months. We also considered, but rejected, an implementation period which would have required that TCR-enhanced information be delivered for only a portion of the reporting period, considering the potential regulatory burden of for registrants, as well as the limited benefits for investors of a report presenting partial information. Our assessment included consideration of a phased approach to implementation. We concluded that it would not be in the interests of investors to receive incomplete and potentially further delayed reports. We also concluded that it would be ultimately less efficient and more costly for industry to implement in stages, and considered the level playing field implications of doing so.
Conflict with T+1 project		
7.	Several industry commenters in the securities sectors indicated that the proposed timeline for implementation of the Securities Proposals conflicts with the move from T+2 to T+1, which is proposed to take effect in September 2024.	We understand concerns about the pace of change, and we are mindful of that consideration. We considered the potential impact of the T+1 project in determining the extended transition period for the Securities Amendments. We also note that the CSA announced on December 15, 2022 that it is not proposing amendments to National Instrument 81-102 *Investment Funds* to mandate a shorter settlement cycle for investment funds[3].

[3] See: https://www.securities-administrators.ca/news/canadian-securities-regulators-outline-steps-to-support-transition-to-t1/

Starting implementation before final publication		
8.	Several industry commenters said that it would not be reasonable to expect firms to spend resources on building a system until amendments are published in final form and have received all necessary approvals. However, other commenters stated that there is no reason why industry groups could not have already had conversations about the data likely required.	We understand that registrants will not be able to fully begin implementing the Securities Amendments until they have the certainty that they will be fully approved. However, firms can begin reviewing their systems and conduct advanced planning in order to have all of the resources necessary for implementation in place at an early stage, before final approvals are obtained.
Implementation Committee		
9.	Many industry commenters recommended setting up an implementation committee of industry participants, including Fundserv and the various trading associations, in order for the securities regulators to facilitate timely dialogue with stakeholders and vendors to develop and implement a final rule.	As part of the Additional Consultations, the Project Committee established a joint working group and held consultations with industry stakeholders and service providers. We will continue this work through the Implementation Committee which will be established jointly by the CSA and CCIR with New SRO participation to provide guidance, respond to questions and otherwise assist registrants to operationalize the TCR Enhancements. This could include assisting registrants in determining appropriate standards and timelines for transmission of information and obtaining high-level updates on the timely progress of the implementation of the TCR Enhancements.

C. REPORTABLE COSTS

	Comment	**Response**
Use of MER or FER		
10.	Some industry comments recommended reporting the MER only, as opposed to the FER, as, according to those commenters, the TER, which forms part of the FER, is not generally a material cost associated with investing and the MER makes up the majority of the embedded fees over the long term. Many industry commenters and investor advocates, however, were of the view that reporting MERs, but not TERs would not be acceptable, notably as TCR needs to include all costs and failing to disclose the TER could lead to a failure to disclose material costs to the client. An industry commenter more specifically highlighted that while TERs generally average about 10 basis points annually, there are instances where a fund's TER is significant, in some cases exceeding the same fund's MER. Some industry commenters also acknowledged that the FER is a more comprehensive metric for investors.	We believe that using the FER, which includes both the MER and TER, is necessary in order to provide investors with a complete picture of their total costs of investing. We considered that for some funds, the amount of the TER is material and may exceed the amount of the MER.

Disclosure of the FER or MER as a percentage for each fund		
11.	Many industry commenters and investor advocates were in favour of including disclosure of the FER or MER of each fund as a percentage. They stated that providing investors with such disclosure would give them clear and useful information. They also indicated that while dollar amounts fluctuate, percentages remain stable. On the contrary, some industry commenters were not in favour of including disclosure of fund costs as a percentage. Some industry commenters were of the view that the FER fails to provide adequate information for clients to assess cost appropriateness and could be confusing or misleading if provided without cost data for other products or performance indications, which could in turn be counterproductive for clients' financial objectives. Some industry commenters also mentioned that Fund Facts already include MER and TER information for funds subject to NI 81-106. Some further added that this information could conflict with the new metric suggested in the Proposals.	We believe that requiring disclosure of the FER as a percentage will increase investors' awareness and understanding of their costs of investing. More specifically, we believe that it will allow them to understand which funds they owned during the reporting period have higher or lower costs. We believe that this will in turn allow them to make better-informed investment decisions, for example by enabling them to ask relevant questions about the costs of different products to their advisors. While the FER of many investment funds is disclosed in their Fund Facts or ETF Facts, this information is not personalized to an investor's holdings and is only communicated at the point of sale, as opposed to an ongoing basis. Thus, the information found in those documents is not sufficient to allow investors to become aware of the current total ongoing costs of the investment funds they own or owned during the reporting period.
Separate reporting of MER and TER		
12.	Some commenters were in favour of reporting the MER and TER separately, as opposed to combining them in a single FER number, indicating that it would provide investors with superior information. A commenter expressed the view that combining the MER and TER into a single FER metric would not allow investors to ask informed questions and make informed decisions about their investments. They also expressed that disclosure should allow investors to use MERs to compare the compensation of IFMs in respect of different funds while also alerting them to the impact of TER as a cost of their investments. They recommended including a breakdown of the management fees and other costs reflected in MER and the trading expenses reflected in TER, with clear, separate explanations of what these each of these measures and their underlying expenses represent.	The Securities Amendments do not require separate disclosure of the MER and TER, considering the benefits of providing simple and clear disclosure to investors and policyholders, as well as the potential burden of requiring such additional disclosure.
Disclose FER or MER information in annual report only		
13.	Many industry commenters expressed concerns about the client confusion and the operational and system challenges that may arise from providing fund FER or MER reporting on a quarterly or monthly basis, especially if it is provided without a holistic CRM2 view on annual returns and full distribution costs. Those commenters also underlined that reporting fund FER in periodic account statements may be duplicative and present clients with information in a different format. Industry commenters also mentioned that the proposed data elements may be operationally prohibitive for IFMs to provide to dealers within a time period required to produce monthly or quarterly statements. Consequently, some industry commenters, as well as an investor advocate recommended that the FER be included in	We have moved the requirement to report the FER for each fund from the quarterly or monthly account statements to the ARCC. We believe that consolidating all information related to costs in a single annual report will facilitate investor understanding of this information.

	the ARCC, in order to keep all cost-related information in one place. An industry commenter was of the view that reporting information annually would be sufficient, except in the case of significant portfolio restructuring.	
Reporting of fund expenses per fund in dollars		
14.	Some industry and independent commenters indicated that fund-level cost information should be reported both in percentage and in dollars, indicating notably that providing costs in percentage only would only inconvenience clients by requiring them to do the math themselves.	The Securities Amendments do not require reporting the amount of fund expenses in dollars incurred for each investment fund. Fund-by-fund dollar costs would not allow clients to make meaningful comparisons, since the principal amounts invested in different funds will vary, as will the time periods during which they were held. We also note that implementing the proposed change would have required additional consultations.
Disclose fund MER and estimated cost per $1000 invested only		
15.	An industry commenter recommended that the MER not be used to attempt to calculate an actual dollar cost for an investor due to the resulting costs being an estimate that could be materially misleading. This commenter instead recommended that the MER be disclosed, along with the estimated cost per $1,000 invested, as is done for Fund Facts and ETF Facts.	We believe that requiring reporting of the MER and estimated cost per $1,000 invested of each fund would not be an acceptable alternative to requiring reporting of the total amount of fund expenses in dollars for all funds owned by a client, as it would not allow clients to become aware of the total ongoing costs of the funds they own in dollars.
Inclusion of performance fees in reported FER and fund expenses		
16.	Some industry commenters and investor advocates were in favour of including performance fees to improve investors' understanding and assessment of fund costs, including for alternate funds, mentioning that performance fees subtract from returns. An industry commenter in favour of including such fees also mentioned that performance fee disclosures are confusing and that stated management fees can be significantly different than MERs. This commenter also mentioned that funds with performance fees are better equipped to provide up-to-date fee disclosures, noting that overseeing these funds requires sophisticated systems to track fee accruals given the complex nature of performance fee calculations and that, often, fees must be tracked daily. A securities industry association also recommended that the CSA provide guidance allowing appropriate adjustments to the FER calculation to account for variation of the performance fee from one year to another. On the contrary, an industry association suggested excluding performance fees from the MER calculation as, in their view, (1) the focus on reporting costs to investors should be on costs that they will incur regardless of whether the fund is profitable, as those costs are manageable to a degree by the IFM, whereas performance fees are only incurred if an investor's holdings are increasing in value and represent a portion of that increase and (2) inclusion of performance fees in annualized MER for a fund that has	Investors and policyholders should be made aware of all the fees and expenses associated with the investment funds and segregated funds they own, including the performance fees they pay. We have made changes to the Proposals to ensure that the FER reported for each fund, as well as the total amount of fund expenses reported, are inclusive of performance fees. We have also made adjustments to the calculation method for fund expenses, which is now based on a fund's FER for each day that it was owned by the client, to ensure that performance fees incurred at varying periods of the year and material changes in a fund's FER throughout the year are accurately accounted for. We, however, continue to allow for the use of reasonable approximations.

	performance fees at varying periods of the year can distort the estimated expenses reported.	
Presentation of performance fees as separate line item		
17.	An industry commenter suggested that performance fees should be presented as a separate line or noted as in Fund Facts to highlight how much of the MER it accounts for.	We have added guidance to clarify that performance fees can be presented as a separate line item.
Reporting of MER waivers or rebates		
18.	An industry commenter suggested that the effective rate the client pays, after accounting for any fee reduction program, and not the stated rate of the funds should be reported to clients.	We agree that the effective rate the client pays, as opposed to the posted rate, should be used. As such, we have made changes in the Securities Amendments to require that the FER for each fund and the amount of fund expenses reported are inclusive of performance fees and net of fee waivers, rebates or absorptions.
Proposed notification concerning householding and management fee rebates		
19.	A securities industry commenter recommended the inclusion of a footnote to explain that actual costs could be materially different than those listed, due to the impact of householding and management fee rebates.	The Securities Amendments require that the FER for each fund and the amount of fund expenses reported are inclusive of performance fees and net of fee waivers, rebates or absorptions. We have also clarified through guidance that if a dealer or adviser provides a client with fee waivers, rebates or absorptions, as would be the case for a householding rebate provider by a dealer or adviser, they must not be included in the total amount of fund expenses reported, but should be included in the corresponding dealer or adviser charges required to be reported under paragraphs 14.17(1)(a) to (f) of NI 31-103.
Scope of costs captured		
20.	According to some investor advocates and industry commenters, TCR should capture all direct and indirect costs incurred by a client in their account. This includes, but is not limited to, product costs, advice and service fees, account fees, fund trading costs, DSC early redemption penalty fees, NSF charges, switch fees, transaction commissions, RRSP account fees, front loads, embedded trailing commissions, short-term trading fees, cost of borrowing, sales commissions embedded in IPO offerings and the like. An investor advocate also suggested that interest costs should be included if an investor uses leveraging or has borrowed stock on margin. If the figure is not known, the report should state that the investor should add the interest expense to his/her total investing cost. If regulators decide not to include interest charges, the report should explicitly state that any costs incurred for leveraging are not included in the report. One investor advocate further suggested that foreign exchange fees be included since their disclosure is opaque because the conversion is subsumed in the exchange rate charged.	We have striven to ensure that the Securities Amendments capture clients' total costs of investing, while accounting for the need to minimize the regulatory burden imposed on registrants and considering which types of fees are related to securities or derivatives, as opposed to other types of products. We have added a mandatory notification to clients, in the cases where it would be appropriate, that the fees reported may not include any fees the client pays directly to third parties, including custodial fees, intermediary fees or interest charges which may be deducted from the client's account. We have also added a mandatory notification concerning the embedded fees which may be associated with ownership of products which are not included within the scope of the Securities Amendments, such as structured products.

Presentation of costs as a percentage of total portfolio in ARCC		
21.	An industry association recommended stating the cost as a percentage of the total portfolio next to each section of the total cost reporting table that details the cost in dollars. According to this commenter, this will give investors a better understanding of the portion of their total cost that is attributable to each line item, as well as their total weighted average cost. An investor advocate also suggested adding a footnote which would disclose a client's total costs as a percentage of their portfolio. This commenter believed that it will encourage clients to put the cost of investing in perspective and, in turn, help in getting investors more engaged with value-for-money considerations.	We note that requiring the presentation of a client's total costs of investing as a percentage of their portfolio would have required additional consultations, notably to determine which calculation method should be used to calculate this percentage. For example, it could be calculated as a percentage of a client's current assets or as a percentage of a client's average monthly assets over the reporting period, which would better account for deposits and withdrawals made during the reporting period. We would also have concerns about adding to the amount and complexity of information in the ARCC, as presenting too much information may in some cases be detrimental to investor understanding. For these reasons, we have not made the change.
Deferred Sales Charges (DSC) and Redemption Fees		
22.	One industry commenter recommended that the proposed footnote concerning DSC should be adjusted to reference the prospectus or fund facts at the time the units or shares were purchased, as DSC options are no longer offered.	We agree and have modified the notification concerning DSC to reference the prospectus or fund facts document made available at the time of purchase.
Specify in notification that DSC are not paid to dealer		
23.	One industry commenter suggested modifying the notification concerning DSC to specify that redemption fees are not received by the dealer or dealing representative, to avoid investor confusion.	No changes were made. We believe that the mention in the notification that the redemption fee is payable to the investment fund company is sufficient to avoid investor confusion.
Direct investment fund charges		
24.	An industry commenter asked that we clarify whether amounts charged by other parties such as dealers, registered plan administrators and custodians are intended to be included since those "other parties" are not included in the definition of "direct investment fund charges".	We have clarified in the Securities Amendments that direct investment fund charges include amounts charged to the client by an investment fund, IFM or any other party, in relation to securities of investment funds owned by the client during the period covered by the report.
Newly established funds		
25.	Many industry commenters and an investor advocate mentioned that the Proposals do not address new funds for which the MER and TER are not available and many suggested that they be excluded until year two and there is an established MER and TER.	We have added new provisions specifying in which circumstances cost information about newly established funds may be excluded, considering that this information may not be available for those funds. In the case where such information is excluded, a notification must be included in the report.
Taxes – Separate tax deductible and non-deductible fees		
26.	An industry commenter recommended that a separate line item be added below the total cost disclosure that provides the tax-deductible portion of the disclosed fees.	The purpose of the ARCC is to provide investors with information on their costs and other compensation received by registrants in connection with their accounts.

		It is not intended to be a substitute for other sources of information that provide information for tax purposes.
Exclude or disclose sales taxes as a separate line item		
27.	Some industry commenters and an investor advocate noted that sales taxes are significant. One commenter recommended that they be disclosed as a separate line item even where taxes are already included under an existing reportable (i.e., MER). An industry association also suggested excluding taxes from the MER calculation.	We believe that investors and policy holders should be made aware of their actual total costs of investing, which should include sales taxes, when applicable.

D. CALCULATION METHODOLOGY

	Comment	**Response**
Calculation methodology and format should be prescribed		
28.	Industry commenters and some investor advocates suggested that the calculation methodology and format should be prescribed.	The Securities Amendments prescribe the calculation methodology for determining required cost information. We have also made changes to the Securities Amendments and added guidance to clarify the calculation methodology for information required to be reported.
Suggested calculation methodology for fund expenses		
29.	An industry association recommended using the following methodology for calculating fund expenses: Determine the reporting date cost per unit/share calculated as A/B = C, where: Reporting date = a day on which fund purchase/sale transactions are allowed. This could be either daily or monthly. A = the expenses charged/accrued to each class/series of the fund for the reporting date. This is done by the IFM, or the administrator, as part of the calculation of NAV. B = determine the number of units/shares of the class or series outstanding on the reporting date. Calculate A/B = C. This provides a clear allocation of actual fund dollars to a unit holder on the reporting date and is reconcilable to the fund f/s since actual dollars accrued are allocated. If the fund is valued monthly, or on some other period, this value would be divided by the number of days in the reporting period to determine a daily cost. The daily value from a Friday would be assumed to apply to the following Saturday and Sunday. *Impact on accuracy of using annualized ratios in calculation methodology* Some industry commenters also stated that, since the MER and TER are annualized ratios, applying them daily will not necessarily be representative of how the fund is incurring	We have revised the calculation method for fund expenses, which is now based on the FER for the day for each day that a fund was owned by a client during the reporting period, in order to enhance the accuracy of this calculation and avoid potential implementation issues. This will ensure that that performance fees incurred at varying periods of the year and material changes in a fund's FER throughout the year are accurately accounted for. We expect that the FER for the day will reflect the actual expenses charged or accrued to each security of the applicable class or series of the investment fund for that day. We note that the Securities Amendments continue to allow for the use of reasonable approximations.

	expenses over time. This may be especially the case if the MER includes performance fees.	
Use of NAV or market value (Securities question 3)		
30.	Some commenters were in favour of using the net asset value (NAV) per security for the purposes of the fund expenses calculation, while others supported using the market value. One argument for using the NAV is that it's readily available for conventional mutual funds. However, some commenters recommended using market value instead of the NAV for investment funds that trade on a stock exchange.	We have replaced references to the NAV with references to the market value, which must be determined according to section 14.11.1. of NI 31-103 [*Determining market value*]. This provision and accompanying guidance prescribe the methodology which must be used to determine market value, which will, in some cases, be determined by reference to a fund's NAV.
Number of days to be used in calculations		
31.	Many industry commenters recommended using a 365-day period for calculating the fund expenses, but highlighted that it would be challenging for products which do not have daily valuations.	We have removed the specific reference to a period of 365 days in the formula for calculating fund expenses to instead require that they be calculated based on the FER for the day for each day that a fund was owned by a client during the reporting period, in order to enhance the accuracy of this calculation and avoid potential implementation issues. We note that the Securities Amendments continue to allow for the use of reasonable approximations.
Clarifications for funds with no daily NAV or other		
32.	Many securities industry commenters requested clarifications and guidance for funds that no longer strike a NAV, do not strike a daily NAV (e.g., weekly, monthly, or quarterly NAV), and with respect to funds with delayed NAVs, which are common in private market products.	Registrants should use their professional judgment and refer to section 14.11.1. of NI 31-103 [*Determining market value*] and appropriate guidance in order to determine the market value per security in the case of funds which do not strike a daily NAV, no longer strike a NAV or use a delayed NAV. We have also required IFMs to make any adjustments which are reasonably necessary to accurately determine the amount of fund expenses per security for the day. These could include adjustments to address these circumstances. We note that the Securities Amendments continue to allow for the use of reasonable approximations, which may be appropriate in the case where no NAV or market value was calculated or was available for the day. We also note that we have excluded prospectus-exempt investment funds from the scope of the Securities Amendments, which more frequently do not strike a daily NAV or use a delayed NAV.
TER calculation issues		
33.	Some industry commenters indicated that while the MER is generally stable day-to-day, the TER exhibits a higher degree of variability depending on fund flows and changes in portfolio holdings and can be distorted by significant purchases or redemptions of a fund activity in the fund. Therefore, applying a TER as of a specific point in time, such	We have revised the formula for calculating fund expenses, so that it be based on the calculation of the FER for the day of each day that a client owned the fund. We expect that the FER for the day will reflect the actual expenses charged or accrued to each

	as the most recently published TER, could lead to inaccurate reporting.	security of the applicable class or series of the investment fund for that day, including trading expenses included in a fund's TER. We also note that the Securities Amendments continue to allow the use of reasonable approximations. We believe this will be sufficient to ensure accurate reporting of the expenses included in the TER, while minimizing the burden for registrants.
Fund expenses calculation		
34.	A securities industry commenter noted that section 14.17(6) provides a formula to be used where the term "A" used in the formula cross-references section 14.1.1(2) which only includes the FER. This commenter stated that it would provide an accurate calculation for the amounts in section 14.17(1)(i)(b), but does not believe that it would be correct for expenses charged directly to the investor described in section 14.17(1)(i)(a).	We have removed the requirement in subparagraph 14.17(1)(i)(a) to report the amount of fund expenses charged to the client by an investment fund, its IFM or any other party, as it was duplicative with the requirement to report direct investment fund charges under paragraph 14.17(1)(j).

E. USE OF ESTIMATES AND APPROXIMATIONS

	Comment	**Response**
Allow use of approximations based on existing disclosure		
35.	Many industry commenters were of the view that IFMs should be able to rely on approximations based on an investment fund's most recent Fund Facts/ETF Facts document, prospectus, or management report of fund performance (MRFP). An investor advocate also viewed approximations as an acceptable imperfection. An industry commenter suggested that IFMs should apply uniform assumptions or approximations to provide meaningful information to investors. A securities industry association also suggested making it mandatory for IFMs to provide approximate cost information based on an investment fund's most recent Fund Facts/ETF Facts document, prospectus, or MRFP.	The Securities Amendments continue to allow, but not require, registrants to use reasonable approximations where they would not result in misleading information being reported to clients. We have removed the requirement that approximations must be based on information found in a fund's most recently disclosed fund facts document, ETF facts document, prospectus or management report of fund performance in order to grant registered firms additional flexibility in using approximations and to minimize the regulatory burden imposed. We have however provided guidance that those documents can generally be relied on for these purposes. We have not made the use of approximations mandatory, as we believe that investors should receive exact information whenever possible without unreasonable cost or delay. We have added guidance which strongly encourages IFMs to provide exact information, whenever available, considering that doing so would enhance investor understanding of their costs of investing. We have also taken into account comments by dealers and advisers who highlighted the importance of receiving accurate and timely information in order to report reliable data to their clients.

		We believe that this adequately balances the regulatory burden, while maximizing investor awareness and understanding of their costs of investing. We also note that we have established the Implementation Committee which may assist industry stakeholders in the development of common standards.
Requirement that approximations should not result in misleading information being reported to clients should be struck		
36.	An industry association requested the removal of the prohibition on the use of approximations if the IFM reasonably believes that doing so would cause the information disclosed in the statement or report to be misleading. According to this commenter, the standard places too high a burden on IFMs, is subjective and places a significant legal obligation to report information rather than using estimates. This commenter also highlighted that IFMs are already subject to an obligation not to provide misleading information to investors.	We have not removed the requirement that approximations used must not result in misleading information being reported to a dealer or adviser's clients. We continue to believe that the inclusion of this requirement is necessary, as misleading information should not be reported to clients, and that the test of "reasonable belief" will adequately balance the potential burden imposed on IFMs. We also considered that the existing legal and regulatory duties which apply to IFMs when transmitting information to dealers and advisers may not be sufficiently specific to adequately prevent misleading information from being reported to clients.
Make explicit allowance of estimates and threshold for "misleading" disclosure		
37.	An industry commenter stated that the threshold for "misleading" disclosure should be made explicit in requirements.	Registrants should use their professional judgment to determine when the use of an approximation could result in misleading information being reported to clients. Attempting to prescribe in advance the threshold for misleading disclosure risks omitting unforeseen circumstances and precluding a reasonable evaluation by registrants.
Relying on outdated information		
38.	An industry association stated that the requirement that an IFM must not rely on previously publicly disclosed MER and TER information if it is outdated or if the IFM reasonably believes doing so would cause the information in the statement or report to be misleading should be struck. The rationale for doing so is that at the time dealers and advisers prepare their December 31 client statements, the most recent MER and TER figures available for most ETFs will be as of the previous June 30 (i.e., six months old). Consequently, the requirement would, in some circumstances, require IFMs to revise the MER and TER figures for an ETF between already regulated disclosure intervals.	We have removed the requirement that reasonable approximations must be based on information in a fund's most recently disclosed fund facts document, ETF facts document, prospectus or management report of fund performance in order to grant registered firms additional flexibility in using approximations and to minimize the regulatory burden imposed. We have also removed the prescription that registrants must not rely on outdated information, as we consider that the requirement that the approximations used must be reasonable and must not result in misleading information being reported to a dealer or adviser's clients are sufficient to ensure adequate investor protection.
Add/remove or modify notifications regarding use of approximations		
39.	Some industry commenters suggested that the requirements to disclose a description of the assumption or approximation should be removed.	We have removed the requirement to report a description of the assumptions or approximations used.

	They suggested that a notification be added explaining that the provided data are estimates based on the historical MER and TER of the fund and reflect the estimated costs that could be incurred in connection with the investor's holdings.	We considered the potential burden of reporting such descriptions, as well as the fact that this could result in overly lengthy disclosure to clients, as the approximations or assumptions used may vary for each investment fund. The Securities Amendments however require inclusion of a notification that reported cost information is based on an approximation or any other assumption, when that is the case.
Double counting of trailing commissions		
40.	One industry commenter highlighted that under the Proposals, there is potential for trailing commissions to be double counted, since the MER already includes trailing commissions. A securities industry association similarly stated that the presentation of the ARCC raises the issue of potential double counting because a client could add the "Your total cost of investing" amount in the "What you paid" table and the "Total we received for advice and services we provided to you" amount in the "Our Compensation table". This commenter suggested using an alternative prototype provided in its submission, which deducts the amount of the trailing commissions from the amounts indirectly paid to the IFMs and/or investment funds and adds it to the amounts paid to the dealer or adviser.	We took into account potential concerns regarding disclosure of trailing commissions in developing the Proposals and have made changes to the sample documents to clarify that the fund expenses include trailing commissions. We have however avoided making extensive changes to the proposed sample documents, which were developed following testing by IORBIT of various prototypes to determine which ones would be most effective in maximizing investor or policyholder's comprehension of cost information. We also note that trailing commissions will not be double-counted in the investor's total costs of investing required to be reported under paragraph 14.17(1)(l).

F. IFMs' DUTY TO PROVIDE INFORMATION

	Comment	**Response**
Guidance that IFMs must work with advisors and dealers		
41.	A securities industry association suggested that guidance indicating that IFMs must work with advisors and dealers to determine the dealer and advisor data needs be removed. Instead, the rules should set out the required data that IFMs need to provide dealers. Another industry commenter, however, noted that IFMs send hundreds of data points to data providers and that dealers and IFMs work diligently to exchange holdings and price details with FundSERV, CDS and custodians. According to this commenter, there is no reason they will not be able to do the same for the benefit of their clients.	We believe that the principles-based requirements specified in section 14.1.1 of NI 31-103 that IFMs must work with advisors and dealers are adequate.
Request for regulators to set timelines and uniform standards		
42.	*Request for regulators to set timelines* Some industry commenters requested that an industry standard be provided for what is a reasonable period of time, as that concept is used in section 14.1.1, to ensure consistency across the industry, or that regulator. Another commenter requested guidance from the regulator regarding an "as at" date for alignment across the industry, as MERs and TERs are calculated on certain cycles for each fund and vary across fund families and fund managers.	We believe that the principles-based requirements specified in section 14.1.1 of NI 31-103 are adequate. We expect IFMs to work with the dealers and advisers who distribute their funds to determine what information they need from them and how it will be delivered in order to satisfy the dealers' and advisers' client reporting obligations. We strongly encourage the development of common standards and arrangements for its

	A securities industry association suggested that regulators prescribe a maximum period of time for IFMs to provide information to dealers. An industry commenter also pointed out that delays by IFMs in delivering cost information would impact delivery of all client reporting. *Request for uniform standards* A commenter also indicated that there must be a uniform standard of what information is required to be provided by the IFM to the dealer, and when that information must be delivered. Another commenter highlighted that, from an IFM perspective, significant work would have to be done to ensure consistency in: (i) calculation methodology and (ii) reporting format.	delivery across the industry, but acknowledge that those arrangements may sometimes vary, reflecting different operating models and information systems. We also note that IFMs are already required to transmit certain information to dealers and advisers under the existing CRM2 requirements, for example concerning the amount of the trailing commission paid to the dealer or adviser. We have established the Implementation Committee which will work jointly with industry to provide guidance, respond to questions and assist registrants to operationalize the Securities Amendments. This could include assisting registrants in determining appropriate standards and timelines for transmission of information.

G. DEALER RELIANCE ON IFMS

	Comment	**Response**
Dealers and advisers should be able to fully rely on IFMs		
43.	Many industry commenters were of the view that dealers and advisers should be able to fully rely on cost information provided to them by IFMs or on IFMs disclosure documents without having to make additional validations themselves stating the impracticality for dealers to source and calculate cost data where the IFM does not provide total cost data (e.g., ETFs and foreign funds). As such, industry commenters recommended that, in cases where the required information is not provided by the IFMs or unavailable, no information should be reported, and the dealer should indicate that the information is unavailable/unreported. One commenter recommended that the required information be excluded from calculations if the registrant has not obtained it from an IFM within a reasonable timeframe. Furthermore, some commenters recommended that the proposed section 14.17.1 be revised and some provisions, such as s. 14.17.1 (2) and (3), be deleted entirely.	We agree that dealers and advisers should generally be able to rely on cost information provided to them by IFMs. We have clarified both through guidance and changes to the Securities Amendments that we do not expect dealers and advisers to routinely undertake a due diligence review of the information provided to them by IFMs, outside of certain exceptional circumstances. However, we believe that in those exceptional circumstances, for example in the case of foreign funds for which no cost information is provided by a registered IFM, dealers and advisers should be required to make reasonable efforts to obtain this information, subject to considerations about the materiality and costs of doing so. We expect dealers and advisers to exercise their professional judgment in determining when such exceptional circumstances apply. We believe this adequately balances the regulatory burden imposed, while maximizing investor and policy holder awareness of their costs of investing.
Require IFMs to ensure accuracy of information transmitted		
44.	An industry commenter recommended that IFMs be required to ensure processes are in place to ensure the accuracy of the information provided to dealers, since dealers are not afforded any protection from investor complaints if the IFM's information proves to be inaccurate or prevents dealers from getting the client statements out in a timely manner.	We note that registered IFMs must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation. This includes complying with their duty to provide required information to dealers and advisers.

		We also note that any approximations used by IFMs must be reasonable and cannot result in misleading information being reported to clients. We have also added guidance encouraging IFMs to provide exact information wherever they are able to do so without unreasonable cost or delay. We believe this will be sufficient to ensure that misleading information is not reported to the dealer or adviser's clients.
Implementation costs for dealers		
45.	One industry commenter stated that the Proposals put the onus on dealers to compile and present very detailed information, in reliance on an unverifiable third-party source of information, that will involve significant system and technology builds and an enormous amount of data from many service providers, as dealers are being asked to ingest, calculate, and publish detailed, unverified information for costs they do not collect nor control.	We believe that the Securities Amendments adequately balance the regulatory burden imposed, while maximizing investor and policy holder awareness of their costs of investing. We have clarified through guidance that dealers and advisers should generally be able to rely on cost information provided to them by IFMs and that we do not expect dealers and advisers to routinely undertake a due diligence review of the information provided to them by IFMs, outside of certain exceptional circumstances. We also believe that the extended transition period should provide registrants with sufficient time to develop the necessary infrastructure to transmit the required cost information.

H. ISSUES RELATED TO SPECIFIC PRODUCT TYPES

	Comment	**Response**
ETFs		
46.	Industry commenters noted that ETF IFMs do not have access to investors' identities, which are only accessible to dealers and advisers. Commenters also expressed concerns regarding the lack of standards within the industry as to how ETFs are treated, with certain dealers treating them as equity, making it difficult to calculate their cost. An industry commenter noted that, as the TER is driven by portfolio transactions executed by ETFs, it is not possible for an IFM to determine at any point whether the current TER will be the same as the publicly disclosed TER.	We believe that the extended transition period should provide registrants with sufficient time to develop the required infrastructure and resolve any implementation related to the inclusion of ETFs. We have also established the Implementation Committee which will work jointly with industry to assist registrants to operationalize the Securities Amendments. We also note that the Securities Amendments continue to allow the use of reasonable approximations. We believe that the use of such approximation may be appropriate in cases where a precise figure for daily trading costs included in a fund's TER would be overly costly or burdensome to determine.
Foreign funds		
47.	Many industry commenters recommended excluding foreign investment funds from the scope of the Proposals, because they may use a different calculation methodology for the required MER and TER figures, or do not provide them altogether.	The Securities Amendments continue to mandate the inclusion of foreign funds, considering the importance for investors to be aware of their total costs of investing, as well as the importance of

	On the contrary, an industry commenter noted that allowing the use of methodologies used in foreign markets would be a close approximation for costs incurred by Canadian investors (for example, for foreign ETFs). This commenter further speculated that IFMs and dealers are already adjusting costs disclosed by foreign-listed funds to make an apples-to-apples comparison and meet suitability requirements. One industry commenter was also concerned that foreign investment funds would cease to offer their products to Canadians as a result of the new requirements. Commenters also noted that foreign investment funds are not traded on Fundserv.	ensuring a level playing field between Canadian and foreign funds. We believe that the extended transition period should provide registrants with sufficient time to develop the required infrastructure and resolve any implementation related to the inclusion of foreign funds.
Calculation issues specific to foreign funds		
48.	An industry commenter noted that the Total Expense Ratio is used in the US, as opposed to the MER. Another industry commenter highlighted that while U.S. funds generally disclose the dollar amount of fund-level brokerage commissions in the Statement of Additional Information (SAI), this commenter was not able to obtain such information for U.S. closed-end fund, making TER calculations impossible. This commenter also noted that cost data for all U.S. funds is not available in an electronic format to feed into Canadian registrants' reporting systems, or that it would be challenging to obtain.	In the case of information required to be reported for a foreign investment fund, we believe it would generally be acceptable for registrants to report a reasonable approximation based on similar information which is required to be reported in the foreign fund's jurisdiction, if more accurate information cannot be obtained by other means using reasonable efforts. For example, we believe that the following could generally be considered a reasonable approximation of a foreign fund's FER: • for a US mutual fund, its total expense ratio; • for a fund to which the Undertakings for the Collective Investment in Transferable Securities (UCITS) framework applies, its ongoing charges. We also believe that third-party service providers may be able to develop their service offering and assist registrants in accessing data about foreign funds.
Enforcement of regulation outside of Canada		
49.	One commenter expressed the view that applying the TCR requirements to non-Canadian fund managers would give rise to the extraterritorial application of Canadian regulation, which would be problematic.	We agree that if the manager of a fund is not required to register as an IFM in a CSA jurisdiction, it will not be subject to the requirements of NI 31-103, including those related to the delivery of information to Canadian dealers and advisers. We are not proposing to enforce this requirement on foreign investment fund managers not required to register as an IFM. In such circumstances, dealers and advisers must make reasonable efforts to obtain or determine this information or a reasonable approximation. We believe this adequately balances the regulatory burden imposed, while maximizing investor awareness and understanding of their costs of investing.

		We have also added in the ARCC a notification to clients who have foreign funds in their accounts.
Reporting issue for funds holding foreign funds		
50.	An industry association noted that if a fund of funds is unable to obtain cost information from non-Canadian fund managers, it will not be able to accurately report its expenses. This commenter suggested providing an exemption from the TCR requirements to allow the NI 81-102 fund to report the total cost, excluding U.S. ETFs. A note would be added, indicating that it does not include foreign investment fund total cost, as this is not available. Other commenters noted that similar issues would apply in the case of prospectus-exempt funds.	Investment funds subject to National Instrument 81-102 *Investment Funds* are generally already required to report their MER and TER according to the requirements in National Instrument 81-106 *Investment Fund Continuous Disclosure*. Section 15.2 of that regulation specifies how the MER should be calculated in the case of a fund of funds. The Securities Amendments will not modify cost reporting requirements that apply to investment funds. We have also exempted prospectus-exempt funds from the scope of the amendments. As such, no change is required.

I. DISCLOSURE FORMAT

	Comment	**Response**
Format of ARCC		
51.	We received mixed feedback on whether to prescribe the format of the ARCC. Several industry members identified a need for flexibility to implement the Proposals and adapt them to their client base. Several investor advocates asked that the format of the ARCC be mandated. Their concerns included readability, which they thought could be better assured with prescribed fonts and layouts, and comparability across accounts at different firms. Some of these commenters expressed preferences for the formats of sample documents published during the earlier MFDA consultation process or proposed their own alternative content or formats. More specifically: • some commenters suggested that we develop our sample report through testing with investors and in collaboration with behavioural science experts; • an investor advocate suggested that we include a glossary of terms and include hyperlinks leading to expanded reporting details, terminology and calculators; • investor advocates recommended that the report contain language nudging investors to ask questions and take action, as well as provide a simple list of actions investors can take to lower costs, referencing research which indicates that investors are not aware of all the actions they can take based on the information they receive. Commenters also suggested including certain key elements, such as: • disclosure of a client's total costs of investing at the top of the report,	We have adopted a flexible approach which allows registrants to make changes to the format of the reports. We believe that adopting a more prescriptive approach would be unduly limiting in view of the variety of business models used by registrants, and burdensome in that it might require firms that already report cost information to clients to make costly changes to the format of their client reports. As indicated in the notice of publication of the Proposals, we worked with IORBIT to develop prototypes for TCR-enhanced reports, which were tested with investors, to determine which ones would be most effective in maximizing investor comprehension of cost information. Considering that the sample document included in the Proposals was developed following this process, we have made the minimum changes necessary to this document in order to reflect changes to the Securities Amendments and address comments received. We also took into account that providing more information can sometimes reduce comprehension. We also note that many suggested elements, such as inclusion of clients' total costs of investing at the top of the report, have been included in the sample report. We have made changes to require the inclusion of a notification nudging investors to ask questions and take action based on the information in the report.

	• (1) the current value of a client's investments (2) how much their value increased or decreased (3) their cost of investing; • a brief description of the information in the report and why it's important • an explanation of how costs affect a client's returns • what steps a client can take if concerned about their costs	
Revisiting point-of-sale disclosure documents		
52.	We received comments encouraging greater integration of cost disclosure requirements in point-of-sale documents, such as the Fund Facts, and ongoing reports to clients, such as the ARCC. Suggestions included designing cost disclosure and point-of-sale disclosures together with references to each other and employing common metrics and design features.	We have referenced and made use of metrics from existing point-of-sale disclosure documents in developing the Proposals and Securities Amendments. We note that reviewing the format of current point-of-sale disclosure documents was beyond the scope of this project. Any proposals in this direction would require a further consultation as part of a separate regulatory project to consider their costs and benefits. We also considered it important that investors be provided with enhanced cost information at the earliest time possible.
Link cost, performance and other information		
53.	A securities industry association and an investor advocate suggested linking performance information with costs in account statements to provide a better comparison of costs and performance among different investment funds and so that investor can understand cost information in relation to performance.	Section 14.20 of NI 31-103 and corresponding New SRO rules provide that the ARCC and the Investment Performance Report (IPR) must be delivered together and must include information for the same 12-month period. We note that the ARCC is currently limited to presenting information about costs and compensation, while information about performance is presented in the IPR and information about a client's current holdings is presented in the account statement. An extensive review of the format and information presented in each of the ARCC, IPR and account statement was beyond the scope of this project and would have required additional consultations. We also note that registered firms and their representatives are expected to provide contextual information to clients about the costs of their investments in relation to investment performance and other relevant factors. Registered firms can also include additional information, including performance information, in the ARCC, if they believe doing so would enhance client understanding. If doing so, we strongly recommend that firms undertake behavioural testing to ensure that any additional information increases investor understanding and does not lead to investor confusion.

Modify notification concerning fund expenses		
54.	According to an industry commenter, the concern with respect to fund expenses can be more correctly stated as fund costs are relevant to the extent that the costs do not generate additional return.	We believe the mandated notification is accurate in stating that investment fund fees affect clients because they reduce the fund's returns, which in turn affects the performance of the client's portfolio.
Proposed notifications		
55.	An industry commenter suggested adding an additional explanation that ongoing fees such as MERs or TERs are charged by managers and not by dealers or salespeople. An industry association also suggested adding a notification that fees paid a client's advisor are in consideration for services provided by them.	The mandatory notification in section 14.17(1)(n)(i) includes an explanation that fund expenses are periodically deducted from the value of a client's investments by the companies that manage and operate those funds. We believe this notification adequately explains that fund expenses are charged by investment fund companies. We note that registered firms and representatives can provide information to clients about the value of the services they offer in exchange for their costs. We also considered that providing more information can sometimes reduce comprehension and have strived to minimize the number of mandated notifications.

J. EXEMPTIONS

	Comment	**Response**
Exemptions for non-individual permitted clients		
56.	A securities industry association recommended that the exemptions in 14.14.1(6) and 14.17(5) of NI 31-103 be expanded to include "overflow accounts" where a non-individual permitted client opens additional related accounts, as well as to health and welfare trusts, union and union-related benefit plans, multi-employer benefit plans, some foundations and registered charities, some overflow pension accounts, supplemental employee retirement plans, disability plans, First Nations trust vehicles and retirement compensation arrangements.	Expansion of the statutory exemptions in those sections was beyond the scope of this project. Exemptive relief orders have been provided for overflow accounts in the context of other regulatory projects. However, only a very small number of registrants have found it necessary to seek such relief. We therefore do not think that adding a statutory exemption is necessary, but will consider exemptive relief applications on this subject.

K. LIST OF SECURITIES COMMENTERS

1	Advocis
2	The Alternative Investment Management Association (AIMA)
3	Arthur Ross
4	Banque Nationale / National Bank (BNC/NBC)
5	Borden Ladner Gervais (BLG)
6	Canadian Advocacy Council of CFA Societies Canada (CAC)
7	Canadian ETF Association (CETFA)
8	CARP

9	Citibank Canada Investment Funds Limited
10	FAIR Canada
11	Fasken Martineau DuMoulin LLP
12	Federation of Mutual Fund Dealers (FMFD)
13	Fidelity Investments
14	Financial Planning Association of Canada (FPAC)
15	Franklin Templeton
16	High Level Wealth Management
17	Highview
18	The Investment Funds Institute of Canada (IFIC)
19	IGM Financial Inc.
20	Investment Industry Association of Canada (IIAC)
21	Invesco Canada Ltd.
22	Investor Advisory Panel
23	Kenmar Associates
24	MICA Capital Inc.
25	Pacific Spirit Investment Management Inc.
26	Peter Whitehouse
27	Portfolio Management Association of Canada (PMAC)
28	Private Capital Markets Association of Canada (PCMA)
29	Raymond James Ltd.
30	Royal Bank of Canada (RBC)
31	Scotiabank
32	Steadyhand Investment Management Ltd.
33	TD

ANNEX C

AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. ***National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***

2. ***Section 1.1 is amended by adding the following definitions:***

"direct investment fund charge" means an amount charged to a client if the client buys, holds, sells or switches securities of an investment fund, including any federal, provincial or territorial sales taxes paid on that amount, other than, for greater certainty, an amount included in the investment fund's fund expenses;

"fund expense ratio" means the sum of an investment fund's management expense ratio and trading expense ratio, expressed as a percentage;

"management expense ratio" has the same meaning as in section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"newly-established investment fund" means,

(a) for an investment fund required to file a management report of fund performance, as defined in section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, a fund that has not yet filed that report, or

(b) for an investment fund not referred to in paragraph (a), a fund established less than 12 months before the end of the period covered by the statement or report that is required to be delivered by the registered dealer or registered adviser under section 14.17;

"trading expense ratio" means the ratio, expressed as a percentage, of the total commissions and other portfolio transaction costs incurred by an investment fund to its average net asset value, calculated in accordance with paragraph 12 of item 3 of Part B of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* of National Instrument 81-106 *Investment Fund Continuous Disclosure*;**.**

3. ***Section 14.1.1 is repealed and replaced with the following:***

14.1.1 Duty to provide information – investment fund managers

A registered investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer or a registered adviser that has a client that owns securities of the investment fund with the information that is required by the dealer or adviser, in order for the dealer or adviser to comply with paragraph 14.12(1)(c), subsections 14.14(4) and (5), 14.14.1(2) and 14.14.2(1) and paragraphs 14.17(1)(h), (i), (j), (m), (p), (q), (r) and (t)**.**

4. ***The following section is added to Division 1 after section 14.1.1:***

14.1.2 Determination of fund expenses per security

(1) For the purpose of section 14.1.1, with respect to the information required in respect of paragraph 14.17(1)(i), the registered investment fund manager must provide the fund expenses per security of the applicable class or series of securities of the investment fund for each day that the client owned those securities, expressed in dollars and calculated using the following formula, making any adjustments to A or B that are reasonably necessary to accurately determine C:

A x B = C, where

A = the fund expense ratio for the day of the applicable class or series of securities of the investment fund;

B = the market value of a security for the day of the applicable class or series of securities of the investment fund;

C = the fund expenses per security for the day in dollars for the investment fund class or series of securities.

(2) Despite section 14.1.1 and subsection (1), unless the investment fund manager reasonably believes that doing so would result in misleading information being reported to clients of the registered dealer or registered adviser, a registered investment fund manager may

(a) use a reasonable approximation of A or B for the purpose of calculating C in the formula in subsection (1), or

(b) provide a reasonable approximation of the information required to be provided for the purpose of paragraphs 14.17(1)(i), (j) or (m).

(3) Despite section 14.1.1 and subsections (1) and (2), in the case of an investment fund that is a newly-established investment fund, the registered investment fund manager is not required to provide the information required under paragraphs 14.17(1)(i), (m) and (r).

5. ***Subsection 14.17 (1) is amended by adding the following after paragraph (h):***

(i) the total amount of fund expenses charged to the investment fund by its investment fund manager or any other party, after making the necessary adjustments to add performance fees and deduct fee waivers, rebates or absorptions, in relation to securities of investment funds owned by the client during the period covered by the report, excluding any charges included in the amounts under paragraph (c) or (f);

(j) the total amount of direct investment fund charges charged to the client by an investment fund, investment fund manager or any other party, in relation to securities of investment funds owned by the client during the period covered by the report, excluding any charges included in the amounts referred to in paragraph (c) or (f);

(k) the total amount of the fund expenses reported under paragraph (i) and the direct investment fund charges reported under paragraph (j);

(l) the total amount of the registered firm's charges reported under paragraph (d) and the investment fund expenses and charges reported under paragraph (k);

(m) the fund expense ratio of each class or series of securities of each investment fund owned by the client during the period covered by the report, including any performance fees and deducting any fee waivers, rebates or absorptions;

(n) if the client owned investment fund securities during the period covered by the report,

(i) the following notification or a notification that is substantially similar, in relation to the total amount of fund expenses reported:

"*Fund expenses are made up of the management fee (which includes trailing commissions paid to us), operating expenses and trading costs. You don't pay these expenses directly. They are periodically deducted from the value of your investments by the companies that manage and operate those funds. Different funds have different fund expenses. They affect you because they reduce the fund's returns. These expenses add up over time. Fund expenses are expressed as an annual percentage of the total value of the fund. They correspond to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). These costs are already reflected in the current values reported for your fund investments.*

The number shown here is the estimated total dollar amount you paid in fund expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund.", and

(ii) the following notification or a notification that is substantially similar, in relation to the fund expense ratios required to be reported under paragraph (m):

"*Please refer to the prospectus or fund facts document of each investment fund for more detailed information about fund expenses and fund performance.*

Please refer to your latest account statement for more information about the market value and the number of securities of the investment funds you currently own.";

(o) the following notification or a notification that is substantially similar:

"*What can you do with this information? Take action by contacting your advisor to discuss the fees you pay, the impact those fees have on the long-term performance of your portfolio and the value you receive in return. If*

you are a self-directed investor, consider how fees impact the long-term performance of your portfolio, and possible ways to reduce those costs.";

(p) if the client owned investment fund securities during the period covered by the report and any deferred sales charges were paid by the client, the following notification or a notification that is substantially similar:

"*You paid this cost because you redeemed your units or shares of a fund purchased under a deferred sales charge (DSC) option before the end of the redemption fee schedule and a redemption fee was payable to the investment fund company. Information about these and other fees can be found in the prospectus or fund facts document for each investment fund made available at the time of purchase. The redemption fee was deducted from the redemption amount you received.*";

(q) if the client owned investment fund securities during the period covered by the report and direct investment fund charges, other than deferred sales charges, were charged to the client, a short explanation of the type of fees that were charged;

(r) if information reported under paragraph (i), (j) or (m) is based on an approximation or any other assumption, a notification that this is the case;

(s) if any structured product, labour sponsored investment fund or investment fund the securities of which are distributed solely under an exemption from the prospectus requirement was owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

"*Please note that other products you may own or may have owned during the reporting period, such as exempt-market investment funds, labour-sponsored investment funds or structured products, may have embedded fees that are not reported here. You can contact us for more information.*";

(t) if the securities of an investment fund were owned by the client during the period covered by the report, the manager of the investment fund is incorporated, continued or organized under the laws of a foreign jurisdiction, and the information reported for those securities under paragraphs (i), (j) or (m) is based on information disclosed under the laws of a foreign jurisdiction, the following notification or a notification that is substantially similar:

"*This report includes information about the fund expenses and fund expense ratio of foreign investment funds. Please note that this information may not be directly comparable to equivalent information for Canadian investment funds, that may include different types of fees.*";

(u) if the registered firm knows or has reason to believe that the client paid, to third parties, custodial fees, intermediary fees or interest charges related to securities owned by the client during the period covered by the report and those fees or charges are not required to be reported to the client by a registrant under this section, the following notification or a notification that is substantially similar:

"*The costs in this report may not include any fees you pay directly to third parties, including custodial fees, intermediary fees or interest charges that may be deducted from your account. You can contact those service providers for more information.*"***.***

6. ***Section 14.17 is amended by adding the following subsections:***

(6) The total amount of fund expenses referred to in paragraph (1)(i) must be determined by adding together the daily fund expenses for each class or series of securities of each investment fund owned by the client for each day that the client owned it during the reporting period, using the following formula to calculate the daily fund expenses:

A x B = C, where

A = the fund expenses per security for the day of the applicable class or series of securities of an investment fund calculated in dollars using the formula in subsection 14.1.2(1);

B = the number of securities owned by the client for that day;

C = the daily fund expenses in dollars for a class or series of securities of an investment fund.

(7) Despite paragraphs (1)(i), (m), and (r), a registered firm may exclude the information required to be reported for an investment fund under those paragraphs if the fund is a newly-established investment fund and the following notification or a notification that is substantially similar is included:

"*The total amount of fund expenses reported may not include cost information for newly-established investment funds*."

(8) Despite paragraphs (1)(i), (j) and (m), if a reasonable approximation was provided by an investment fund manager under subsection 14.1.2(2), or if the registered firm obtained or determined a reasonable approximation under paragraph 14.17.1(2)(a), the firm may report a reasonable approximation of the information required to be reported under paragraphs (1) (i), (j) and (m).

(9) For the purposes of paragraphs (1)(i), (j), (m), (n), (p), (q), (r) and (u), subsections (6), (7) and 14.1.2(3) and section 14.17.1, an investment fund does not include:

(a) a labour sponsored investment fund, or

(b) an investment fund whose securities are distributed solely under an exemption from the prospectus requirement.

7. ***The following section is added:***

14.17.1 Reporting of fund expenses and direct investment fund charges

(1) Subject to subsection (2), for the purposes of paragraphs 14.17(1)(i), (j), (m), (p), (q), (r) and (t), the information required to be delivered to clients by a registered dealer or registered adviser must be based on the information provided under section 14.1.1.

(2) If no information is provided under section 14.1.1, or the registered firm reasonably believes that any part of the information provided pursuant to section 14.1.1 is incomplete or that relying on it would cause information required to be delivered to a client to be misleading, that firm must

(a) make reasonable efforts to obtain or determine the information referred to in subsection (1), or obtain or determine a reasonable approximation of that information, by other means, and

(b) subject to subsection (3), rely on the information obtained or determined under paragraph (a).

(3) If the registered firm reasonably believes it cannot obtain or determine information under paragraph (2)(a) that is not misleading, that firm must exclude the information from the calculation of the amount of fund expenses or direct investment fund charges reported to the client, as the case may be, or, in the case of a fund expense ratio, must not report the fund expense ratio, and must disclose that the information is excluded or not reported, as the case may be, in the relevant statement or report.

8. (1) This Instrument comes into force on January 1st, 2026.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 1, 2026, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX D

BLACKLINE SHOWING AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1.1 Definitions of terms used throughout this Regulation

In this Instrument (…)

"direct investment fund charge" means an amount charged to a client if the client buys, holds, sells or switches securities of an investment fund, including any federal, provincial or territorial sales taxes paid on that amount, other than, for greater certainty, an amount included in the investment fund's fund expenses;

"fund expense ratio" means the sum of an investment fund's management expense ratio and trading expense ratio, expressed as a percentage;

"management expense ratio" has the same meaning as in section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"newly-established investment fund" means,

(a) for an investment fund required to file a management report of fund performance, as defined in section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, a fund that has not yet filed that report, or

(b) for an investment fund not referred to in paragraph (a), a fund established less than 12 months before the end of the period covered by the statement or report that is required to be delivered by the registered dealer or registered adviser under section 14.17;

"trading expense ratio" means the ratio, expressed as a percentage, of the total commissions and other portfolio transaction costs incurred by an investment fund to its average net asset value, calculated in accordance with paragraph 12 of item 3 of Part B of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* of National Instrument 81-106 *Investment Fund Continuous Disclosure;*

(…)

14.1.1 Duty to provide information – investment fund managers

A registered investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer or a registered adviser that has a client that owns securities of the investment fund with the information that is required by the dealer or adviser, in order for the dealer or adviser to comply with paragraph 14.12(1)(c), subsections 14.14(4) and (5), 14.14.1(2) and 14.14.2(1) and paragraphs 14.17(1)(h), (i), (j), (m), (p), (q), (r) and (t).

14.1.2 Determination of fund expenses per security

(1) For the purpose of section 14.1.1, with respect to the information required in respect of paragraph 14.17(1)(i), the registered investment fund manager must provide the fund expenses per security of the applicable class or series of securities of the investment fund for each day that the client owned those securities, expressed in dollars and calculated using the following formula, making any adjustments to A or B that are reasonably necessary to accurately determine C:

A x B = C, where

A = the fund expense ratio for the day of the applicable class or series of securities of the investment fund;

B = the market value of a security for the day of the applicable class or series of securities of the investment fund;

C = the fund expenses per security for the day in dollars for the investment fund class or series of securities.

(2) Despite section 14.1.1 and subsection (1), unless the investment fund manager reasonably believes that doing so would result in misleading information being reported to clients of the registered dealer or registered adviser, a registered investment fund manager may

(a) use a reasonable approximation of A or B for the purpose of calculating C in the formula in subsection (1), or

(b) provide a reasonable approximation of the information required to be provided for the purpose of paragraphs 14.17(1)(i), (j) or (m).

(3) Despite section 14.1.1 and subsections (1) and (2), in the case of an investment fund that is a newly-established investment fund, the registered investment fund manager is not required to provide the information required under paragraphs 14.17(1)(i), (m) and (r).

(…)

14.17. Report on charges and other compensation

(1) For each 12-month period, a registered firm must deliver to a client a report on charges and other compensation containing the following information, except that the first report delivered after a client has opened an account may cover a period of less than 12 months:

(a) the registered firm's current operating charges which might be applicable to the client's account;

(b) the total amount of each type of operating charge related to the client's account paid by the client during the period covered by the report, and the total amount of those charges;

(c) the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client during the period covered by the report, and the total amount of those charges;

(d) the total amount of the operating charges reported under paragraph (b) and the transaction charges reported under paragraph (c);

(e) if the registered firm purchased or sold debt securities for the client during the period covered by the report, either of the following:

(i) the total amount of any mark-ups, mark-downs, commissions or other service charges the firm applied on the purchases or sales of debt securities;

(ii) the total amount of any commissions charged to the client by the firm on the purchases or sales of debt securities and, if the firm applied mark-ups, mark-downs or any service charges other than commissions on the purchases or sales of debt securities, the following notification or a notification that is substantially similar:

"*For debt securities purchased or sold for you during the period covered by this report, dealer firm remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged*.";

(f) if the registered firm is a scholarship plan dealer, the unpaid amount of any enrolment fee or other charge that is payable by the client;

(g) the total amount of each type of payment, other than a trailing commission, that is made to the registered firm or any of its registered individuals by a securities issuer or another registrant in relation to registerable services to the client during the period covered by the report, accompanied by an explanation of each type of payment;

(h) if the registered firm received trailing commissions related to securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

"*We received $[amount] in trailing commissions in respect of securities you owned during the 12-month period covered by this report.*

Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions for the services and advice we provide you. The amount of the trailing commission depends on the sales charge option you chose when you purchased the fund. You are not directly charged the trailing commission or the management fee. But, these fees affect you because they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is included in the prospectus, fund facts document for each fund.";

(i) the total amount of fund expenses charged to the investment fund by its investment fund manager or any other party, after making the necessary adjustments to add performance fees and deduct fee waivers, rebates or absorptions, in relation to securities of investment funds owned by the client during the period covered by the report, excluding any charges included in the amounts under paragraph (c) or (f);

(j) the total amount of direct investment fund charges charged to the client by an investment fund, investment fund manager or any other party, in relation to securities of investment funds owned by the client during the period covered by the report, excluding any charges included in the amounts referred to in paragraph (c) or (f);

(k) the total amount of the fund expenses reported under paragraph (i) and the direct investment fund charges reported under paragraph (j);

(l) the total amount of the registered firm's charges reported under paragraph (d) and the investment fund expenses and charges reported under paragraph (k);

(m) the fund expense ratio of each class or series of securities of each investment fund owned by the client during the period covered by the report, including any performance fees and deducting any fee waivers, rebates or absorptions;

(n) if the client owned investment fund securities during the period covered by the report,

(i) the following notification or a notification that is substantially similar, in relation to the total amount of fund expenses reported:

"*Fund expenses are made up of the management fee (which includes trailing commissions paid to us), operating expenses and trading costs. You don't pay these expenses directly. They are periodically deducted from the value of your investments by the companies that manage and operate those funds. Different funds have different fund expenses. They affect you because they reduce the fund's returns. These expenses add up over time. Fund expenses are expressed as an annual percentage of the total value of the fund. They correspond to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). These costs are already reflected in the current values reported for your fund investments.*

The number shown here is the estimated total dollar amount you paid in fund expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund.", and

(ii) the following notification or a notification that is substantially similar, in relation to the fund expense ratios required to be reported under paragraph (m):

"*Please refer to the prospectus or fund facts document of each investment fund for more detailed information about fund expenses and fund performance.*

Please refer to your latest account statement for more information about the market value and the number of securities of the investment funds you currently own.";

(o) the following notification or a notification that is substantially similar:

"*What can you do with this information? Take action by contacting your advisor to discuss the fees you pay, the impact those fees have on the long-term performance of your portfolio and the value you receive in return. If you are a self-directed investor, consider how fees impact the long-term performance of your portfolio, and possible ways to reduce those costs.*";

(p) if the client owned investment fund securities during the period covered by the report and any deferred sales charges were paid by the client, the following notification or a notification that is substantially similar:

"*You paid this cost because you redeemed your units or shares of a fund purchased under a deferred sales charge (DSC) option before the end of the redemption fee schedule and a redemption fee was payable to the investment fund company. Information about these and other fees can be found in the prospectus or fund facts document for each investment fund made available at the time of purchase. The redemption fee was deducted from the redemption amount you received.*";

(q) if the client owned investment fund securities during the period covered by the report and direct investment fund charges, other than deferred sales charges, were charged to the client, a short explanation of the type of fees that were charged;

(r) if information reported under paragraph (i), (j) or (m) is based on an approximation or any other assumption, a notification that this is the case;

(s) if any structured product, labour sponsored investment fund or investment fund the securities of which are distributed solely under an exemption from the prospectus requirement was owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

"*Please note that other products you may own or may have owned during the reporting period, such as exempt-market investment funds, labour-sponsored investment funds or structured products, may have embedded fees that are not reported here. You can contact us for more information.*";

(t) if the securities of an investment fund were owned by the client during the period covered by the report, the manager of the investment fund is incorporated, continued or organized under the laws of a foreign jurisdiction, and the information reported for those securities under paragraphs (i), (j) or (m) is based on information disclosed under the laws of a foreign jurisdiction, the following notification or a notification that is substantially similar:

"*This report includes information about the fund expenses and fund expense ratio of foreign investment funds. Please note that this information may not be directly comparable to equivalent information for Canadian investment funds, that may include different types of fees.*";

(u) if the registered firm knows or has reason to believe that the client paid, to third parties, custodial fees, intermediary fees or interest charges related to securities owned by the client during the period covered by the report and those fees or charges are not required to be reported to the client by a registrant under this section, the following notification or a notification that is substantially similar:

"*The costs in this report may not include any fees you pay directly to third parties, including custodial fees, intermediary fees or interest charges that may be deducted from your account. You can contact those service providers for more information.*".

(2) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14(5) must be delivered in a separate report on charges and other compensation for each of the client's accounts.

(3) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14.1(1) must be delivered in a report on charges and other compensation for the client's account through which the securities were transacted.

(4) Subsections (2) and (3) do not apply if the registered firm provides a report on charges and other compensation that consolidates, into a single report, the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(5) or 14.14.1(1) and if the following apply

(a) the client has consented in writing to the form of disclosure referred to in this subsection;

(b) the consolidated report specifies the accounts and securities with respect to which information is required to be reported under subsection 14.14.1(1).

(5) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

(6) The total amount of fund expenses referred to in paragraph (1)(i) must be determined by adding together the daily fund expenses for each class or series of securities of each investment fund owned by the client for each day that the client owned it during the reporting period, using the following formula to calculate the daily fund expenses:

A x B = C, where

A = the fund expenses per security for the day of the applicable class or series of securities of an investment fund calculated in dollars using the formula in subsection 14.1.2(1);

B = the number of securities owned by the client for that day;

C = the daily fund expenses in dollars for a class or series of securities of an investment fund.

(7) Despite paragraphs (1)(i), (m), and (r), a registered firm may exclude the information required to be reported for an investment fund under those paragraphs if the fund is a newly-established investment fund and the following notification or a notification that is substantially similar is included:

"*The total amount of fund expenses reported may not include cost information for newly-established investment funds*.".

(8) Despite paragraphs (1)(i), (j) and (m), if a reasonable approximation was provided by an investment fund manager under subsection 14.1.2 (2), or if the registered firm obtained or determined a reasonable approximation under paragraph

14.17.1(2)(a), the firm may report a reasonable approximation of the information required to be reported under paragraphs (1) (i), (j) and (m).

(9) For the purposes of paragraphs (1)(i), (j), (m), (n), (p), (q), (r) and (u), subsection (6) and (7), section 14.1.2(3) and section 14.17.1, an investment fund does not include:

(a) a labour sponsored investment fund, or

(b) an investment fund whose securities are distributed solely under an exemption from the prospectus requirement.

14.17.1 Reporting of fund expenses and direct investment fund charges

(1) Subject to subsection (2), for the purposes of paragraphs 14.17(1)(i), (j), (m), (p), (q), (r) and (t), the information required to be delivered to clients by a registered dealer or registered adviser must be based on the information provided under section 14.1.1.

(2) If no information is provided under section 14.1.1, or the registered firm reasonably believes that any part of the information provided pursuant to section 14.1.1 is incomplete or that relying on it would cause information required to be delivered to a client to be misleading, that firm must

(a) make reasonable efforts to obtain or determine the information referred to in subsection (1), or obtain or determine a reasonable approximation of that information, by other means, and

(b) subject to subsection (3), rely on the information obtained or determined under paragraph (a).

(3) If the registered firm reasonably believes it cannot obtain or determine information under paragraph (2)(a) that is not misleading, that firm must exclude the information from the calculation of the amount of fund expenses or direct investment fund charges reported to the client, as the case may be, or, in the case of a fund expense ratio, must not report the fund expense ratio, and must disclose that the information is excluded or not reported, as the case may be, in the relevant statement or report.

ANNEX E

BLACKLINE SHOWING CHANGES TO
COMPANION POLICY 31-103 CP NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

Division 1 Investment fund managers

Section 14.1 sets out the limited application of Part 14 to investment fund managers. The sections of Part 14 that apply to investment fund managers when performing their investment fund manager activities include section 14.1.1, section 14.1.2, section 14.5.2, section 14.5.3, section 14.6, section 14.6.1, section 14.6.2, subsection 14.12(5) and section 14.15. An investment fund manager that is also registered as a dealer or adviser (or both) is subject to all relevant sections of Part 14 in respect of that firm's dealer or adviser activities.

1.4.1.1 Duty to provide information – investment fund managers

Section 14.1.1 requires investment fund managers to provide certain information ~~that is known to them concerning~~ to dealers and advisers who have clients that own funds managed by them. This information may concern position cost, investment fund fees and expenses, deferred sales charges and any other charges deducted from the net asset value of the securities, and trailing commissions ~~to dealers and advisers who have clients that own the investment fund manager's funds~~. ~~This information~~ It must be provided within a reasonable period of time, in order that the dealers and advisers may comply with their client reporting obligations. This is a principles-based requirement. ~~An investment fund manager~~ Investment fund managers must work with the dealers and advisers who distribute ~~fund products~~ their funds to determine what information they need from ~~the investment fund manager~~ them and how it will be delivered in order to satisfy ~~their~~ the dealers' and advisers' client reporting obligations. ~~The information and arrangements for its delivery may vary, reflecting different operating models and information systems.~~ We strongly encourage the use of common industry standards and arrangements for the delivery of information wherever possible.

14.1.2 Determination of the fund expenses per security

Subsection 14.1.2(1) sets out how investment fund managers must determine fund expenses per security per day for purposes of the fund expense information that dealers and advisers must provide to their clients, subject to the provision for the use of approximations under subsection 14.1.2(2).

The formula prescribed in this subsection requires investment fund managers to make any adjustments which are reasonably necessary to accurately determine the amount of fund expenses per security for the day.

When determining the market value of an investment fund under subsection 14.1.2(1), registered firms should refer to section 14.11.1 [*Determining market value*]. Reasonably necessary adjustments to accurately determine this amount could include using the market value of a security before deducting the fund expenses for the day, if this would result in a more accurate determination.

When determining the fund expense ratio for the day of the applicable class or series of an investment fund under subsection 14.1.2(1), registered firms must refer to the definition of this term in section 1.1 and to the calculation methods for the management expense ratio and the trading expense ratio prescribed by NI 81-106, making any adjustments reasonably necessary to accurately determine this amount. This would include adjusting the calculation method in NI 81-106 from a financial year or interim period basis to a daily basis. Registrants should refer to the relevant sections of NI 81-106, as well as to any applicable guidance. We expect that the fund expense ratio for the day will reflect the actual expenses charged or accrued to each security of the applicable class or series of the investment fund for that day.

Exact information

We encourage investment fund managers to provide exact information wherever they are able to do so without unreasonable cost or delay.

Use of approximations

Subsection 14.1.2(2) allows for the use of approximations where they would not result in misleading information being reported by registered dealers or advisers to their clients. This recognizes that there can be circumstances in which it would not be possible to arrive at exact information at a reasonable cost and without unreasonable delay, and that in some cases, there may not be material differences between exact information and a reasonable approximation.

Investment fund managers must exercise their professional judgment in determining what approximations are reasonable. We would generally expect it to be reasonable for an investment fund manager to rely on information in an investment fund's most recently published fund facts document or management report of fund performance for these purposes. Exceptions would include, for example, cases where there had been a significant change in the information since its publication or if it was published more than twelve months ago.

Paragraph 14.1.2(2)(a) allows investment fund managers to use a reasonable approximation of the fund expense ratio or market value factors used in the formula in subsection 14.1.2(1). For example, investment fund managers may approximate the fund expense ratio for the day of a class or series of an investment fund by dividing the annual fund expense ratio of the investment fund as disclosed in the investment fund's latest management report of fund performance by the number of days in the year, when doing so would result in a reasonable approximation of the fund expense ratio for the day.

Paragraph 14.1.2(2)(b) allows investment fund managers to provide a reasonable approximation of the fund expenses, direct investment fund charges or fund expense ratio of a class or series of an investment fund. We would expect this provision to be used where exact information cannot be provided by the investment fund manager at a reasonable cost.

An example of an unreasonable approximation would be one that systematically and materially underestimates the amount of fees or expenses required to be reported to clients.

Notification regarding use of approximations

When using or providing a reasonable approximation under paragraphs 14.1.2(2)(a) or 14.1.2(2)(b), investment fund managers must communicate to the registered firm that an assumption or approximation was used so that the registered firm can comply with its obligation under paragraph 14.17(1)(r).

Newly-established investment funds

As specified by section 14.1.2(3), investment fund managers are not required to provide information concerning the fund expenses and fund expense ratio of newly-established investment funds.

However, we encourage investment fund managers of newly-established funds to provide such information about those funds, if available to them. Where exact information is not available, we encourage them to provide a reasonable approximation based on the fund's management fee disclosed in its prospectus or Fund Facts, taking into account the anticipated operating expenses and trading costs of the fund.

(…)

14.17 Report on charges and other compensation

~~Registered Firms~~ Each registered firm must provide its clients with an annual report on the firm's charges and other compensation received by the firm in connection with ~~their~~ a client's investments, as well as information about the ongoing costs related to investment funds owned by the client.

Examples of operating charges and transaction charges are provided in the discussion of the disclosure of charges and other compensation in section 14.2 of this Companion Policy. The annual report must include information about all of the firm's current operating charges that might be applicable to a client's account. A firm is only required to include the charges for those of its services that it would reasonably expect the particular client to utilize in the coming 12 months.

The report must include information about the ongoing costs related to investment funds owned by the client at any time during the period covered by the report.

Debt securities

The discussion of debt security disclosure requirements in section 14.12 of this Companion Policy is also relevant with respect to paragraph 14.17(1)(e).

Scholarship plan-specific fees

Scholarship plans often have enrolment fees payable in instalments in the first few years of a client's investment in the plan. Paragraph 14.17(1)(f) requires that scholarship plan dealers include a reminder of the unpaid amount of any such fees in their annual reports on charges and other compensation.

Payments from third parties

Payments that a registered firm or its registered representatives receive from issuers of securities or other registrants in relation to registerable services to a client must be reported under paragraph 14.17(1)(g). This disclosure requirement includes any form of payment to the firm or a representative of the firm linked to sales or other registerable services to the client receiving the report. Examples of payments that would be included in this part of the report on charges and other compensation include some referral fees, success fees on the completion of a transaction, or finder's fees. This part of the report does not include trailing commissions, as they are specifically addressed in paragraph 14.17(1)(h).

Trailing commissions

Registered firms must disclose the amount of trailing commissions they received related to a client's holdings. The disclosure of trailing commissions received in respect of a client's investments must be included with a notification prescribed in paragraph 14.17(1)(h). The notification must be in substantially the form prescribed, so a registered firm may modify it to be consistent with the actual arrangements. For example, a firm that receives a payment that falls within the definition of "trailing commission" in section 1.1 in respect of securities that are not investment funds can modify the notification accordingly. The notification set out is the required minimum and firms can provide further explanation if they believe it will be helpful to their clients.

Fund expenses

The total amount of fund expenses required to be reported under paragraph 14.17(1)(i) must be determined using the formula specified in section 14.17(6).

The total amount of fund expenses required to be reported under paragraph 14.17(1)(i) must include all amounts required to be aggregated in the fund expense ratio of each investment fund class or series of securities owned by the client during the period covered by the report, after making any necessary adjustments to add performance fees and deduct fee waivers, rebates or absorptions that apply to the securities owned by the client.

If a dealer or adviser provides a client with fee waivers, rebates or absorptions, they must be included in the corresponding charges required to be reported under paragraphs 14.17(1)(a) to (f), but must not be included in the information reported under paragraph 14.17(1)(i).

In addition to providing the total fund expenses as required under paragraph 14.17(1)(i), registered firms may choose to include a separate line item showing the amount of any performance fees, fee waivers, rebates or absorptions which were added or deducted from the total fund expenses. If doing so, the total amounts required to be reported according to paragraphs 14.17(1)(k) and (l) must nonetheless reflect all of the information prescribed under paragraph 14.17(1)(i).

Fund expense ratio

In addition to providing the fund expense ratio for each class or series of securities of each investment fund owned by the client during the period covered by the report, as required under paragraph 14.17(1)(m), registered firms may choose to include a separate line item showing the amount, as a percentage, of any performance fees, fee waivers, rebates or absorptions which are included in the fund expense ratio reported.

Direct investment fund charges

Direct investment fund charges are defined in section 1.1 as an amount charged to a client if the client buys, holds, sells or switches units or shares of an investment fund, including any federal, provincial or territorial sales taxes paid on that amount, other than, for greater certainty, an amount included in the investment fund's fund expenses. The amount of direct investment fund charges reported under paragraph 14.17(1)(j) must exclude amounts required to be reported under paragraphs 14.17(1)(c), (f) or (i), in order to avoid double counting. Examples of direct charges reported under 14.17(1)(j) include switch fees, redemption fees and short-term trading fees.

Reporting information when approximations are used

Registered firms should consider the cumulative effect of multiple approximations in assessing their reasonableness and whether their combined use may cause misleading information to be reported to clients, notwithstanding that any one such approximation may be reasonable in itself.

Organization of the annual report on charges and other compensation

~~Registered firms may want~~ We encourage registered firms to organize the annual report on charges and other compensation with separate sections showing the charges paid by the client to the firm, ~~and the~~ other compensation received by the firm in respect of the client's account, and investment fund company fees, as well as the overall total charges to the client.

Sample report

Appendix D of this Companion Policy includes a sample Report on Charges and Other Compensation, which registered firms are encouraged to use as guidance.

14.17.1 Reporting of fund expenses and direct investment fund charges

Reliance on information provided by investment fund managers

Dealers and advisers are required to rely on information provided by registered investment fund managers pursuant to section 14.1.1, outside of the exceptional circumstances contemplated under subsections 14.17.1(2) or (3). We expect dealers and advisers to exercise their professional judgment in determining when there are such exceptional circumstances. We do not expect dealers and advisers to routinely undertake a due diligence review of the information provided to them by investment fund managers, outside of those exceptional circumstances.

Examples of the exceptional circumstances contemplated in subsection 14.17(2) and (3) include the following cases:

- an investment fund manager does not comply with section 14.1.1 for any reason,
- there is no registered investment fund manager,
- relevant information is not required to be provided for a fund (for example, as in the case of certain non-Canadian investment funds), or
- the registered firm has information that causes the firm to reasonably believe that the information delivered to clients would be misleading.

Information from other sources

We expect registered firms to use their professional judgement in determining what other means of obtaining or determining necessary information would be appropriate. Examples of the reasonable efforts we would expect a registered firm to make under section 14.17.1(2)(a) to obtain or determine the information required by the firm for the purposes of complying with paragraphs 14.17(1)(i), (j), (m), (p) may include, taking into account considerations of cost and materiality:

- relying on information in the investment fund's disclosure documents, including those prepared according to the reporting requirements applicable in a foreign jurisdiction,
- requesting that the information be provided in writing by the investment fund or investment fund manager, or
- relying on information reported by a reliable third-party service provider.

Use of approximations

We expect registered firms to rely on their professional judgement when obtaining or determining a reasonable approximation under paragraph 14.17.1(2)(a). An example of when the use of a reasonable approximation may be appropriate is where information was obtained or determined based on information from other sources, as discussed immediately above.

Foreign investment funds

In the case of information required to be reported under paragraphs 14.17(1)(i), (j) or (m) for a foreign investment fund, we believe it would generally be acceptable for registrants to report a reasonable approximation based on similar information which is required to be reported in the foreign fund's jurisdiction, if more accurate information cannot be obtained by other means using reasonable efforts. For example, we believe that the following could generally be considered a reasonable approximation of a foreign fund's fund expense ratio:

- for a US mutual fund, its total expense ratio;
- for a fund to which the Undertakings for the Collective Investment in Transferable Securities (UCITS) framework applies, its ongoing charges.

Paragraph 14.17(1)(t) requires client reports to include a notification that information reported regarding such funds may not be directly comparable to equivalent information for Canadian investment funds, which may include different types of fees.

Fund expenses calculation

Registered dealers and advisers must use the formula in section 14.1.2 if section 14.17.1(2) applies, including where an investment fund manager has not provided the necessary information to them.

(…)

APPENDIX D

SAMPLE ANNUAL COST AND COMPENSATION REPORT

Dealer ABC Inc.

Your Account Number: 123-4567

Your Cost of Investing and Our Compensation

This report shows for 2023

- your cost of investing, including what you paid to us and to investment fund companies
- our compensation

Your Cost of Investing

Costs reduce your profits and increase your losses

Your total cost of investing was $815 last year

What you paid

Our charges: Amounts that you paid to us by withdrawals from your account or by other means such as cheques or transfers from your bank.	
Account administration and operating fees – you pay these fees to us each year	$100.00
Trading fees – you pay these fees to us when you buy or sell some investments	$20.00
Total you paid to us	**$120.00**
Investment fund company fees: Amounts you paid to investment fund companies that operate the investment funds (e.g., mutual funds) in your account, and in investment fund related fees.	
Fund Expenses[1] - See the fund expenses % shown in the table below	$645.00
Redemption fees on deferred sales charge (DSC) investments[2]	$50.00
Total you paid to investment fund companies	**$695.00**
Your total cost of investing[3]	**$815.00**

Our Compensation

What we received

Total you paid us, as indicated above	$120.00
Trailing commissions[4] paid to us by investment fund companies, included in the fund expenses above	$342.00
Total we received for advice and services we provided to you	**$462.00**

1. **Fund expenses**: Fund expenses are made up of the management fee (which includes trailing commissions paid to us), operating expenses and trading costs. You don't pay these expenses directly. They are periodically deducted from the value of your investments by the companies that manage and operate those funds. Different funds have different fund expenses. They affect you because they reduce the fund's returns. These expenses add up over time. Fund expenses are expressed as an annual percentage of the total value of the fund. They correspond to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). These costs are already reflected in the current values reported for your fund investments.

   The number shown in the table above is the estimated total dollar amount you paid in fund expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund.

   The total fund expenses reported may not include cost information for newly-established investment funds.

   Please refer to the table below for additional details about the fund expenses for each fund you own.

2. **Redemption fees on DSC investments**: You paid this cost because you redeemed your units or shares of a fund purchased under a deferred sales charge (DSC) option before the end of the redemption fee schedule and a redemption fee was payable to the investment fund company. Information about these and other fees can be found in the prospectus or fund facts document for each investment fund made available at the time of purchase. The redemption fee was deducted from the redemption amount you received.

3. **Third-party costs**: The costs in this report do not include any fees you pay directly to third parties, including custodial fees, intermediary fees or interest charges that may be deducted from your account. You can contact those service providers for more information.

4. **Trailing commissions**: Investment funds pay investment fund companies a fee for managing their funds. Investment fund companies pay us ongoing trailing commissions for the services and advice we provide you. The amount of the trailing commission for each fund depends on the sales charge option you chose when you purchased the fund. You are not directly charged for trailing commissions. They are paid to us by investment fund companies.

Information about fund expenses, MERs, trading expenses and other investment fund company charges, as well as trailing commissions, is also included in the prospectus or fund facts document for each fund you own.

What can you do with this information?

Take action by contacting your advisor to discuss the fees you pay, the impact they have on the long-term performance of your portfolio and the value you receive in return.

If you are a self-directed investor, consider how fees impact the long-term performance of your portfolio, and possible ways to reduce those costs.

Fund Expense Ratio for Investment Funds You Owned During the Year[1]

On December 31, 2023

Portfolio Assets

Description	Fund Expense Ratio[2]
Canadian Investment Funds	
ABC Management Monthly Income Fund, Series A FE	1.00%
ABC Management Canadian Equity, Series A FE	2.00%
ABC Management Global Equity, Series A	N/A [3]
Foreign Investment Funds	
XYZ Management S&P 500 ETF (U.S. fund)	0.03%[4]
Weighted Average	**1.64%**

1. This table presents information about the fund expenses of the investment funds you owned during the year, including exchange traded funds, expressed as a yearly ratio. Please refer to note 1 - *Fund Expenses* above for more information about fund expenses.

   Please note that other products you may own or may have owned during the reporting period, such as exempt-market investment funds, labour-sponsored investment funds or structured products may have embedded fees that are not reported here. You can contact us for more information.

   This report includes information about the fund expenses and fund expense ratio of foreign investment funds. Please note that this information may not be directly comparable to equivalent information for Canadian investment funds, that may include different types of fees.

2. Please refer to the prospectus or fund facts document of each investment fund for more detailed information about fund expenses and fund performance. Please refer to your latest account statement for more information about the market value and the number of securities of the investment funds you currently own.

3. The fund expense ratio of this fund is not available, as it is a newly-established investment fund.

4. This is the fund's expense ratio, calculated according to applicable U.S. securities regulations. Please note that this information may not be directly comparable to equivalent information for Canadian investment funds, which may include different types of fees.

ANNEX F

CHANGES TO 31-103CP

NOT PUBLISHED IN ONTARIO

SEE ANNEX E: BLACKLINE SHOWING CHANGES TO COMPANION POLICY 31-103CP *NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

ANNEX G

ADOPTION OF THE SECURITIES AMENDMENTS

The Amendments to NI 31-103 will be implemented as:

- a rule in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon,
- a regulation in Québec, and
- a commission regulation in Saskatchewan.

The Amendments to 31-103CP will be adopted as a policy in each of the CSA member jurisdictions.

In Ontario, the Amendments to NI 31-103, as well as other required materials, were delivered to the Minister of Finance on or about April 20, 2023. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force on January 1st, 2026.

In Québec, the Amendments to NI 31-103 are adopted as a regulation made under section 331.1 of the *Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The regulations are expected to come into force on January 1st, 2026. They are also published in the Bulletin of the Autorité des marchés financiers.

In British Columbia, the implementation of the Amendments to NI 31-103 is subject to ministerial approval. If all necessary approvals are obtained, British Columbia expects these Amendments to come into force on January 1st, 2026.

In Saskatchewan, the implementation of the Amendments to NI 31-103 is subject to ministerial approval. If all necessary approvals are obtained, these Amendments will come into force on January 1st, 2026 or if after January 1st, 2026, on the day on which they are filed with the Registrar of Regulations.

ANNEX H

INSURANCE GUIDANCE

This annex has been prepared by the Canadian Council of Insurance Regulators (CCIR). If you have questions relating to it, please contact staff of the CCIR National Regulatory Coordination Branch or l'Autorité des marchés financiers at the addresses indicated under "Questions".

[Editor's Note: Annex H – Insurance Guidance is reproduced on the following internally numbered pages. Bulletin pagination and formatting resumes at the end of the Annex.]

Individual Variable Insurance Contract Ongoing Disclosure Guidance

Part 1: Definitions

1.1 In this Guidance

"Accumulation Phase" means the time between the date the Owner begins making deposits to an IVIC that provides a guaranteed withdrawal benefit and the date the Owner notifies the Insurer the Owner wants to begin receiving such guaranteed payments under the IVIC.

"Advisory Service Fee" means any fee payable by an Owner to an Intermediary with respect to the IVIC, that is paid by the Insurer to the Intermediary on direction of the Owner from assets within the IVIC.

"Annuitant" means a person whose life triggers any guarantee on death or contract maturity or any payment for life under an IVIC.

"Benefits Phase" means the time between the date when the Withdrawal Phase ends for all or part of an IVIC that provides a guaranteed withdrawal benefit and the last date a guaranteed withdrawal benefit is payable.

"CLHIA G2" means the Canadian Life and Health Insurance Association's Guideline G2 *Individual Variable Insurance Contracts Relating To Segregated Funds*.

"Fees and Charges" means any sales charges, distribution fees, management fees, administrative fees, account set-up or closing charges, surrender charges, transfer fees, insurance fees or any other fees, charges or expenses whether or not contingent or deferred which are or may be payable in connection with the acquisition, holding, transferring or withdrawal of units of a Segregated Fund credited to the IVIC.

"Fund Expense Ratio" or "FER" means the sum of a Segregated Fund's Management Expense Ratio and Trading Expense Ratio, expressed as a percentage.

"Fund Expense Ratio For The Day" means the ratio, expressed as a percentage, of the amount of fund expenses of a class or series of Segregated Fund for the day to the fund's net asset value for the day.

"Fund Expenses**"** means all the Segregated Fund's expenses that are paid out of assets of the fund, including Management Expenses and Trading Expenses.

"Fund Facts" means a disclosure document in respect of a Segregated Fund under an IVIC; this document forms part of the information folder and includes information required by law or regulatory guidance in the relevant jurisdiction including information under the following headings:

a. Quick Facts
b. What does the fund invest in?
c. How has the fund performed?

d. How risky is it?
e. Are there any guarantees?
f. Who is the fund for?
g. How much does it cost?
h. What if I change my mind? and
i. For More Information.

"Individual Variable Insurance Contract" or "IVIC" means an individual contract of Life Insurance, including an annuity contract, under which the Insurer's liabilities vary in amount depending upon the market value of a specified group of assets in a Segregated Fund. IVIC includes a provision in an individual contract of Life Insurance under which policy dividends are deposited in a Segregated Fund.

"Insurer" means an insurer as defined under the laws of the applicable Canadian jurisdiction.

"Insurer's Name" means an Insurer's full legal name.

"Intermediary" means a Licensed Individual authorized to sell and service IVICs under the laws of the relevant Canadian jurisdiction, or a Licensed Business.

"Investment Option" in connection with an IVIC means each Segregated Fund offered for investment under the IVIC and any other investment offered under the IVIC, including a guaranteed interest investment.

"IVIC Structure" with respect to an Owner's IVIC means how the IVIC is structured, including the following:

a. Ownership structure, including whether there is one Owner or more than one and, if more than one, any division of rights among the Owners while they are alive and the rights surviving Owners will have when one Owner dies, and designation of successor or contingent Owners if applicable,
b. Beneficiaries, and successor Annuitants or successor holders if applicable,
c. Annuitant or Annuitants upon whose death the IVIC will end, and
d. Measuring life or lives where benefits under the IVIC are available as long as one of the measuring lives are alive, if applicable; under some IVICs a measuring life may be different from the Annuitant.

"Licensed Business" means any person licensed under the laws of the relevant Canadian jurisdiction to sell IVICs, other than an Insurer or a Licensed Individual.

"Licensed Individual" means any of the following individuals:

a. an insurance agent,
b. an insurance broker, or
c. an insurance representative

authorized under the laws of the applicable Canadian jurisdiction.

“Life Insurance” means life insurance as defined under the laws of the applicable Canadian jurisdiction and includes an annuity or an undertaking to provide an annuity.

“Management Expense Ratio” or “MER” means the ratio, expressed as a percentage, of the Management Expenses of a Segregated Fund to the fund’s average daily net asset value for a financial year calculated in accordance with CLHIA G2.

“Management Expenses**”** means a Segregated Fund’s management fees, operating and other administration expenses, including those of any Secondary Fund, and all taxes other than income taxes but excluding Trading Expenses. Management fees are net of any fees or expenses waived.

“Market Value” of the units of a Segregated Fund in an IVIC is the value of the investments in that Segregated Fund, calculated by taking the number of fund units within the IVIC and multiplying it by the market value per unit at the end of the date for which the market value is calculated.

“Material Change to Customer Information” means a change in information about the Owner that could result in a change in the Owner’s needs or the recommendations or advice provided to the Owner, or should reasonably cause an Intermediary to question whether the Owner’s IVIC, as structured, including investments, continues to meet the needs of the Owner.

“Owner” means a person who owns an IVIC.

“Secondary Fund” means a secondary fund as defined in the CLHIA G2.

“Segregated Fund” means a specified and distinct group of assets the Insurer holds with respect to an IVIC, in which an Owner can invest by allocating deposits to units of a segregated fund under the IVIC.

“Statement Date” means the date of the last day of the period covered by the statement.

“Trading Expense Ratio” or “TER” means the ratio, expressed as a percentage, of the Trading Expenses of a Segregated Fund to the fund’s average daily net asset value for the financial year, as calculated under Part 5: Calculation of Trading Expense Ratio.

“Trading Expenses” means the total commissions and other portfolio transaction costs paid or payable by the Insurer from the assets of the segregated fund on the purchase and sale of the fund’s assets, including those of any Secondary Fund.

“Withdrawal Phase” means the time between when the Owner triggers the guaranteed withdrawal benefit under an IVIC that provides such a benefit, and ends when there is no longer enough money held within the IVIC to pay a scheduled withdrawal.

Part 2: Scope

This Guidance sets out the expectations of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organization (CISRO) for an enhanced disclosure framework for IVICs. This enhanced disclosure framework includes expectations to provide more transparency to Owners and covers:

- IVIC investment performance,
- cost reporting, and
- insurance guarantees.

This Guidance applies only to:

- IVICs, including, for greater certainty, IVICs issued and outstanding prior to the date of this Guidance unless otherwise indicated in this Guidance, and
- Insurers who design, distribute, issue, sell or administer IVICs in Canada.

This Guidance does not apply to group variable insurance products or any other non-IVIC insurance products.

This guidance is the first component of an intended CCIR/CISRO guidance for the design, distribution, issuance, sale, and administration of IVICs. Once the other components have been finalized, this standalone guidance may be discontinued and its expectations reproduced as part of the consolidated guidance.

Part 3: Annual Statement to Contract Owner

3.1 The Insurer shall provide to the Owner of each IVIC, within four months of each fiscal year end of the Segregated Funds within the IVIC, a statement showing the information described in Schedule A.

3.2 Insurers may request exemptions from specific expectations in Schedule A from CCIR by submitting a request in accordance with Schedule B.

Part 4: Calculating Fund Expenses

4.1 Insurers must calculate and report the amount of a Segregated Fund's Fund Expenses allocated to an IVIC based on:

a. how many Segregated Fund units the Owner held in the IVIC, and
b. when the Owner held the Segregated Fund units during the reporting period.

4.2 Insurers must use the following formula to calculate the Fund Expenses of an applicable class or series of Segregated Fund for each day an Owner held units of the applicable class or series of the Segregated Fund during the reporting period, making any adjustments reasonably necessary to accurately determine an Owner's Fund Expenses.

$$A \times B \times C$$

A = the Fund Expense Ratio For The Day of the applicable class or series of the Segregated Fund;
B = the market value of a unit for the day of the applicable class or series of the Segregated Fund; and
C = the number of Segregated Fund units within the Owner's IVIC for the day.

4.3 Insurers may use a reasonable approximation of the fund calculation inputs "A" and "B" for s. 4.2 provided the Insurer reasonably believes that doing so would not result in reporting misleading information to an Owner. For example, a reasonable approximation may include estimating the Fund Expense Ratio For The Day by dividing the Segregated Fund's FER in the most recent Fund Facts document or financial statement by the number of days in the year. It would be misleading to use this estimation if the Insurer knows there has been an event which resulted in a significant change to the FER since the document was published.

4.4 For reporting an Owner's Fund Expenses under Schedule A s. 3) a), Insurers must repeat the calculation under s. 4.2 for each class or series of Segregated Fund which the Owner held units of during the reporting period and aggregate the results.

4.5 Insurers are not required to calculate and report the Fund Expenses of a Segregated Fund which was established less than 12 months before the Statement Date.

Part 5: Calculation of Trading Expense Ratio

5.1 The Trading Expense Ratio of a Segregated Fund for any financial year shall be calculated by:

a. dividing

i. the total commissions and other portfolio transaction costs before income taxes, for the financial year as shown on its statement of comprehensive income;

by

ii. the same denominator as is used to calculate the Management Expense Ratio

and

b. multiplying the result obtained under paragraph (a) by 100.

If a Segregated Fund invests in a Secondary Fund, the insurer must calculate the Trading Expense Ratio using the methodology required for the calculation of the Management Expense Ratio in section 8.1 of CLHIA G2 - Calculation of Management Expense Ratio, making reasonable assumptions or estimates when necessary.

Part 6: Reminder to Update Customer Information

6.1 Each Insurer must, on an annual basis, take reasonable steps to:

a. invite each Owner to contact and update their Intermediary about any Material Change to Customer Information since the last time the Owner provided information to their Intermediary,

b. explain why it is important for the Owner's Intermediary to have up-to-date information, and

c. invite each Owner to review the IVIC, IVIC Structure and Investment Options they selected for each IVIC held and discuss proposed changes with their Intermediary.

6.2 For clarity, it is a reasonable step for an Insurer to include the elements of section 6.1 in its annual statement to an Owner.

Schedule A – Minimum Content of Annual Statement

1) General

a) Statement Date,

b) The following information about the Insurer:

i) Insurer's Name,

ii) Insurer's phone number, and

iii) Insurer's website,

c) The following information about the IVIC:

i) Contract name,

ii) Contract tax status,

iii) Contract number, and

iv) When the contract began,

d) Owner(s),

e) Annuitant(s),

f) Designated beneficiary(ies),

g) The following information about the Licensed Individual responsible for servicing the IVIC:

i) Licensed Individual's name,

ii) Licensed Individual's phone number, and

iii) Licensed Individual's email address,

h) A notice in plain language to

i) Remind Owner(s) that the information contained in the statement will help them track their financial goals,

ii) Remind Owner(s) they can obtain copies of the most recent Fund Facts associated with their contract, annual audited financial statements and semi-annual unaudited financial statements for each Segregated Fund and how to obtain them, and

iii) Invite Owner(s) to contact the Licensed Individual or the Insurer if the Owner needs additional information.

2) Performance – Contract

a) For the IVIC as a whole, the Market Value at the start of the year and at the Statement Date

b) For the IVIC as a whole, as of the Statement Date, the total deposits

i) Since the IVIC began, and

ii) Since the start of the year,

c) For the overall IVIC, as of the Statement Date, total withdrawals

i) Since the IVIC began, and

ii) Since the start of the year,

d) For the overall IVIC, as of the Statement Date, the change in value of investments in the IVIC for reasons other than deposits to or withdrawals from the IVIC
   i) Since the IVIC began, and
   ii) Since the start of the year,

e) Personal rate of return, as a percentage, calculated on the dollar-weighted method:
   i) Since the IVIC began, and
   ii) Where the IVIC has been in effect for the relevant time:
      (1) For the 10 years ending on the Statement Date,
      (2) For the 5 years ending on the Statement Date,
      (3) For the 3 years ending on the Statement Date, and
      (4) For the year ending on the Statement Date, and

f) A plain language explanation that the personal rate of return may be different than the rate realized by the Segregated Funds within the IVIC because calculation of personal rate of return depends on factors such as timing of deposits and withdrawals.

3) Fees and Charges – Contract

a) For the IVIC as a whole, the dollar amount the Owner incurred during the year for each of the following,
   i) Fund Expenses
   ii) Front end load charges,
   iii) Deferred sales charges,
   iv) Advisory Service Fee,
   v) Withdrawals fees
   vi) Transfer fees,
   vii) Reset fees,
   viii) Early withdrawal and/or short term trading fee,
   ix) Fees with respect to cheques returned due to insufficient funds,
   x) Small policy fee,
   xi) Insurance fees not paid by the Insurer from the assets of a Segregated Fund, and
   xii) Any other Fees and Charges deducted from the IVIC.

b) For further clarity, the Insurer is not required to include one of the above Fees and Charges if the dollar amount the Owner incurred for that fee or charge in the year is zero.

c) For the IVIC as a whole, the dollar amount of the total of the items listed in Schedule A s. 3) a),

d) Any changes to the insurance fee, where legally permitted,

e) A plain language explanation that any Fees and Charges the Owner pays directly to the Licensed Individual and/or Licensed Business, if applicable, are not included in the amount in Schedule A s. 3) c), and

f) Plain language explanations of
   i) How Fees and Charges affect returns,
   ii) The actions an Owner can take regarding the Fees and Charges information in the statement,
   iii) The fact approximations have been used when calculating Fund Expenses, if applicable,
   iv) The fact an Owner can look at the Fund Facts document for more information about Fees and Charges, including Fund Expenses.

g) Where applicable, a notice in plain language:
   i) Explaining that the total Market Value of the contract is not necessarily the amount the Owner will receive if they end their contract,
   ii) Explaining how the Owner can get more details about the amount of money they would receive if they ended their contract, and
   iii) If the costs the Owner would incur if they withdrew the total Market Value of the IVIC are significant, explaining these costs in enough detail to allow the Owner to understand the effect of the costs.

   For further clarity, the disclosure explicitly required under this guidance with respect to deferred sales charges is sufficient to address item Schedule A s. 3) g) iii) regarding deferred sales charges.

4) Segregated Fund details – Value, Fund Expense Ratio, Deferred Sales Charges

a) For each Segregated Fund held within the IVIC during the year described by the statement:
   i) The Segregated Fund name,
   ii) Market Value of the Segregated Fund at start of year,
   iii) Since the start of the year:
      (1) Total deposits into the Segregated Fund,
      (2) Total withdrawals from the Segregated Fund, and
      (3) The change in value of investments in the Segregated Fund for reasons other than deposits or withdrawals,
   iv) As of the Statement Date:
      (1) Number of Segregated Fund units held,
      (2) Market value per Segregated Fund unit, and
      (3) Total Market Value of Segregated Fund units held,
   v) The Fund Expense Ratio for the fund,

vi) The fact that a deferred sales charge applies, if applicable, and

vii) The fact that no Fund Expense Ratio is provided for a Segregated Fund because the fund was established less than 12 months before the Statement Date, if applicable.

b) A plain language explanation of:

i) What the Fund Expense Ratio is, and

ii) The fact that the dollar amount of the Fund Expenses allocated to the IVIC are included in the details of the charges for the IVIC for the year.

5) Guarantees

a) For the IVIC as a whole as of the Statement Date:

i) The Market Value of the Segregated Funds subject to the guarantee under the contract,

ii) The maturity date of the guarantee of the contract as a whole,

iii) The dollar value guaranteed on the contract maturity date, and

iv) The dollar value guaranteed on death of the Annuitant(s).

b) For further clarity, if the contract has more than one maturity date, the Insurer is only required to provide the information under Schedule A s. 5) a) i), ii) and iii) for the maturity guarantee of the contract as a whole, not for each separate deposit.

c) If the contract has an automatic reset provision, the date of the next automatic reset and an explanation of the impacts of this reset on the values of the guarantees.

6) Guarantees – Contracts with guaranteed withdrawals

Accumulation Phase

a) If the IVIC provides a guaranteed withdrawal benefit and all or part of the contract is in the Accumulation Phase, the following information with respect to the assets in the Accumulation Phase:

i) The annual guaranteed withdrawal amount for every withdrawal option available to the Owner under that contract at:

(1) The earliest age at which the Owner can begin receiving guaranteed withdrawals,

(2) Age 65, if applicable, and

(3) Age 70, if applicable,

ii) A notice in plain language that the guaranteed amounts have been calculated assuming,

(1) The Owner will make no further deposits to the IVIC,

(2) The Owner will make no withdrawal from the IVIC, aside from the guaranteed withdrawals,

(3) The value of the units in the IVIC will not change between the date of calculation and the dates for which guaranteed withdrawal amounts are shown,

(4) That no bonuses will be credited to the IVIC, if applicable, between the date of calculation and the dates for which guaranteed withdrawal amounts are shown, and

(5) That the Owner will not reset any guarantees under the IVIC, if applicable, between the date of calculation and the dates for which guaranteed withdrawal amounts are shown,

iii) A notice in plain language explaining how guarantees are affected by withdrawals, and

iv) If applicable, a notice in plain language to remind the Owner of their ability to make discretionary resets of the guarantees under the contract.

Withdrawal Phase

b) If the IVIC provides a guaranteed withdrawal benefit and all or part of the contract is in the Withdrawal Phase, the following information with respect to the assets in the Withdrawal Phase:

i) The guaranteed annual withdrawal amount,

ii) How long the guaranteed annual withdrawal amount will be payable, assuming the Owner does not make any withdrawals other than the scheduled withdrawals,

iii) The amount the Owner has chosen to receive annually, if different from the guaranteed annual withdrawal amount,

iv) If the IVIC is a registered retirement income fund ("RRIF"), life income fund ("LIF"), Locked-in Retirement Income Fund ("LRIF") or Restricted Life Income Fund ("RLIF"), the minimum RRIF, LIF, LRIF or RLIF withdrawal for the year following the Statement Date,

v) If the IVIC is a LIF, LRIF or RLIF, the maximum LIF, LRIF or RLIF withdrawal for the year following the Statement Date,

vi) A notice that any withdrawals that exceed the guaranteed annual withdrawal amount will decrease future guaranteed withdrawal amounts, except if required with respect to RRIF, LIF, LRIF or RLIF minimum withdrawals, and

vii) A notice in plain language explaining the guaranteed withdrawal amount will be payable to the Owner even if the Market Value of the relevant assets in the contract is less than the guaranteed withdrawal amount.

Benefits Phase

c) If the IVIC provides a guaranteed withdrawal benefit and all or part of the contract is in the Benefits Phase, the following information with respect to the assets in the Benefits Phase:

i) The guaranteed annual withdrawal amount, and
ii) How long the withdrawal amount is guaranteed to be payable.

Schedule B – Modified Compliance and Exemptions

It is CCIR's understanding that in some cases, given the long-term nature of IVICs, some products are housed on technical systems which are old. These systems were built at a time when different requirements were in place and the cost of upgrading these systems to comply with this guidance may be passed down to the Owners of the products administrated on older systems.

To balance the overall benefit and costs Owners would receive from the expectations under this guidance, individual Insurers may submit a request to CCIR to be fully or partially exempt from specific expectations under this guidance or providing required information in a different format. The onus will be on the Insurer to identify how much information it can provide to Owners of specific IVICs before the cost to those Owners exceeds the benefits to those Owners.

At a minimum, Insurers need to provide answers and supporting evidence to the following questions:

1) Which expectations are the Insurer seeking exemption from?
2) Why can't the Insurer fully comply with the expectations?
3) How is a grant of an exemption consistent with fair treatment of customers?
4) What will be the costs to Owner where:
    a) Insurers fully comply with the expectations?
    b) Insurers receive the requested exemptions under question 1?
5) Which product(s) are Insurers seeking an exemption for and whether they use the same system(s)?
6) For each product:
    a) Are these products still being sold?
    b) If these products are not being sold, are Insurers still accepting new deposits?
    c) How many contracts have been issued?
    d) How many unique policyholders are there?
    e) What are the total assets under management?
    f) What is the estimated run-off time for products?

CCIR may request additional information. CCIR will then determine whether, in their view, the cost of complying with the expectation(s) would result in costs to Owners of specific IVICs that are higher than the benefit those Owners would receive from the expectation.

ANNEX I

INSURANCE SAMPLE ANNUAL STATEMENT

This annex has been prepared by the Canadian Council of Insurance Regulators (CCIR). If you have questions relating to it, please contact staff of the CCIR National Regulatory Coordination Branch or l'Autorité des marchés financiers at the addresses indicated under "Questions".

[Editor's Note: Annex I – Insurance Sample Annual Statement is reproduced on the following separately formatted pages. Bulletin pagination and formatting resumes at the end of the Annex.]

ANNEX I - INSURANCE SAMPLE ANNUAL STATEMENT

ACCUMULATION PROTOTYPE

Your annual statement as at December 31, 2020

ABC Insurer Inc.

1234 West Street,
Toronto, Ontario

1 800 567 8901
abcinsurerinc.ca

This statement provides you with information on how your contract has performed this year, including the rate of return and value of guarantees. It provides you with all charges and fees associated with your contract. It will help you track your financial goals. We recommend that you read it carefully. The Fund Facts documents and annual audited financial statements for segregated funds are available upon request. Please contact your representative or us if you require additional information.

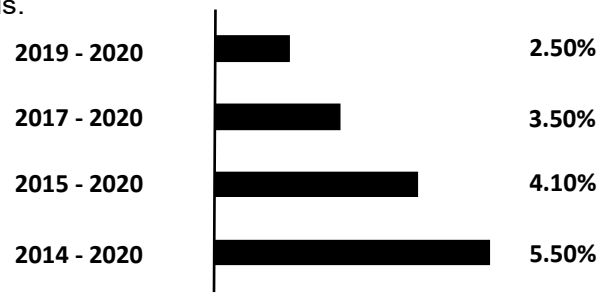
Information on your contract

Contract name:	ABC RetirementPlus
Contract tax status:	Registered
Contract no.:	78902314
Issue date:	March 20, 2014
Owner:	John Smith
Annuitant:	John Smith
Designated beneficiary:	Jane Smith
Your representative:	George Advisor
Your representative's telephone no.:	1 416 444 5353
Your representative's e-mail address:	gadvisor@advisor.ca

As at December 31, 2020			
Segregated funds	Number of units	Market value per unit ($)	Market value ($)
ABC Management Monthly Income Fund, Standard Series, DSC			
Guarantee 75/100	250.00	$78.00	$19,500.00
ABC Management Canadian Equity Fund, Standard Series, FEL			
Guarantee 75/100	450.00	$50.00	$22,500.00
Total[1]			$42,000.00

Your total annual personal rate of return (net of charges)

The following graph shows your total annual personal rate of return net of charges for different periods. Note that this rate of return may be different than the rate of return realized by the segregated funds because it takes into account the timing of your deposits and withdrawals.



[1] This is not necessarily the amount you would receive if you made a withdrawal. As an example, deferred sales charges or withdrawal fees may change the withdrawal value. You can contact us to learn the actual amount you can receive.

Your Contract Number: 78902314

Holdings in your Contract

On December 31, 2020

Contract values since issue on March 20, 2014

Deposits	$38,166.67
Withdrawals	($1,666.67)
Net Growth or Loss[2]	$5,500.00
Market value at end of 2020	**$42,000.00**

Contract values since December 31, 2019

Segregated funds	Market value at end of 2019	Deposits	Withdrawals	Net Growth or Loss[2]	Market value at end of 2020	Fund expense ratio[3]
ABC Management Monthly Income Fund, Standard Series 75/100, DSC[4]	$20,650.21	$0.00	$1,666.67	$516.46	$19,500.00	1.18%
ABC Management Canadian Equity, Standard Series 75/100, FEL	$21,951.22	$0.00	$0.00	$548.78	$22,500.00	2.04%
Totals	$42,601.43	$0.00	$1,666.67	$1,065.24	$42,000.00	
			Total annual rate of return (net of charges)	2.5%		

[2] Total charges deducted from your return are detailed in the following section.
[3] The fund's expenses are made up of the management fee, operating expenses, trading costs, applicable sales taxes and the insurance costs for your maturity and death benefit guarantees. You don't pay these expenses directly. We periodically deduct them from the value of your investments to manage and operate the funds. Different funds charge different levels of fees. They affect you because they reduce the fund's returns. These expenses add up over time. Fund expenses are expressed as an annual percentage of the total fund's value. They correspond to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). These costs are already reflected in the current values reported for your fund investments. The dollar amount of the expense calculated from the fund expense ratio is included in the costs described below in the following section.
[4] Your fund has a deferred sales charge. You can withdraw all the money in this fund, but you may be charged a fee to do so if you are withdrawing those funds before the end of the 7-year deferred sales charge period.

Your Contract Number: 78902314

Details of charges for the year 2020

Important: Review Your Costs

This part of the report shows the total cost of owning your contract last year. These costs impact your return. This does not include fees billed directly by your representative, if applicable.

Your cost of investing is impacted by your choices.

You can refer to Fund Facts documents for more information about the fund expenses and its component parts.

Your total cost of investing was $760 last year

Withdrawal fees on deferred sales charge investments[5]	$50.00
Transfer fee	$20.00
Investment fund expenses (Fund expenses), including indirect insurance costs[6]	$645.00
Direct insurance cost for your guarantees[7]	$45.00
Total	**$760.00**

What can I do with this information?

Take action by contacting your advisor to discuss the fees you pay, the impact the fees have on the long-term performance of your investments and contract, and the value you receive in return.

[5] You paid this cost to us because you withdrew money from a fund before the end of the deferred sales charge period, and it was more than your contract said you could withdraw without paying a deferred sales charge. You paid this cost directly from money withdrawn from your contract and it reduced the amount you received when you withdrew money.
[6] The number shown here is the estimated total dollar amount you paid in management fees, trading fees, operating expenses and insurance costs for your maturity and death benefit guarantees for all the segregated funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund. These costs are already reflected in the market values reported for your fund investments.
[7] This is what you paid us this year for the guaranteed withdrawal amount under your contract. You paid this cost by withdrawing investments in your contract.

Your Contract Number: 78902314

Your contract's guarantees

Your contract contains insurance features that offer you protection against negative market movements. You have a death guarantee and a maturity guarantee that protect a portion of your investment.

When you decide to withdraw money from your contract, you also have a guarantee that you will be able to withdraw a certain amount for a certain period of time or for the remainder of your life. The guaranteed withdrawal amount will be payable to you even if the market value of the guaranteed segregated funds in the contract is less than this amount.

The chart below shows the actual value of those guarantees.

Guarantee 75/100[8]	
Market value of your segregated funds:	$42,000.00
Maturity date of the guarantee:	January 12, 2084
Value of 75% guarantee at maturity:	$27,428.42
Value of 100% guarantee on death:	$36,571.22
Date of the next automatic reset of your guarantees[9]	March 30, 2024

Accumulation phase		
Guaranteed lifetime annual withdrawal amount, if taken:[10]		
	At age 55	$575.50
	At age 65	$893.65
	At age 70	$1,353.20

[8] On withdrawal, the value of your guarantees is adjusted proportionally to the market value of your contract at the time of withdrawal. For example, if someone withdraws $1,200 when the market value of the segregated fund contract is $6,000, the withdrawal will reduce the market value of the segregated funds by 20 per cent ($1,200/$6,000). The maturity and death benefit guarantee amounts will be reduced proportionally by the same 20 per cent.

[9] You may make discretionary resets up to 3 times per year subject to certain conditions, as stipulated in your contract. Kindly contact your representative for additional information on the subject. A reset will lock-in a new maturity or death benefit guarantee based on the current market value of the IVIC. A reset to the maturity guarantee will also restart the maturity guarantee period, delaying the maturity date of your IVIC.

[10] Guaranteed withdrawal amounts have been calculated assuming no bonus, no deposit or withdrawal, no future return and no reset of guarantees between now and the start of annual periodic withdrawals.

DEFINITIONS

- Accumulation Phase: This phase starts when you begin making deposits into the contract and continues until you notify us you would like to trigger the Withdrawal Phase to start taking scheduled withdrawals.
- Deposit: Amount you paid to us for the purchase of segregated fund units.
- Market value: This is the value of your investments, calculated by taking the number of fund units and multiplying it by the market value per unit.
- Net Growth / Loss: This is the amount your investments have increased or decreased other than due to deposits, withdrawals or transfers in or out.
- Reset: Option enabling the contract holder to revaluate the guaranteed values applicable to his or her contract.
- Segregated Fund: A separate and distinct group of assets maintained by an insurer in respect of which the benefits of a variable insurance contract are provided.
- Total annual personal rate of return: This is how your investments have performed over time. This is calculated using an industry-standard method known as the “money weighted method” which factors in the time of your deposits and withdrawals (net of all charged fees) and does not take income tax into account. Your actual returns will depend on your personal tax situation. Since most benchmarks do not consider funds’ management fees and operating fees, your personal rate of return cannot be directly compared with an index.
- Transfer: Sometimes called a switch, this is the withdrawal of units in a fund for the purpose of purchasing units in another fund.
- Withdrawal: Withdrawals out of the contract from specific segregated fund units.

Your annual statement
As at December 31, 2020

ABC Insurer Inc.
1234 West Street,
Toronto, Ontario
1 800 567 8901
abcinsurerinc.ca

This statement provides you with information on how your contract has performed this year, including the rate of return and value of guarantees. It provides you with all charges and fees associated with your contract. It will help you track your financial goals. We recommend that you read it carefully. The Fund Facts documents and annual audited financial statements for segregated funds are available upon request. Please contact your representative or us if you require additional information.

Information on your contract

Contract name:	ABC RetirementPlus
Contract tax status:	Registered
Contract no.:	78902314
Issue date:	March 20, 2014
Owner:	John Smith
Annuitant:	John Smith
Your representative:	George Advisor
Your representative's telephone no:	1 416 444 5353
Your representative's e-mail address:	gadvisor@advisor.ca

As at December 31, 2020			
Segregated funds	Number of units	Market value per unit ($)	Market value ($)
ABC Management Monthly Income Fund, Standard Series, DSC			
Guarantee 75/100	250.00	$78.00	$19,500.00
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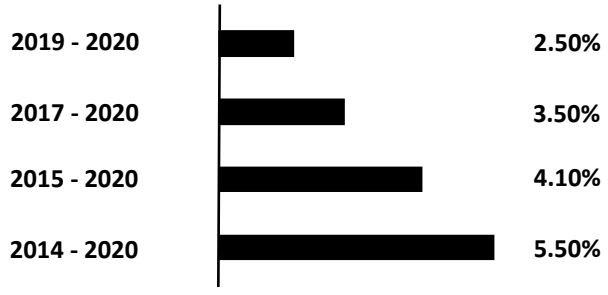
Guarantee 75/100	450.00	$50.00	$22,500.00
Total[1]			$42,000.00

Your total annual personal rate of return (net of charges)

The following graph shows your total annual personal rate of return net of charges for different periods. Note that this rate of return may be different than the rate of return realized by the segregated funds because it takes into account the timing of your deposits and withdrawals.



[1] This is not necessarily the amount you would receive if you made a withdrawal. As an example, deferred sales charges or withdrawal fees may change the withdrawal value. You can contact us to learn the actual amount you can receive.

ABC Insurer Inc.

Your Contract Number: 78902314

Holdings in your Contract

On December 31, 2020

Contract values since issue on March 20, 2014

Deposits	$38,166.67
Withdrawals	($1,666.67)
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Market value at end of 2020	**$42,000.00**

Contract values since December 31, 2019

Segregated funds	**Market value at end of 2019**	**Deposits**	**Withdrawals**	**Net Growth or Loss[2]**	**Market value at end of 2020**	**Fund expense ratio[3]**
ABC Management Monthly Income Fund, Standard Series 75/100, DSC[4]	$20,650.21	$0.00	$1,666.67	$516.46	$19,500.00	1.18%
ABC Management Canadian Equity, Standard Series 75/100, FEL	$21,951.22	$0.00	$0.00	$548.78	$22,500.00	2.04%
Totals	$42,601.43	$0.00	$1,666.67	$1,065.24	$42,000.00	
			Total annual rate of return (net of charges)	2.5%		

[2] Total charges deducted from your return are detailed in the following section.
[3] The fund's expenses are made up of the management fee, operating expenses, trading costs, applicable sales taxes and the insurance costs for your maturity and death benefit guarantees. You don't pay these expenses directly. We periodically deduct them from the value of your investments to manage and operate the funds. Different funds charge different levels of fees. They affect you because they reduce the fund's returns. These expenses add up over time. Fund expenses are expressed as an annual percentage of the total fund's value. They correspond to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). These costs are already reflected in the current values reported for your fund investments. The dollar amount of the expense calculated from the fund expenses ratio is included in the costs described below in the following section.
[4] Your fund has a deferred sales charge. You can withdraw all the money in this fund, but you may be charged a fee to do so if you are withdrawing those funds before the end of the 7-year deferred sales charge period.

Your Contract Number: 78902314

Details of charges for the year 2020

Important: Review Your Costs

This part of the report shows the total cost of owning your contract last year. These costs impact your return. This does not include fees billed directly by your representative, if applicable.

Your cost of investing is impacted by your choices.

You can refer to Fund Facts documents for more information about the fund expenses and its component parts.

Your total cost of investing was $760 last year

Withdrawal fees on deferred sales charge investments[5]	$50.00
Transfer fee	$20.00
Investment fund expenses (Fund expenses), including indirect insurance costs[6]	$645.00
Direct insurance cost for your guarantees[7]	$45.00
Total	**$760.00**

What can I do with this information?

Take action by contacting your advisor to discuss the fees you pay, the impact the fees have on the long-term performance of your investments and contract, and the value you receive in return.

[5] You paid this cost to us because you withdrew money from a fund before the end of the deferred sales charge period, and it was more than your contract said you could withdraw without paying a deferred sales charge. You paid this cost directly from money withdrawn from your contract and it reduced the amount you received when you withdrew money.
[6] The number shown here is the estimated total dollar amount you paid in management fees, trading fees, operating expenses and insurance costs for your maturity and death benefit guarantees for all the segregated funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund. These costs are already reflected in the market values reported for your fund investments.
[7] This is what you paid us this year for the guaranteed withdrawal amount under your contract. You paid this cost by withdrawing investments in your contract.

Your Contract Number: 78902314

Your contract's guarantees

Your contract contains insurance features that offer you protection against negative market movements. You have a death guarantee and a maturity guarantee that protect a portion of your investment.

When you decide to withdraw money from your contract, you also have a guarantee that you will be able to withdraw a certain amount for a certain period of time or for the remainder of your life. The guaranteed withdrawal amount will be payable to you even if the market value of the guaranteed segregated funds in the contract is less than this amount.

The chart below shows the actual value of those guarantees.

Guarantee 75/100[8]	
Market value of your segregated funds:	$42,000.00
Maturity date of the guarantee:	January 12, 2065
Value of 75% guarantee at maturity:	$27,428.42
Value of 100% guarantee on death:	$36,571.22

Withdrawal phase	
Guaranteed annual withdrawal amount:	$1,470.00
Annual withdrawal amount you have chosen to receive:[9]	$1,500.00
Income payable until	Until the Annuitant's death
RRIF/LIF/LRIF/RLIF minimum withdrawal amount	$1,400.00
LIF/LRIF/RLIF maximum withdrawal amount	No maximum

[8] On withdrawal, the value of your guarantees is adjusted proportionally to the market value of your contract at the time of withdrawal. For example, if someone withdraws $1,200 when the market value of the segregated fund contract is $6,000, the withdrawal will reduce the market value of the segregated funds by 20 per cent ($1,200/$6,000). The maturity and death benefit guarantee amounts will be reduced proportionally by the same 20 per cent.

[9] Any withdrawals that exceed the guaranteed annual withdrawal amount will decrease future guaranteed withdrawal amounts except if required in respect of a RRIF/LIF/LRIF/RLIF minimum withdrawal amount. The guaranteed annual withdrawal amount will be paid to you even if the amount of money in your contract is less than the guaranteed payment amount.

DEFINITIONS

- Deposit: Amount you paid to us for the purchase of segregated fund units.
- Market value: This is the value of your investments, calculated by taking the number of fund units and multiplying it by the market value per unit.
- Net Growth / Loss: This is the amount your investments have increased or decreased other than due to deposits, withdrawals or transfers in or out.
- Reset: Option enabling the contract holder to revaluate the guaranteed values applicable to his or her contract.
- Segregated Fund: A separate and distinct group of assets maintained by an insurer in respect of which the benefits of a variable insurance contract are provided
- Total annual personal rate of return: This is how your investments have performed over time. This is calculated using an industry-standard method known as the “money weighted method” which factors in the time of your deposits and withdrawals (net of all charged fees) and does not take income tax into account. Your actual returns will depend on your personal tax situation. Since most benchmarks do not consider funds’ management fees and operating fees, your personal rate of return cannot be directly compared with an index.
- Transfer: Sometimes called a switch, this is the withdrawal of units in a fund for the purpose of purchasing units in another fund.
- Withdrawal: Withdrawals out of the contract from specific segregated fund units.
- Withdrawal Phase: This phase starts when you trigger your guaranteed withdrawal benefit and start taking the scheduled withdrawals. It continues while the contract has enough invested money to pay each scheduled withdrawal. When there is no longer any money invested in the contract, the contract transitions to the benefit payment phase where you will continue to receive your guaranteed withdrawal amount.

Your annual statement
As at December 31, 2020

ABC Insurer Inc.
1234 West Street,
Toronto, Ontario
1 800 567 8901
abcinsurerinc.ca

This statement provides you with information on your contract, including the value of guarantees. It will help you track your financial goals. We recommend that you read it carefully. Please contact your representative or us if you require additional information.

Information on your contract

Contract name:	ABC RetirementPlus
Contract tax status:	Non-Registered
Contract no.:	78902314
Issue date:	March 20, 2014
Owner:	John Smith
Annuitant:	John Smith
Your representative:	George Advisor
Your representative's telephone no:	1 416 444 5353
Your representative's e-mail address:	gadvisor@advisor.ca

Your contract's guarantees

Your contract no longer has any active investments. However, it contains an insurance feature which provides guaranteed income payments for a certain period of time. The chart below shows the value of those payments.

Benefit Payments Phase	
Guaranteed annual withdrawal amount:	$7,000
Income payable until:	Until the Annuitant's death

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B.1.2 CSA Staff Notice 25-310 – 2022 Annual Activities Report on the Oversight of Self-Regulatory Organizations and Investor Protection Funds

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA STAFF NOTICE 25-310

2022 ANNUAL ACTIVITIES REPORT ON THE OVERSIGHT OF SELF-REGULATORY ORGANIZATIONS AND INVESTOR PROTECTION FUNDS

April 20, 2023

INTRODUCTION

The Canadian Securities Administrators (**CSA** or **securities regulators**) is the umbrella organization of Canada's provincial and territorial securities regulators. As part of an effort to achieve transparency and to foster public confidence in the regulatory framework, the CSA is publishing this report which summarizes the key activities in 2022 through which the CSA conducted oversight of: (i) self-regulatory organizations (**SROs**), being the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**); and (ii) investor protection funds (**IPFs**), being the Canadian Investor Protection Fund (**Former CIPF**) and the MFDA Investor Protection Corporation (**MFDA IPC**).

This report covers the period of January 1 – December 31, 2022 (the **Reporting Period**).

CSA staff (**Staff**) have an obligation to oversee the SROs' and IPFs' compliance with securities legislation requirements, including the terms and conditions in the Recognition or Approval/Acceptance Orders[1].

The Reporting Period was the last year during which the two SROs and two IPFs operated as separate legal entities. As of January 1, 2023, IIROC and the MFDA became amalgamated into the New Self-Regulatory Organization of Canada[2] (**New SRO**) and, separately, Former CIPF and the MFDA IPC amalgamated and retained the name Canadian Investor Protection Fund (**CIPF**). The next activities report will provide details on Staff's oversight of New SRO and CIPF[3].

The remainder of this report follows the structure described below:

- Section 1 – Executive Summary
- Section 2 – Framework for New SRO and CIPF
- Section 3 – Oversight Committees
- Section 4 – Overview of CSA Oversight Program
- Section 5 – Summary of Key Information, Oversight Activities and Observations
  - (A) IIROC
  - (B) MFDA
  - (C) Former CIPF
  - (D) MFDA IPC
- Appendix 1 – SRO and IPF Regulatory Framework Pre-amalgamation
- Appendix 2 – Composition of the SRO Oversight Committees
- Appendix 3 – Rule/By-law/Policy and Procedures Amendments
- Appendix 4 – Other Materials Filed

1 Details about the framework under which the SROs and IPFs operated in 2022 is found in Appendix 1.
2 The name "New Self-Regulatory Organization of Canada" is a temporary legal name. A new permanent name will be chosen in 2023.
3 As described in CSA Position Paper 25-404 *New Self-Regulatory Organization Framework*

1. EXECUTIVE SUMMARY

Prior to 2023, the SRO regulatory framework in Canada required investment dealers to be members of IIROC and mutual fund dealers to be members of the MFDA, except in Québec and Newfoundland and Labrador[4]. This framework was in place for more than 20 years and, in that time, the delivery of financial services and products had continued to evolve. In response, the CSA announced in 2019 that it was appropriate to revisit the structure of the SRO regulatory framework.

On June 25, 2020, a CSA working group published CSA Consultation Paper 25-402 *Consultation on the Self-Regulatory Organization Framework*, which sought public input on seven key issues identified through informal consultations conducted by the working group in late 2019 and early 2020. During the public comment period, 67 letters were received from a broad range of stakeholders. The information and views provided by stakeholders were considered – along with other data and analysis, including dozens of academic publications pertaining to SRO design, operation and best practices, and their applicability to the Canadian capital markets – for the CSA working group to arrive at its subsequent position.

The overall solution for a new single enhanced SRO and, separately, a combined protection fund was described in CSA Position Paper 25-404 *New Self-Regulatory Organization Framework*, published on August 3, 2021 (**Position Paper**). The Position Paper supported the formation of a new SRO that would consolidate the functions of IIROC and the MFDA, while a new IPF would combine Former CIPF and the MFDA IPC into an integrated fund independent of the new SRO.

During the Reporting Period, the primary focus of the CSA was concentrated on realizing the SRO and IPF amalgamations in accordance with the solutions described in the Position Paper. A summary of the CSA's amalgamation work can be found in section 2 of this report. In addition to amalgamation matters, the CSA continued to oversee the SROs and IPFs under the regulatory framework that existed before the transaction. The ongoing oversight work conducted by the CSA during the Reporting Period is set out in sections 3 to 5 of this report, and a description of the pre-amalgamation regulatory framework can be found in Appendix 1.

2. FRAMEWORK FOR NEW SRO AND CIPF

Integration Process

After the publication of the Position Paper, Staff were organized to lead and manage different aspects of the integration project. Comment letters about the framework, which revealed overall support for the New SRO framework outlined in the Position Paper, were reviewed and considered by Staff in the following workstreams. Stakeholders were also engaged by Staff.

- Workstream 1 – Establishment of an enhanced governance structure
- Workstream 2 – Review of SRO/IPF recognition and approval/acceptance applications
- Workstream 3 – Drafting of SRO/IPF Recognition and Approval/Acceptance Orders and Memoranda of Understanding (**MOUs**)
- Workstream 4 – Considering any ancillary/consequential legislative amendments
- Workstream 5 – Considering issues related to registration
- Workstream 6 – Revising methodology for CSA oversight of SROs and IPFs to align with the oversight principles for New SRO and CIPF
- Workstream 7 – Advancing the analysis of the issues relating to directed commissions / incorporated agents
- Workstream 8 – Enhancing market information sharing between the CSA and New SRO
- Workstream 9 – Review of applications by the MFDA and IIROC seeking to use money collected by the respective SROs from enforcement fines to pay for certain costs related to the SRO amalgamation

To address the specific regulatory landscape in force in Québec and to facilitate the transition to the New SRO, the AMF put together a forum with senior representatives of the Chambre de la sécurité financière, IIROC's Montreal Office and the Conseil des fonds d'investissement du Québec, which is the voice of the Investment Funds Institute of Canada in Québec.

IIROC and MFDA staff also worked together on the necessary operational components needed to combine their respective organizations and retained an outside consultant, Deloitte, to serve as an integration manager. MFDA staff also worked with MFDA

[4] In Québec, mutual fund dealers were directly regulated by Autorité des marchés financiers (**AMF**). The Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador (**NL**) was not a recognizing regulator of the MFDA prior to 2023.

IPC staff to transition certain functions. Previously, the MFDA provided services and support to the MFDA IPC in areas such as information technology and accounting, which post-amalgamation is provided by CIPF.

Furthermore, a Special Joint Committee (**SJC**) was formed, comprised of representatives nominated by IIROC, the MFDA and the CSA. The mandate of the SJC was to identify and recommend candidates for the New SRO's chief executive officer (**CEO**), who would also be a voting member of the board, as well as six industry directors and eight independent directors, with one of the independent directors serving as the New SRO's chair. The SJC retained Russell Reynolds, a global leadership advisory and search firm, to assist with recruitment. The New SRO board was announced on May 12, 2022; and its new CEO was announced on June 27, 2022.

The creation of the New SRO Advisory Committee (**NSAC**) was also announced on June 27, 2022. NSAC was comprised of the New SRO's chair and CEO, and the vice chairs of IIROC and the MFDA. The purpose of NSAC was to advise the IIROC and MFDA boards on the amalgamation and integration process. The NSAC remained active until the December 31, 2022 closing date.

Use of Restricted and Discretionary Funds

During the Reporting Period, the CSA received separate applications from the SROs[5] seeking to use funds from enforcement fines to pay for costs related to the creation of the New SRO (**New SRO Integration Costs**). Specifically, IIROC and the MFDA sought approval to direct unallocated monies from the IIROC Restricted Fund and the MFDA Discretionary Fund (collectively, the **Restricted Funds**) to defray New SRO Integration Costs paid to external advisors (e.g., legal fees, accounting support, and fees relating to the executive search). Staff created a dedicated working group who conducted a thorough review of the applications. Based on the working group's recommendation, the CSA determined that it was in the public interest to allow the SROs limited access to their Restricted Funds. Each SRO was permitted to access up to $4.29 million from its Restricted Fund on the basis that:

- the New SRO Integration Costs directly arose from the creation of the New SRO, mandated by the CSA;
- the underlying intent of the Restricted Funds, as set out in the SRO Recognition Orders, was for fine and settlement monies to be used for public interest and investor protection purposes. The CSA stated in the Position Paper that the creation of the New SRO would contribute to a regulatory framework that has a clear public interest mandate, which will enhance investor protection. As such, the specified use of the Restricted Funds for the payment of external advisory costs associated with the formation of the New SRO, that is in the public interest, is consistent with the intent of the Recognition Orders;
- the use of the Restricted Funds was limited to the New SRO Integration Costs;
- the SROs are required to report to the CSA on a quarterly basis and to provide a summary of all New SRO Integration Costs incurred in the prior quarter and reasonably expected to be incurred in the next quarter;
- senior executives[6] of the SROs are required to certify on a quarterly basis that expenses incurred were not operational in nature and only related to the New SRO Integration Costs and, after payment of these costs, sufficient funds remained in the Restricted Funds for other expenses originally contemplated by the Recognition Orders; and
- the Restricted Funds were not to be used for any New SRO Integration Costs incurred after December 31, 2022.

Approval of New SRO

IIROC and the MFDA applied on behalf of New SRO for its recognition as an SRO by the securities regulators in all the provinces and territories of Canada (**Regulators**). The application was published for comment on May 12, 2022 by the CSA, and comments from 37 stakeholders were received demonstrating continued overall support from both industry stakeholders and investor advocates for the enhanced regulatory framework outlined in the Position Paper.

On November 24, 2022, the Regulators recognized the New SRO, effective January 1, 2023. The notice of approval for the New SRO included the following documents:

- Recognition Order of the New SRO
- MOU among the Regulators regarding the oversight of the New SRO

[5] The AMF and NL did not receive the MFDA's application because they were not recognizing regulators of the MFDA.
[6] The terms and conditions of the approvals require certification by each SRO's Chief Financial Officer, President, and the Chair of the Finance, Audit and Risk Committee.

- By-law No. 1 of the New SRO
- Interim Rules of the New SRO
- Interim Fee Model Guidelines Applicable to Investment Dealer Members and Marketplace Members
- Terms of Reference for the New SRO Investor Advisory Panel
- Summary of public comments and the Regulators' responses to those comments

The statutory amalgamation of IIROC and the MFDA in accordance with the *Canada Not-for-Profit Corporations Act* allowed them to be combined and continue as one corporation by operation of law. The amalgamated corporation adopted the temporary legal name "New Self-Regulatory Organization of Canada" which will be replaced by a new permanent name, to be determined at a later date. The corporate transactions necessary for amalgamation were completed by the end of 2022.

The AMF also implemented transitional provisions relating to the requirement for mutual fund dealers registered in Québec (**Québec MFDs**) to become members of New SRO. These provisions allowed the AMF to begin its proposed transition plan for the supervision of Québec MFDs to New SRO.

Approval and Acceptance of CIPF

Former CIPF and the MFDA IPC applied on behalf of CIPF for its approval and acceptance as an IPF by the Regulators. The application was also published for comment on May 12, 2022 by the CSA, and comments from 12 stakeholders were received demonstrating similar support.

On November 24, 2022, the Regulators approved or accepted the combined compensation/ contingency fund organization, effective January 1, 2023. The notice of approval and acceptance for CIPF included the following documents:

- Approval or Acceptance Order of CIPF
- MOU among the Regulators regarding the oversight of the CIPF
- By-law No. 1 of the CIPF
- Coverage policy, claims procedures, appeal committee guidelines, and disclosure policy of CIPF
- Summary of public comments and the Regulators' responses to those comments

Mutual fund dealers, including Québec MFDs, are not required to contribute to CIPF's Mutual Fund Dealer Fund in respect of customer accounts located in Québec and those accounts are not eligible for coverage by CIPF. Québec MFDs, however, continue to contribute to Québec's financial services compensation fund, *Fonds d'indemnisation des services financiers*, as required by law, and their clients continue to be eligible for the payment for indemnities by this fund.

Post-amalgamation

During the Reporting Period, the SROs and IPFs entered into a Transitional Agreement (**TA**) that came into effect on January 1, 2023, designed to ensure existing arrangements between the SROs and IPFs continue to govern the relationship between New SRO and CIPF. The TA is intended to be in place until a new, permanent Industry Agreement has been negotiated and implemented. Discussions regarding a new permanent Industry Agreement are currently underway.

In order to comply with the CIPF Approval Orders issued by the AMF and the Financial and Consumer Services Commission of New Brunswick (**FCNB**) in effect on January 1, 2023 that require CIPF to provide services in French on the same basis as they are provided in English, CIPF Board approved the addition of a French interface to the Securities Industry Regulatory Financial Filing (**SIRFF**) system. Programming and translation commenced during the Reporting Period and are on track to be completed by the end of 2023.

Post-amalgamation in 2023, Staff will continue their work on the various solutions outlined in the Position Paper to be implemented after the closing of the transaction. Most notably, this will include, but is not limited to, the CSA's oversight of: (i) transitions plans developed by the New SRO and CIPF to address post-close integration activities; (ii) work conducted by the New SRO on the consolidation and harmonization of the IIROC and MFDA rulebooks; and (iii) policy work related to directed commissions. There will also be work on improving information sharing and collaboration, particularly as it relates to data sharing between the CSA and New SRO. Staff will determine whether ongoing CSA projects can be leveraged to improve the SRO complaint resolution process and enforcement and registration practices.

3. OVERSIGHT COMMITTEES

During the Reporting Period, the CSA Market Regulation Steering Committee[7] was the forum for coordination and providing updates where issues related to more than one SRO or IPF. There were also oversight sub-committees for each SRO and IPF to act as a forum to discuss issues, concerns and proposals related to the oversight of each SRO or IPF. The oversight sub-committees included representatives from each of the securities regulators[8], with the Principal Regulator[9] serving as the lead. The committees held scheduled quarterly meetings with each SRO and semi-annual meetings with each IPF during the Reporting Period.[10] The respective committees also held numerous ad hoc meetings with the respective entities throughout the Reporting Period as part of their oversight of specific issues, primarily related to the amalgamation of the SROs and separately the IPFs, as well as proposed rule amendments and filing requirements.

4. OVERVIEW OF CSA OVERSIGHT PROGRAM

The oversight program for SROs and IPFs included:

- **Annual Risk Assessment** – an evaluation of potential inherent risks and mitigating controls for each entity, to identify specific risks and control factors in each functional area of the entity. The evaluation can become the basis of future oversight activities as determined by the net adjusted risk attributed to each functional area.

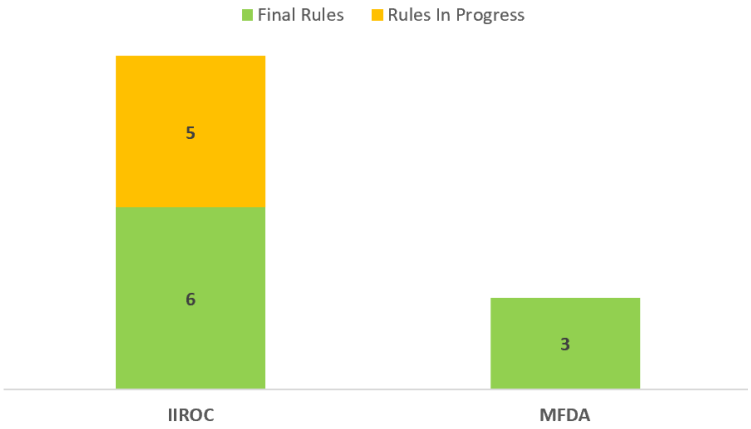
- **Oversight Reviews** – a more in-depth process for Staff to make an independent assessment of whether and how the entity meets its regulatory obligations. For example, oversight reviews[11] provide an opportunity to validate the information received from the entity through interviewing staff, obtaining an understanding of the systems and processes in place, reviewing written policies and procedures, and examining files on a sample basis. The scope of an oversight review is determined by the results of the annual risk assessment and/or specific issues that arise on a periodic basis.

  Based on the annual CSA risk assessments of IIROC, the MFDA, Former CIPF and MFDA IPC which considered resourcing constraints of the SROs, IPFs and the CSA, a determination was made that oversight reviews of the SROs and IPFs during the Reporting Period were not warranted and that action items resulting from the risk assessments could be addressed by other oversight mechanisms. Staff continued to review the required filings, hold meetings with the entities, review applicable rule proposals in the normal course, and follow-up with queries as necessary.

- **Review and Approval of Proposed New and Amended Rules, Policies and Constating Documents (collectively, rules)** – Under their respective Recognition Orders and MOUs, SROs were required to seek approval from securities regulators for proposed new rules and by-laws, and any changes to existing rules and by-laws. Similarly, under their respective Approval Orders and MOUs, IPFs were required to seek approval or non-objection for any changes to certain policies (e.g., coverage policy) and their by-laws. Staff were involved in the rule review process with the Principal Regulator coordinating communication with the entity. Staff coordinated their review of rule proposals and amendments, provided consolidated comments, and assessed the entity's responses. Staff also considered if the entity's responses to public comments were adequate and reasonable. Only when satisfied that the public interest had been met, Staff recommended rule proposals and amendments for approval or non-objection to their decision makers. If Staff of all securities regulators were not prepared to support approval or non-objection, the entity generally withdrew the rule proposal or amendment, or made revisions to address issues raised. The chart below reflects the number of rules approved during the Reporting Period and in progress as of December 31, 2022.[12]

7 More information about the current membership of the Market Regulation Steering Committee and the sub-committees is provided in Appendix 2.
8 More information about the securities regulators is provided in Appendix 1.
9 The British Columbia Securities Commission (**BCSC**) was the Principal Regulator for the MFDA, and the Ontario Securities Commission (**OSC**) was the Principal Regulator for IIROC, Former CIPF and the MFDA IPC.
10 The 2022 annual in-person meetings were postponed due to COVID-19, but are scheduled to resume in 2023.
11 Pre-pandemic oversight reviews could be desk or onsite reviews. Upon the return to the office, we expect oversight reviews to integrate both desk and onsite features (hybrid), leveraging technology as needed.
12 Details of the approved/in progress rules are provided in Appendix 2.

Rules[13] Approved or Withdrawn During the Reporting Period, and In Progress as of December 31, 2022[14]



- **Review of Materials Filed** – SROs and IPFs were responsible for filing certain information (other than proposed rules or by-laws) with each securities regulator, as required by the Recognition/Approval Orders. This information included, but was not limited to, reports on financial condition, regulatory self-assessments, risk management scorecards, systems integrity, market surveillance, internal audit, progress on compliance examination results and enforcement matters.[15] Staff reviewed the materials filed, and the Principal Regulator coordinated the necessary follow-up with the SRO or IPF on significant issues identified. Staff's review of issues and materials filed informed the annual risk assessment process.

- **Meetings and Other Discussions with Entities**

  - **SROs** – In addition to scheduled bi-weekly meetings, Staff had ongoing amalgamation discussions with the SROs. Staff also met with IIROC and, separately, with the MFDA on a scheduled *quarterly* basis to discuss issues relating to each SRO's regulatory activities, the oversight process, and to share information about emerging and/or ongoing regulatory issues and trends. In addition, Staff of certain securities regulators held regular meetings with management of the SROs at regional offices to discuss regional issues. Staff also discussed key or escalated issues with each SRO's management as they arose.

  - **IPFs** – Staff and the IPFs met at least bi-weekly to discuss progress and issues related to the amalgamation. Staff also met with each IPF on a scheduled *semi-annual* basis to discuss issues relating to the IPFs' activities, the oversight process, and to share information about emerging and/or ongoing regulatory issues and trends. Staff also discussed issues with each IPF's management as they arose.

5. SUMMARY OF KEY INFORMATION, OVERSIGHT ACTIVITIES AND OBSERVATIONS

(A) IIROC

i. Regulatory Status

IIROC as an SRO oversaw all investment dealers and trading activity on debt and equity marketplaces in Canada[16] and was approved as an information processor for corporate and government debt securities. IIROC's head office was in Toronto with regional offices in Montréal, Calgary and Vancouver.

13 "Rules" in this chart may refer to amendments to IIROC and MFDA by-laws.
14 There were no new proposed policies or by-law amendments pertaining to the IPFs during the Reporting Period.
15 Further details of these materials filed are provided in Appendix 3.
16 IIROC was recognized by the Alberta Securities Commission (**ASC**); the AMF; the BCSC; the Financial and Consumer Affairs Authority of Saskatchewan (**FCAA**); FCNB; the Manitoba Securities Commission (**MSC**); the Nova Scotia Securities Commission (**NSSC**); NL; the OSC; the Prince Edward Island Office of the Superintendent of Securities (**PEI**); the Office of the Superintendent of Securities, Northwest Territories; the Office of the Superintendent of Securities, Nunavut Office; and the Office of the Yukon Superintendent of Securities (collectively, the **IIROC Regulators**).

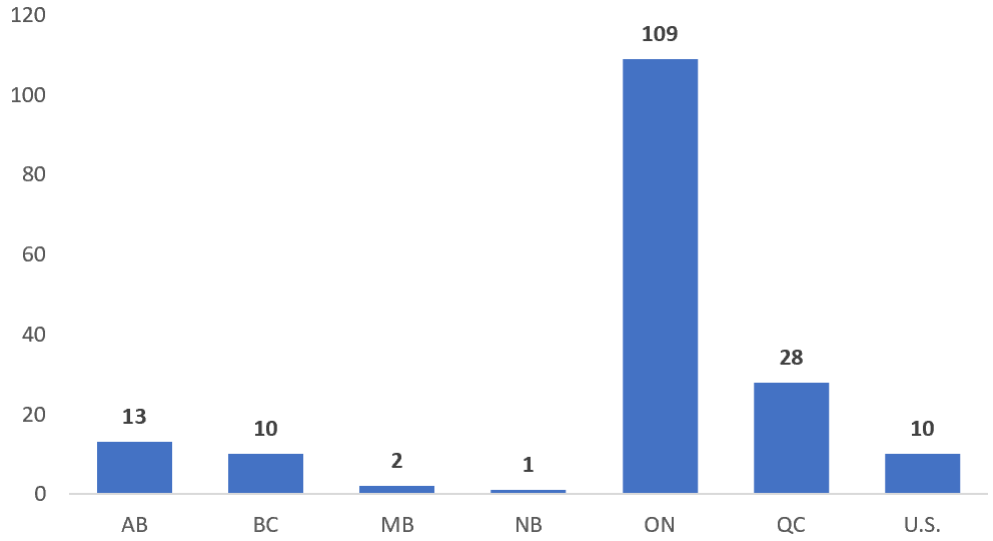
ii. Member Firm Statistics

As at December 31	2022	2021	Change	% Change
Assets Under Management	$3.4 Trillion	$3.8 Trillion [17]	$-0.4 Trillion	-10.5%
Approved Persons	31,646	30,747	899	2.9%
Firms	173	172	1	0.6%

(Source: IIROC and National Registration Database (**NRD**))

The decrease in IIROC's assets under management was mainly attributable to a decline in both equity and bond markets of approximately 10% during the Reporting Period.

iii. IIROC Member Firms by Head Office Location



(Source: NRD)

iv. Rule Reviews

During the Reporting Period, six IIROC rule amendments were approved or non-objected to by the IIROC Regulators. Five rule amendments continue to be under CSA review as of December 31, 2022.[18]

Of particular note, IIROC finalized and the CSA approved rule amendments for a futures segregation and portability customer protection regime. The amendments align IIROC requirements with the corresponding rule changes at the Canadian Derivatives Clearing Corporation to implement a new customer protection segregation and portability regime based on the use of a gross customer margin model.

v. Materials Filed

IIROC was responsible for filing certain information with Staff on a regular or ad hoc basis. Required filings were outlined under the Recognition Orders and included, but were not limited to, items such as quarterly regulatory activities reports, quarterly and annual financial statements, internal audit and enterprise risk management reports, certifications of compliance by the CEO, independent systems review reports, market activity statistics, exemptions granted from Universal Market Integrity Rules (**UMIR**), disclosure of members in financial difficulty, and terms and conditions on members.[19]

[17] The value of the assets under management as of December 31, 2021 differs from what was previously published due to reclassifications.
[18] More information about IIROC rule approvals is provided in Appendix 2.
[19] Further details about materials filed by IIROC (other than rule amendments) are provided in Appendix 3.

vi. Meetings and Other Discussions

During regular meetings held with IIROC, among other varied topics, the following key subjects were discussed and followed up on by Staff:

- *Market Surveillance* – IIROC's market surveillance infrastructure continued to operate effectively. Pre-pandemic, system capacity and processing capability was set at 1 billion messages. Market activity was unprecedented during the pandemic and, subsequently during the Reporting Period, was pushed even higher in response to global events, such as the war in Ukraine, and by fears of both inflation and recession. In response to the heightened activity, in 2020, IIROC had completed server and storage upgrades to the market surveillance system, which allowed IIROC to handle the recent spikes in market activity. As of August 15, 2022, IIROC's market abuse and trade surveillance system (**SMARTS**) has the ability to handle approximately 3 billion real-time messages per day.

  On January 24, 2022, IIROC and the Montréal Exchange (**MX**) entered into an MOU regarding cross-market surveillance of the securities and derivatives markets to help mitigate the risk of market integrity breaches. The CSA gave the cross-market surveillance mandate to both IIROC and the MX, and the MOU reflected the collective commitment to fostering fair and efficient capital markets through cooperative oversight and effective enforcement. Cross-asset surveillance was implemented on August 15, 2022 and IIROC began the intake of derivatives trading data messages in addition to equity messages into a modified version of SMARTS.

- *Order Execution Only (**OEO**) Service Levels* – As noted, there was a significant increase in trading volumes during the pandemic, including retail specific trading, partially attributable to the work-from-home environment and the ease of opening new trading accounts. Within the OEO platform, the impact of higher trading volumes and new account openings resulted in a corresponding increase in service level complaints from clients (e.g., delays in opening new accounts, system response times and service disruptions). Given the increasing importance of online trading services, IIROC surveyed dealers with OEO trading platforms to collect quantitative and qualitative information. This information will assist in IIROC's examination of the point at which service levels and interrupted access to investments would become an explicit investor protection issue. A working group comprised of industry representatives and IIROC staff was also established to provide insight into key factors that could be considered as part of an appropriate regulatory response to this growing sector highly reliant on technology. The working group considered various options and completed its analysis, which is now being reviewed by New SRO senior management.

- *Short Selling* – On December 8, 2022, the CSA and IIROC published Joint CSA and IIROC Staff Notice 23-329 *Short Selling in Canada* to provide an overview of the existing regulatory landscape surrounding short selling, give an update on current related initiatives, and request public feedback on areas for regulatory consideration. The publication reflects the commitment of the CSA and IIROC to ensure that the regulatory framework is current and appropriate given the way markets continue to evolve, especially in light of the public feedback with respect to short selling and international developments. The comment period ended on March 8, 2023.

- *Advertising and Social Media Guidance* – IIROC is developing a proposal to update the existing advertising and social media guidance, currently found in Guidance Note GN-3600-21-002 *Review of Advertisements, Sales Literature and Correspondence*, dated October 14, 2021. The updated guidance will reflect on recent trends such as the growing use of social media influencers, gamification, and third-party research reports based on non-traditional inputs (i.e. social media sentiment indicators). The proposal is expected to be issued for public comment in 2023.

- *Crypto / Digital Assets* – IIROC's Membership Intake Team continued to review applications for: (i) new membership from crypto-asset trading platforms (**CTPs**); and (ii) business change from existing IIROC dealers planning on expanding into the distribution of crypto asset products and/or provision of service offerings. IIROC continued to engage with Staff at various levels to discuss how IIROC rules and securities legislation apply to CTPs, enabling the consideration of targeted applications for exemption based on customized terms and conditions for each business model.

  As an example, on October 12, 2022, Coinsquare Capital Markets Ltd. (**Coinsquare**) was the first CTP admitted by IIROC into membership. To accommodate the business model of a CTP, IIROC's Board of Directors also granted exemptive relief to Coinsquare from certain IIROC requirements relating to insurance and the location of client assets. At the same time, the CSA granted time-limited relief from the prospectus requirement, trade reporting requirements and certain provisions of the marketplace operation rule, subject to certain conditions, including investment limits and requirements to provide disclosure and reporting to the CSA.

  Future new rules and guidance, as well as standardized compliance procedures, relating to crypto assets are expected to be developed by New SRO in collaboration with Staff.

- *Cybersecurity Incidents* – In 2019, amendments to IIROC's reporting requirements were implemented, requiring dealer members to report certain cybersecurity incidents to IIROC. After reviewing the incident reports received over one year, IIROC staff issued further guidance to dealer members in February 2022 on how to demonstrate compliance with the cybersecurity incident reporting requirements. During the Reporting Period, CSA staff were kept apprised of cybersecurity incidents reported by dealer members and engaged with IIROC staff to ensure proper oversight.

  IIROC also worked with a national consulting firm to develop a cybersecurity self-assessment tool, which could be used by IIROC firms to assess their own cybersecurity posture[20] and maturity, and identify areas for improvement. In July 2022, the free tool was made available for download upon request by any IIROC firm. The launch was well received, with eight requests for the self-assessment tool in the first 24 hours and downloads by approximately 70 IIROC dealer members to-date.

- *Client Focused Reforms (**CFRs**)* – With the implementation of the CFRs conflicts of interest requirements on June 30, 2021, the CSA, IIROC and the MFDA harmonized their compliance modules specific to the CFRs conflicts of interest requirements. IIROC added specific questions to the annual request of information from firms, a mechanism used by IIROC for data collection to assist in the assessment of compliance risk. IIROC also incorporated the CFRs conflicts of interest review into its regularly scheduled business conduct compliance exams, and fieldwork was completed during the Reporting Period. In parallel with IIROC's and the MFDA's examination of its members, the CSA conducted a targeted CFRs conflicts of interest sweep of other registrants. Together, the CSA, IIROC and the MFDA are discussing the results, and plan to publish findings from the coordinated review and provide additional implementation guidance to the industry on the enhanced conflict requirements.

- *OEO Trailer Ban* – In 2020, the CSA adopted amendments that implemented a ban to prohibit the payment of trailing commissions by fund organizations to dealer members who do not make a suitability determination, such as OEO dealers. The amendments also prohibited the solicitation or acceptance of trailing commissions by such dealers. The OEO trailer ban came into effect on June 1, 2022. Prior to the effective date, each CSA jurisdiction issued a temporary exemption from the OEO trailer ban to facilitate the implementation process. Accordingly, IIROC updated its OEO compliance module to review the process used by dealer members to ensure that all switches were conducted correctly, rebates were paid, and trade confirmations and other client communications were sent in accordance with the conditions of the temporary exemptions.

- *Hybrid Work Model* – IIROC continued to function under a hybrid work model, with most staff being required to work a portion of each week in the office and certain groups continuing to work fully remotely. IIROC staff continued to have the tools, equipment and support necessary to execute IIROC's regulatory responsibilities. The remote work pilots of IIROC and the MFDA were already closely aligned, thereby affording the two entities the ability to develop a single remote work policy going forward for New SRO.

- Other Initiatives – Over the Reporting Period, Staff also engaged IIROC staff on other specific matters of regulatory concern such as:

  - IIROC staff's participation in Former CIPF's insolvency simulation exercise (discussed further in the Former CIPF section below);
  - IIROC staffing matters; and
  - IIROC's specific investor protection initiatives, such as:
    - proposed changes to IIROC's arbitration program and the return of disgorged funds to investors;
    - proposed amendments to clarify the proficiency requirements applicable to approved persons;
    - IIROC's in-house Continuing Education accreditation program;
    - publication for comment of IIROC Notice 22-0132 *Consultation Paper (Phase III) – Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers;*

[20] Cybersecurity posture refers to a firm's overall defense against cyber-attacks, encompassing any security policies, employee training programs, or security solutions in place.

- publication of IIROC Notice 22-0190 *Failed Trade Study*; and
- proposed modernization of back-office and introducing/carrying broker arrangements, and subordinated loan arrangements.

(B) MFDA

i. Regulatory Status

The MFDA was the SRO that oversaw mutual fund dealers in Canada, except in Québec where mutual fund dealers operating only in the province were directly regulated by the AMF.[21] The MFDA head office was in Toronto, with regional offices in Calgary and Vancouver.

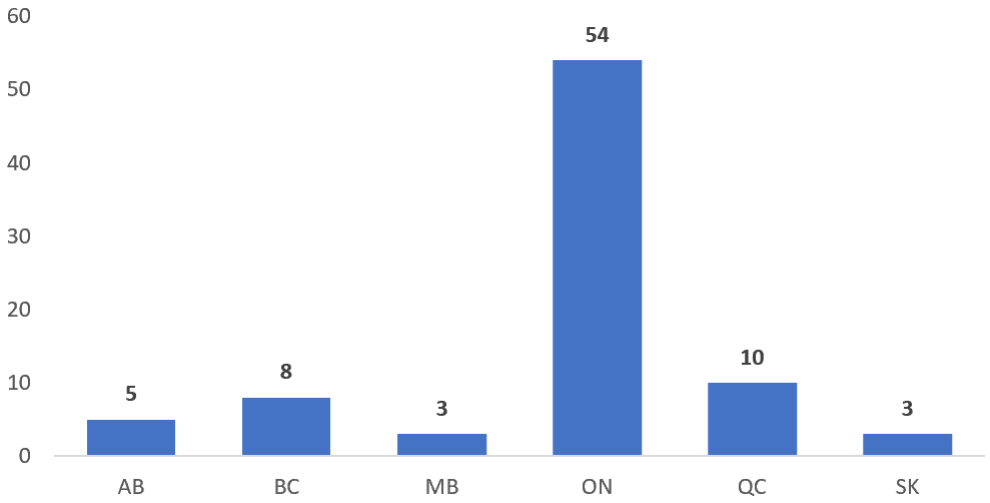
ii. Member Firm Statistics

As at December 31	2022	2021	Change	% Change
Total Mutual Fund Assets Under Administration	$635B	$729B	$-94B	-12.9%
Approved Persons	77,341	77,383	-42	-0.1%
Members	83	86	-3	-3.5%

(Source: MFDA and NRD)

The decrease in the MFDA's total mutual fund assets under administration was mainly attributable to a decline in both equity and bond markets of approximately 10% during the Reporting Period. In addition, there was a shift in purchases away from mutual funds to guaranteed investment certificates (**GICs**), likely due to increased GIC returns during the Reporting Period and the low-risk rate of return offered by GICs.

iii. MFDA Member Firms by Head Office Location



(Source: NRD)

iv. Rule Approvals

During the Reporting Period, three MFDA rule amendments were approved or non-objected to by the MFDA Regulators. To simplify the transition to New SRO, the MFDA aimed not to introduce rule amendments close to the amalgamation date. Accordingly, there were no proposed rule amendments under CSA review as of December 31, 2022.[22]

[21] The MFDA was recognized by ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities (collectively, the **MFDA Regulators**).

[22] More information about MFDA rule approvals is provided in Appendix 2.

v. Materials Filed

The MFDA was also responsible for filing information with Staff on a regular and ad hoc basis. Required filings were outlined in the MFDA Recognition Orders and included, but are not limited to, annual and quarterly financial statements, disclosure of members in financial difficulty, and quarterly operations reports.[23]

vi. Meetings and Other Discussions

During regular meetings with the MFDA, the following key topics, among other varied subjects, were discussed and followed up on by Staff:

- *Cybersecurity* – Cybersecurity for both the MFDA and its members continues to be an area of focus. The MFDA engaged external IT consultants to test its own security controls by having the consultants perform a number of attack scenarios. The results of these tests were provided to Staff. In May 2021, the MFDA issued a mandatory cybersecurity survey to all its members. During the Reporting Period, IT consultants analyzed the results and identified that smaller members tended to have resource issues in dealing with cybersecurity; however, due to regulatory requirements and the high threat pressure on the financial services industry, even smaller MFDA members were deemed to be more prepared and invested in cyber protection than similar-sized entities in other sectors. The consultants also issued individualized reports with specific feedback to all MFDA members. To provide further support, the MFDA hosted a webcast featuring the consultants who explained how MFDA members should interpret and use the survey report, and could access free consultations. The consultants also offered additional guidance in some key areas to smaller MFDA members.

- *Client Research Project* – The 2016 and 2019 MFDA Client Research Project provided the MFDA with information and insight into members' business models, their approved persons and their clients. The MFDA, in collaboration with the AMF, issued a mandatory data request to all its members, requiring that client data be provided by June 30, 2021. Subsequently, the MFDA worked with research consultants to perform an analysis of the results. *Client Research Report 2022: An Ongoing Look Into Clients, Members, and Advisors* was published on December 30, 2022 and builds on the first two client research reports.

- *Expanded Cost Reporting* – On April 28, 2022, the CSA and the Canadian Council of Insurance Regulators (**CCIR**) published proposed enhanced cost disclosure reporting requirements for investment funds and segregated fund contracts. The proposal was developed by a joint project committee comprised of members from the CSA, CCIR, Canadian Insurance Services Regulatory Organizations, the MFDA and IIROC, and follows on the work that securities regulators began after the completion of the Client Relationship Model, Phase 2 project in 2016. The public comment period ended on July 27, 2022.

- *Continuing Education* – In 2019, the CSA approved or non-objected to the introduction of Continuing Education (**CE**) requirements for mutual fund approved persons. In July 2021, the CSA also approved or non-objected to amendments to establish a CE accreditation process. To ensure the stability and adequacy of the CE system, the MFDA contracted third-party specialists to successively review, test, identify and remedy potential concerns with the new MFDA CE reporting and tracking system (**CERTS**) prior to launch. The CE cycle commenced in December 2021. During the Reporting Period, MFDA staff on-boarded all member administrators, participants and education providers onto CERTS; recognized two entities as third-party accreditors; and continued CERTS development work for additional functionality. In the last quarter of 2022, more than 40 third-party (non Member) education providers, over 600 CE activities, and 50,000-plus attendance records were added to CERTS. A separate section relating to CE has been added to the MFDA website to consolidate information for ease of reference.

- *Hybrid Work Model* – During the Reporting Period, MFDA staff returned to the office under a pilot hybrid workplace model. In the MFDA's view, productivity, quality of work, and the ability to meet deadlines and operational benchmarks were either not affected or positively affected when MFDA staff was working remotely. The MFDA and IIROC worked towards developing a single remote work policy for the New SRO.

- Other Initiatives – Over the Reporting Period, Staff also engaged MFDA staff on other specific matters of regulatory concern such as:

    - MFDA staffing matters; and

    - MFDA's review of member firms' compliance with enhanced CFRs conflicts of interest requirements.

[23] Further details about the materials filed by the MFDA (other than rule amendments) are provided in Appendix 3

(C) Former CIPF

i. Regulatory Status

Former CIPF was approved and accepted as an IPF to provide protection within prescribed limits to eligible clients of IIROC dealer member firms suffering losses, if client property held by a member firm was unavailable as a result of the insolvency of a dealer member.[24] Former CIPF's head office was in Toronto.

ii. Fund Statistics

As at December 31	2022	2021	Change	% Change
General Fund	$516M	$540M	$-24M	-4.4%
Insurance	$440M	$440M	-	-
Lines of Credit	$125M	$125M	-	-
Total	**$1,081M**	**$1,105M**	**$-24M**	**-2.2%**

(Source: 2022 CIPF Audited Annual Financial Statements)

iii. Meetings and Other Discussions

During the semi-annual meetings held with Former CIPF, the following key topics were discussed and followed up on by Staff:

- *Crypto Assets* – During the Reporting Period, the Coverage Committee and Board of Former CIPF plus the MFDA IPC Board approved a draft of the CIPF Coverage Policy that explicitly excluded crypto assets from coverage. This draft was included in the application for CIPF's approval, published for comment on May 12, 2022. Some commenters questioned the rationale for excluding crypto assets, crypto contracts, and other crypto-related property from CIPF's Coverage Policy. Like its predecessors, CIPF will undertake regular reviews of the scope and terms of the Coverage Policy; however, the primary areas of interest for CIPF continue to be the custody, control and pricing of crypto assets. The CIPF Coverage Policy was approved and published in final form on November 24, 2022 without significant changes to the draft originally published for comment.

- *Simulation Exercises* – The final Phase 2 simulation exercise was held in May 2022 with participants in Calgary and Vancouver. Previously, Phase 2 simulations were held in Montreal in October 2021 and Toronto in April 2021. The focus of the Phase 2 simulations was the manner in which operational strategies, tools and regulatory processes changed during the pandemic (e.g., the use of virtual hearing panels), and how these changes could impact the handling of a member firm insolvency. Topics for future simulation exercises by CIPF are being considered, potentially as Phase 3.

- *Review of Adequacy of Level of Assets, Assessment Amounts and Assessment Methodology* – Former CIPF used a credit-risk based fund model to project its liquidity resource requirement and assist in the setting of its fund size (**Fund Model**). During the Reporting Period, Former CIPF's Board reviewed the adequacy of the level of resources available in relation to the risk exposure of IIROC member firms. No changes have been made to the methodology, parameters and input since October 2021 when Former CIPF's Board reviewed and approved the Fund Model.

- *Insolvencies* – During the Reporting Period, there were no IIROC member insolvencies whereby Former CIPF was actively involved.

- *Hybrid Workforce* – During the Reporting Period, staff of Former CIPF's office continued to work remotely and came into the office two or more days per week. Staff of Former CIPF learned how to work effectively in a hybrid environment.

[24] Former CIPF was deemed acceptable or approved as an IPF by the AMF, ASC, BCSC, FCAA, FCNB, MSC, NL, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities.

(D) MFDA IPC

i. Regulatory Status

The MFDA IPC was approved as an IPF to provide protection within prescribed limits to eligible clients of MFDA mutual fund dealer member firms suffering losses as a result of the insolvency of a mutual fund dealer member.[25] The MFDA IPC's head office was in Toronto.

ii. Fund Statistics

	December 31, 2022	June 30, 2021	Change	% Change
General Fund	$53M	$53M	-	-
Insurance	$40M	$40M	-	-
Lines of Credit	$30M	$30M	-	-
Total	**$123M**	**$123M**	-	-

(Source: 2022 MFDA IPC Audited Financial Statements[26])

iii. Meetings and Other Discussions

During semi-annual meetings held with the MFDA IPC, the following key topics were discussed and followed up on by Staff:

- *Fund Size Target* – The Board of the MFDA IPC oversaw the annual review of the general fund size and monitored the ongoing stability of this fund. The MFDA IPC reached its general fund size target of $50 million. In 2021, the MFDA IPC added a secondary layer of insurance in the amount of $20M in respect of any losses to be paid by the MFDA IPC in excess of $50M. This was in addition to the original layer of insurance of $20M in respect of any losses to be paid by the MFDA IPC in excess of $30M. Insurance is being renewed in Spring 2023 and will be coordinated under CIPF going forward.

- *Insolvencies* – There were no MFDA member insolvencies during the Reporting Period whereby the MFDA IPC was actively involved.

- *Simulation Exercise* – In previous years, MFDA IPC staff conducted annual simulation exercises. For example, one exercise took the Board members through the key events that would take place in an insolvency and the key decisions requiring Board involvement. External legal counsel and third-party consultants helped to facilitate the exercise. The simulation exercise during the Reporting Period was deferred and will take place after the amalgamation for the combined CIPF entity.

- *Governance* – Following the risk assessment in 2020 and with a view to further strengthen MFDA IPC's governance controls, the MFDA IPC implemented a code of conduct for its staff in 2021, aiming to help mitigate any potential conflicts of interest. This was important given the MFDA IPC's integration with the MFDA (e.g., shared accounting resource). During the Reporting Period, Staff recommended and the MFDA IPC agreed to expand the code of conduct to capture contract employees.

- *Hybrid Workforce* – During the Reporting Period, MFDA IPC staff continued to work remotely, although they were in the office more regularly. After the amalgamation, MFDA IPC staff moved into CIPF's existing offices. The November 2022 Board meeting was conducted in a hybrid environment, with directors attending both virtually and in person.

[25] The MFDA IPC is currently approved as an IPF by the ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities. The MFDA IPC operates in all provinces except Québec, which has its own compensation fund.

[26] The MFDA IPC's auditors performed an audit of the six month stub period from July 1 to December 31, 2022. Going forward, CIPF will use a December 31 year-end.

APPENDIX 1 – SRO and IPF REGULATORY FRAMEWORK

PRE-AMALGAMATION

The following is a description of the regulatory framework in place during the Reporting Period, specifically before the IIROC/MFDA and Former CIPF/MFDA IPC amalgamation closing date of December 31, 2022.

Prior to the amalgamation, the two SROs were IIROC and the MFDA. IIROC was recognized by all thirteen provinces and territories, while the MFDA was recognized by eight provinces and three territories[27].

The former SROs were entities that had been given the responsibility by securities regulators to govern the operations and business conduct of certain players in the investment industry, with a view to promoting the protection of investors and the public interest. In Canada, SROs operated under the authority and supervision of the CSA, which also acted as securities regulators. Applicable legislation in each province and territory provided each securities regulator with the power to recognize an SRO through a Recognition Order. The Recognition Orders[28] in place during the Reporting Period also set out the authority of each SRO to carry out certain regulatory functions and the terms and conditions that the SRO was to comply with in carrying out its regulatory functions.

The oversight of the SROs was coordinated through two separate MOUs.[29] Each MOU described how the securities regulators oversaw the SRO's performance of its self-regulatory activities and services to ensure that the SRO was acting in the public interest and complying with the terms and conditions of its Recognition Orders.

Also prior to the amalgamation, the two IPFs were Former CIPF and the MFDA IPC. Former CIPF was approved/accepted by all thirteen provinces and territories, while the MFDA IPC was approved by eight provinces and three territories. [30] [31] [32]

The former IPFs were authorized to provide coverage within prescribed limits for financial losses suffered by eligible clients in the event of the insolvency of an investment dealer or a mutual fund dealer who were members of the respective SROs. Analogous to the recognition and oversight of SROs, the securities regulators had the power to approve/accept an IPF through an Approval Order, and separate MOUs coordinated the oversight of the IPFs among the securities regulators.

[27] The MFDA was recognized by ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities.
[28] Recognition Orders set out the authority of IIROC and the MFDA.
[29] Two separate MOUs described how the Regulators oversaw IIROC and the MFDA.
[30] Approval Orders provided Former CIPF and the MFDA IPC with the authority to carry out their mandates.
[31] In Québec, Former CIPF was an accepted investor protection fund.
[32] Two separate MOUs described how the Regulators oversaw Former CIPF and the MFDA IPC.

APPENDIX 2 – COMPOSITION OF THE SRO OVERSIGHT COMMITTEES

MARKET REGULATION STEERING COMMITTEE

AMF	Dominique Martin	**MSC**	Paula White	**NSSC**	Chris Pottie
ASC	Lynn Tsutsumi	**FCNB**	Clayton Mitchell	**OSC**	Susan Greenglass
BCSC	Mark Wang	**NL**	Scott Jones	**PEI**	Steve Dowling
FCAA	Liz Kutarna				

NEW SRO OVERSIGHT COMMITTEE

AMF	Jean-Simon Lemieux	Pascal Bancheri	Serge Boisvert
	Roland Geiling	Catherine Lefebvre	Lucie Prince
	Herman Tan		
ASC	Sasha Cekerevac	Rose Rotondo	Gerald Romanzin
	Amy Tollefson		
BCSC	Michael Brady	Zach Masum	Joseph Lo
	Lenworth Haye	Georgina Steffens	Anne Hamilton
	Liz Coape-Arnold	Michael Grecoff	
FCAA	Liz Kutarna	Curtis Brezinski	
FCNB	Amélie McDonald	Nick Doyle	
MSC	Paula White	Angela Duong	Jon Lamb
NL	Scott Jones		
NSSC	Chris Pottie	Brian Murphy	Angela Scott
NT	Matthew Yap	Elizabeth Doyle	
NU	Shamus Armstrong		
OSC	Joseph Della Manna	Karin Hui	Scott Laskey
	Stacey Barker	Felicia Tedesco	Yan Kiu Chan
	Yuliya Khraplyva	Dimitri Bollegala	
PEI	Curtis Toombs	Kelly Everest	
YK	Rhonda Horte		

CIPF OVERSIGHT COMMITTEE

AMF	Jean-Simon Lemieux	Lucie Prince	Herman Tan
ASC	Sasha Cekerevac	Rose Rotondo	Gerald Romanzin
	Amy Tollefson		
BCSC	Michael Brady	Joseph Lo	Georgina Steffens
	Zach Masum	Anne Hamilton	Liz Coape-Arnold
FCAA	Liz Kutarna	Curtis Brezinski	
FCNB	Amélie McDonald	Nick Doyle	

MSC	Paula White	Angela Duong	Jon Lamb
NL	Scott Jones	David White	
NSSC	Chris Pottie	Brian Murphy	Angela Scott
NT	Matthew Yap	Elizabeth Doyle	
NU	Shamus Armstrong		
OSC	Joseph Della Manna Scott Laskey	Stacey Barker	Karin Hui
PEI	Curtis Toombs	Kelly Everest	
YK	Rhonda Horte		

APPENDIX 3 – RULE/BY-LAW/POLICY AND PROCEDURES AMENDMENTS

As of December 31, 2022

IIROC Rule/By- Law Amendments

Completed

1. Housekeeping Amendments Relating to Registration Information Requirements, Outside Activity Reporting and Updated Filing Deadlines
2. Housekeeping Amendments to IIROC Rules and Form 1 Relating to LBMA Memberships
3. Housekeeping Amendments to Form 1, Part II – Report on Compliance for Insurance, Segregation of Securities and Guarantee/Guarantor Relationships Relied upon to Reduce Margin Requirements During the Year
4. Amendments Respecting the Trading of Derivatives on a Marketplace
5. Amendments Respecting the Codification of Certain UMIR Exemptions
6. Amendments to the IIROC Rules and Form 1 Relating to the Futures Segregation and Portability Customer Protection Regime

In Progress

1. Proposed Margin Requirements for Structured Products
2. Proposed Amendments Respecting Reporting, Internal Investigation and Client Complaint Requirements
3. Republication of Proposed Amendments Respecting the Derivatives Rule Modernization, Stage 1
4. Proposed Amendments to IIROC Rules and Form 1 – Floating Index Margin Rate Methodology
5. Proposed Amendments to Permit Reduced Margin for Swap Position Partial Offsets Held in Inventory[33]

MFDA Rule/By-Law Amendments

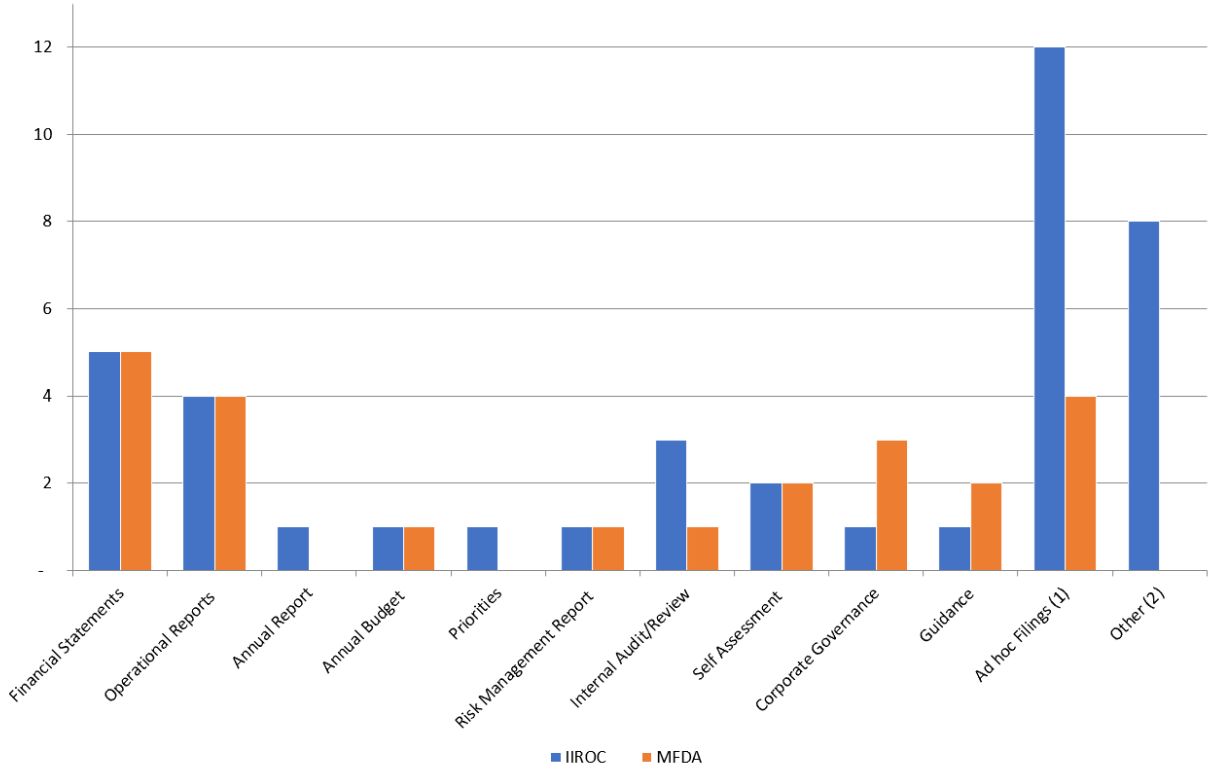
Completed

1. Amendments to MFDA Rule 1.1.2 (Compliance by Approved Persons)
2. Amendments to MFDA Rules 2.3.2 (Limited Trading Authorization), 2.3.3 (Designation) and 5.1 (Requirement for Records)
3. New MFDA Policy No. 11 *Proficiency Standards for the Sale of Alternative Mutual Funds*

[33] Subsequent to the Reporting Period, the amendments to permit reduced margin for swap position partial offsets held in inventory were published on April 13, 2023.

APPENDIX 4 – OTHER MATERIALS FILED

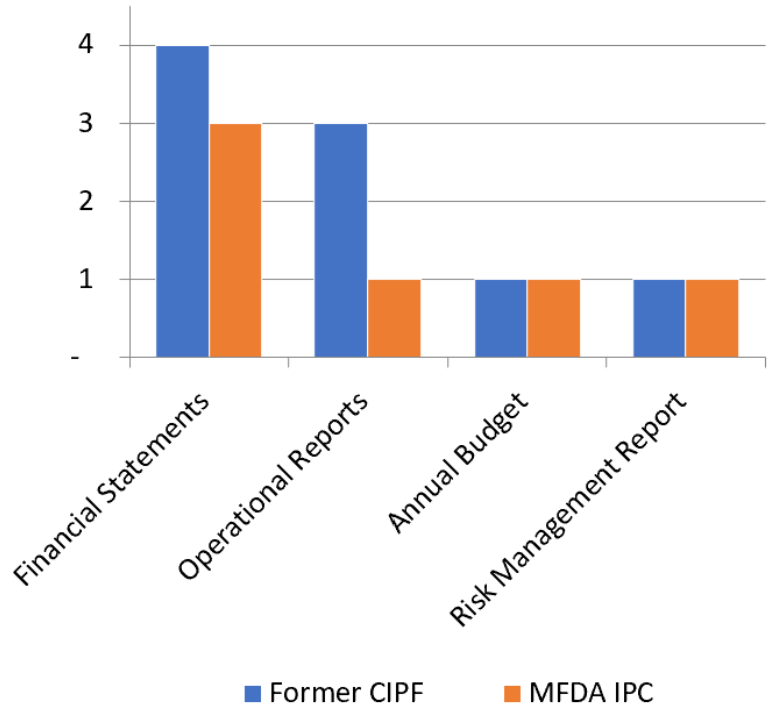
SRO Filings During the Reporting Period



(1) Ad hoc filings include, for example, notifications about dealer members in financial distress, cybersecurity breaches and significant exemption requests.

(2) Other filings include, for example, publications and miscellaneous reports.

IPF Filings During the Reporting Period



Questions

If you have any questions or comments about this CSA Staff Notice, please contact any of the following:

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B.2
Orders

B.2.1 Mimi's Rock Corp.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

April 13, 2023

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
MIMI'S ROCK CORP.
(the Filer)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be Reporting Issuer Applications (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia and Alberta.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and

5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2023/0112

B.2.2 Waterloo Brewing Ltd. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
WATERLOO BREWING LTD.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA;
2. The Applicant's head office is located in Ontario;
3. The Applicant has no intention to seek public financing by way of an offering of securities;
4. On April 4, 2023, 2023 the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and
5. The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA, that the Applicant is deemed to have ceased to be offering its securities to the public.

DATED at Toronto on this 13th, day of April, 2023.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2023/0115

B.2.3 Aralez Pharmaceuticals Canada Inc.

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
ARALEZ PHARMACEUTICALS CANADA INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA.
2. The Applicant has no intention to seek public financing by way of an offering of securities.
3. On April 11, 2023, the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any jurisdiction of Canada in accordance with the procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications.* The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA, that the Applicant is deemed to have ceased to be offering its securities to the public.

DATED at Toronto this 14th day of April, 2023.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2023/0135

B.2.4 Magnet Forensics Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

April 17, 2023

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE A
REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
MAGNET FORENSICS INC.
(the Filer)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be Reporting Issuer Applications (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and

5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

“Michael Balter”

Manager, Corporate Finance

Ontario Securities Commission

OSC File #: 2023/0151

B.2.5 Magnet Forensics Inc. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO)
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
MAGNET FORENSICS INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA.

2. The Applicant's head office is located at 2220 University Avenue East, Suite 300, Waterloo, Ontario N2K0A8.

3. The Applicant's subordinate voting shares were delisted from the Toronto Stock Exchange on April 11, 2023.

4. The Applicant has no intention to seek public financing by way of an offering of securities.

5. On April 17, 2023, the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

6. The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 1(6) of the OBCA, that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto this 18th day of April, 2023.

"David Surat"
Manager (Acting), Corporate Finance
Ontario Securities Commission

OSC File #: 2023/0160

B.3
Reasons and Decisions

B.3.1 Northwest & Ethical Investments L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment funds that are fixed income funds granted relief from the concentration restriction in subsection 2.1(1) of NI 81-102 Investment Funds (NI 81-102) to invest in debt securities issued by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) beyond the limits permitted under NI 81-102 – Debt securities of Fannie Mae and Freddie Mac are implicitly guaranteed by the U.S. government – Fannie Mae and Freddie Mac are government sponsored entities in the U.S. and their securities are "government securities" under the U.S. Investment Company Act of 1940 – Fannie Mae and Freddie Mac have a U.S. government equivalent credit rating – Exemptive relief granted from subsection 2.1(1) of NI 81-102, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1) and 19.1.

April 6, 2023

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
NORTHWEST & ETHICAL INVESTMENTS L.P.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of all existing and future mutual funds (other than alternative mutual funds) that are managed by the Filer or an affiliate of the Filer (collectively, the **Funds** and individually, a **Fund**) and that are subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) pursuant to section 19.1 of NI 81-102, exempting the Funds from the restriction contained in subsection 2.1(1) of NI 81-102 to permit each Fund to purchase a security of an issuer, enter into a specified derivative transaction or purchase index participation units (each a **Purchase**) when, immediately after the Purchase, more than 10 percent of the net asset value of the Fund would be invested in debt obligations issued or guaranteed by either the Federal National Mortgage Association (**Fannie Mae**) or the Federal Home Loan Mortgage Corporation (**Freddie Mac**) (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada other than Ontario (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, and NI 81-102 have the same meaning if used in this decision, unless otherwise defined. In addition:

1940 Act means the United States *Investment Company Act of 1940*, as amended from time to time;

Fannie and Freddie Securities means debt obligations issued or guaranteed by either Fannie Mae or Freddie Mac including, without limitation, bonds and mortgage-backed securities and **Fannie or Freddie Security** means any one such debt obligation;

Minimum Rating means a credit rating of BBB- assigned by S&P Global Ratings Canada or an equivalent rating assigned by one or more other designated rating organizations; and

U.S. Government Equivalent Rating means a credit rating assigned by S&P Global Ratings Canada, or an equivalent rating assigned by one or more other designated rating organizations, to a Fannie or Freddie Security that is not less than the credit rating then assigned by such designated rating organization to the debt of the United States government of approximately the same term as the remaining term to maturity of, and denominated in the same currency as, the Fannie or Freddie Security.

Representations

This decision is based on the following facts represented by the Filer:

1 The Filer is a limited partnership formed under the laws of Ontario which acts through its general partner Northwest & Ethical Investments Inc., a corporation formed under the laws of Canada, with its head office in Toronto, Ontario.

2 The Filer is registered as (i) a commodity trading manager in Ontario; (ii) a portfolio manager in British Columbia and Ontario; (iii) an exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan; and (iv) an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Québec.

3 The Filer, or an affiliate of the Filer, is or will be the investment fund manager of each Fund.

4 The Filer or an affiliate may act as portfolio manager of the Funds or may appoint one or more portfolio managers for the Funds or sub-advisors to provide the Filer with investment advice in respect of a Fund's investments.

5 Neither the Filer nor any of the Funds are in default of securities legislation in any of the Jurisdictions.

6 Each Fund is, or will be, a mutual fund to which NI 81-102 applies, subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities.

7 Securities of the Funds are, or will be, offered by a simplified prospectus filed in the Jurisdictions and, accordingly, each Fund is, or will be, a reporting issuer in the Jurisdictions.

8 The investment objectives of each Fund that will rely on the Exemption Sought permits, or will permit, the Fund to invest a majority of its assets in fixed income securities. The ability to invest in Fannie and Freddie Securities is, or will be, an important feature of each Fund due to the size and role of Fannie Mae and Freddie Mac in the United States mortgage industry and the expertise of the Filer and its sub-advisers in investing in such securities.

9 Fannie Mae is a financial services corporation originally established by the United States Congress in 1938 to provide United States federal government money to local banks to finance home mortgages during the Great Depression. Its business includes borrowing money in the debt markets by selling bonds and providing liquidity to mortgage originators by purchasing whole loans which it then securitizes by issuing mortgage-backed securities. Fannie Mae also earns guarantee fees for assuming the credit risk on mortgage loans.

10 Freddie Mac is a financial services corporation that was created by the United States Congress in 1970 to expand the secondary market for mortgages in the United States. It was established to provide competition to Fannie Mae. Similar to Fannie Mae, the business of Freddie Mac includes buying mortgages in the secondary market, pooling them, and issuing mortgage-backed securities, as well as earning guarantee fees for assuming the credit risk on mortgage loans.

11 Fannie and Freddie Securities provide a substantial portion of the financing for residential mortgages in the United States.

12 Originally, the obligations of Fannie Mae were explicitly guaranteed by the United States government. The explicit guarantee was removed as part of a reorganization of Fannie Mae in 1968. Like Fannie Mae, there is no explicit guarantee of the obligations of Freddie Mac by the United States government.

13 Notwithstanding the absence of an explicit guarantee, it is widely assumed that there is an implied guarantee of the obligations of both Fannie Mae and Freddie Mac by the United States government. This assumption is based on the view that Fannie Mae and Freddie Mac each are considered to be "too big to fail" due to the critical roles they play as instrumentalities of the United States government existing to support the liquidity of the residential real estate mortgage market. Accordingly, it is widely believed that the United States government implicitly guarantees the obligations of Fannie Mae and Freddie Mac. This is reflected in Fannie and Freddie Securities currently having a U.S. Government Equivalent Rating.

14 The implied guarantee was evidenced during the 2008 financial crisis. At that time, Fannie Mae and Freddie Mac together owned or guaranteed approximately half of the United States' US$12 trillion mortgage market and were at risk of defaulting on their obligations. Such a default would have increased the cost of obtaining mortgage financing from other sources, thereby exacerbating the decline in the U.S. residential real estate market, as well as negatively impacting investors (including retirement funds and money market funds) that held Fannie and Freddie Securities. As a result, on September 7, 2008, Fannie Mae and Freddie Mac were placed into conservatorship of the United States Federal Housing Financing Agency in order to stabilize them. The United States government avoided creating an explicit guarantee of the obligations of Fannie Mae and Freddie Mac due to the negative impact it would have had on the United States Treasury. Fannie Mae and Freddie Mac were expressly excluded from the bail-in regime created under Title II of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act to preclude future U.S. government bail-outs of large financial companies. It is expected that a further act of the U.S. Congress would be required to remove the implied guarantee of Fannie and Freddie Securities as part of a larger reform of the U.S. residential real estate market. No such initiative currently is a priority of the U.S. Congress.

15 Under the 1940 Act, an investment company registered with the United States Securities and Exchange Commission (the **SEC**) seeking to qualify as a "diversified company" is required, among other matters, to invest at least 75% of its total assets in a manner whereby not more than 5% of the value of its total assets is invested in the securities of any single issuer. This restriction is analogous to the diversification requirement imposed on public mutual funds in Canada by subsection 2.1(1) of NI 81-102. Similar to paragraph 2.1(2)(a) of NI 81-102, the 1940 Act excludes a "government security" from the 5% limit described.

16 The definition of "government security" in the 1940 Act differs from that contained in NI 81-102 by including any security issued by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States (a **U.S. government instrumentality**). Each of Fannie Mae and Freddie Mac is considered to be a U.S. government instrumentality and Fannie and Freddie Securities therefore are "government securities" under the 1940 Act.

17 The definition of "government security" in NI 81-102 does not include U.S. government instrumentalities. Accordingly, the only United States securities which qualify as government securities are those directly issued by, or fully and unconditionally guaranteed by, the United States government. Fannie and Freddie Securities do not meet this definition since their obligations are not explicitly fully and unconditionally guaranteed by the United States government.

18 As a result, the restrictions in subsection 2.1(1) apply to each investment by a Fund in Fannie and Freddie Securities.

19 Fannie and Freddie Securities represent a large, attractive and unique category of investment that cannot be replicated by any other issuer. For this reason, it is important to the Funds that they be entitled to maximize their opportunity to invest in Fannie and Freddie Securities.

20 Investments in Fannie and Freddie Securities are considered by the Filer to be more prudent than investments in equivalent bonds and mortgage-backed securities of other issuers due to the implied guarantee by the United States government. Accordingly, if the Exemption Sought is granted, each Fund will have the opportunity to maintain a more prudent portfolio through greater exposure to securities implicitly guaranteed by the United States government.

21 The US-based sub-adviser that the Filer has retained to advise certain Funds that expect to rely on this exemptive relief manages investment companies in the United States that currently hold significant amounts of Fannie and Freddie Securities, in many cases with individual investment companies investing more than 10% of their net assets in the securities of either Fannie Mae or Freddie Mac. Granting the Exemption Sought will enable the Funds to invest in Fannie and Freddie Securities to the same degree and proportions as their equivalent U.S. investment company counterparts managed by such sub-adviser.

22 The Filer intends, either directly or through sub-advisers, to research and monitor the investment attributes and trading operations for Fannie and Freddie Securities. Such ongoing research and monitoring will include monitoring proposals to restructure the U.S. residential housing market that may impact the implied guarantee of Fannie and Freddie Securities by the U.S. government. If the U.S. Congress proposes legislation to change or remove the implied guarantee and the Filer determines in its judgement that, as a result of the announced proposed legislation, there is a significant risk that the Fannie and Freddie Securities held by the Funds could cease to have a U.S. Government Equivalent Rating or their

credit ratings could decline below a Minimum Rating, the Funds will take steps that are reasonably required to dispose of their Fannie and Freddie Securities in an orderly and timely fashion such that the Fannie and Freddie Securities held by the Funds comply with subsection 2.1(1) of NI 81-102.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) at the time of Purchase, the Fannie or Freddie Security has a U.S. Government Equivalent Rating and a rating not less than the Minimum Rating;

(b) the simplified prospectus of each Fund:

(i) discloses that the Fund has received permission to invest more than 10% of its net assets in each of Fannie Mae and Freddie Mac provided the Fannie and Freddie Securities maintain a U.S. Government Equivalent Rating and a rating not less than the Minimum Rating;

(ii) discloses, under the heading or sub-heading "Investment Strategies", the maximum amount the Fund may invest in Fannie and Freddie Securities; and

(iii) contains risk factors that:

(A) the U.S. government may not guarantee payment of Fannie and Freddie Securities; and

(B) describe the risks associated with the Fund investing more than 10% of its net assets in securities of Fannie Mae or Freddie Mac,

provided that the information required by this condition (b) may instead be included in the simplified prospectus of the Fund when it is next renewed or amended;

(c) if the rating of a Fannie or Freddie Security held by a Fund ceases to have a U.S. Government Equivalent Rating or declines below the Minimum Rating, the Fund will take the steps that are reasonably required to dispose of such Fannie or Freddie Security in an orderly and timely fashion such that the Fannie and Freddie Securities held by the Fund comply with subsection 2.1(1) of NI 81-102; and

(d) if the U.S. Congress:

(i) proposes legislation intended to change or remove the implied guarantee by the U.S. government of Fannie Mae and/or Freddie Mac and the Filer determines in its judgement that, as a result of the announced proposed legislation, there is a significant risk that the Fannie and Freddie Securities held by the Funds could cease to have a U.S. Government Equivalent Rating or their credit ratings could decline below the Minimum Rating; or

(ii) enacts legislation that:

(A) removes the implied guarantee by the U.S. government of Fannie Mae and/or Freddie Mac; or

(B) specifies a future effective date on which the implied guarantee by the U.S. government of Fannie Mae and/or Freddie Mac will end,

the Funds will take the steps that are reasonably required to dispose of such Fannie and Freddie Securities in an orderly and timely fashion such that the Fannie and Freddie Securities held by the Funds comply with subsection 2.1(1) of NI 81-102.

“Darren McKall”
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

Application File #: 2023/0109
SEDAR File #: 3500465

B.3.2 Manulife Investment Management Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from subsection 5.1(a) of NI 81-105 Mutual Fund Sales Practices to allow the investment fund manager to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information on financial planning matters – subject to conditions.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.1(a) and 9.1.

April 11, 2023

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MANULIFE INVESTMENT MANAGEMENT LIMITED
(MIML)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from MIML and the affiliates of MIML (each a **Filer**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from subsection 5.1(a) of National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) to permit the Filer to pay, to a participating dealer, direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer (each individually referred to as a **Cooperative Marketing Initiative** and collectively as **Cooperative Marketing Initiatives**) if the primary purpose of the Cooperative Marketing Initiative is to promote or provide educational information concerning investing in securities and investment, retirement, tax and estate planning (collectively, **Financial Planning**) matters (the **Exemption Sought**).

Under National Policy 11-203 - *Process for Exemptive Relief Applications in Multiple Jurisdictions*:

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 - *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, NI 81-105 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

The decision is based on the following facts represented by the Filer:

1. MIML is a corporation amalgamated under the laws of Canada, with its registered head office located in Toronto, Ontario.

2. MIML is currently registered as a portfolio manager in each province and territory of Canada, an investment fund manager in each of Ontario, Québec and Newfoundland and Labrador, a commodity trading manager in Ontario and a derivatives portfolio manager in Québec.

3. The Filer acts and may in the future act as an investment fund manager in respect of various mutual funds, including exchange-traded funds, (each a **Fund** and collectively, the **Funds**) governed by National Instrument 81-102 *Investment Funds*.

4. The Filer complies with NI 81-105, including Part 5 of NI 81-105, in respect of its marketing and educational practices.

5. The Filer is, or will be, a "member of the organization" (as that term is defined in NI 81-105) of the Funds, as the Filer is, or will be, the investment fund manager of the Funds.

The Funds

6. Each of the Funds is, or will be, an open-ended mutual fund established under the laws of Canada or a Canadian Jurisdiction. The securities of each of the Funds are, or will be, qualified for distribution pursuant to a prospectus that has been, or will be, prepared and filed in accordance with the securities legislation of each applicable Canadian Jurisdiction. Each of the Funds is, or will be, a reporting issuer in one or more Canadian Jurisdictions. Each of the Funds is, or will be, subject to NI 81-105, including Part 5 thereof which governs marketing and educational practices.

7. The Filer and the Funds that are reporting issuers at the time of this decision are not in default of securities legislation in any of the Canadian Jurisdictions.

8. Under subsection 5.1(a) of NI 81-105, the Filer is permitted to pay a participating dealer the direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative if the primary purpose of the Cooperative Marketing Initiative is to promote, or provide educational information concerning a mutual fund, the mutual fund family of which the mutual fund is a member, or mutual funds generally.

9. Subsection 5.1(a) of NI 81-105 does not allow the Filer to pay to a participating dealer the direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative where the primary purpose is to provide educational information about Financial Planning matters. Consequently, the Filer is not permitted to sponsor the cost of Cooperative Marketing Initiatives where the main topics discussed include investment planning, retirement planning, tax planning and estate planning, each of which are aspects of Financial Planning.

10. The Filer and its affiliates have expertise in Financial Planning matters or may retain others with such expertise. In addition to the topics currently permitted under subsection 5.1(a) of NI 81-105, the Filer wishes to sponsor Cooperative Marketing Initiatives where the primary purpose is to provide educational information concerning Financial Planning. The Filer will otherwise comply with subsections 5.1(b) through (e) of NI 81-105 in respect of the Cooperative Marketing Initiatives it sponsors.

11. Mutual funds, including the Funds managed by the Filer, can be used to meet a variety of financial goals and accordingly, are regularly used as financial planning tools. The Filer's sponsorship of Cooperative Marketing Initiatives where the primary purpose is to provide educational information about Financial Planning matters may benefit investors as it may facilitate and potentially increase investors' access to educational information on such matters, which may better equip them to make financial decisions that involve mutual funds.

12. Under sections 5.2 and 5.5 of NI 81-105, the Filer is permitted to sponsor the costs incurred by participating dealers in attending or organizing and presenting at conferences where the primary purpose is the provision of educational information on, among other things, Financial Planning.

13. Specifically, under subsection 5.2(a) of NI 81-105, the Filer is permitted to provide a non-monetary benefit to a representative of a participating dealer by allowing him or her to attend a conference or seminar organized and presented by the Filer where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.

14. Similarly, under subsection 5.5(a) of NI 81-105, the Filer is permitted to pay to a participating dealer part of the direct costs that the participating dealer incurs in organizing or presenting at a conference or seminar which is not an investor conference or investor seminar referred to in section 5.1 of NI 81-105, where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.

15. The Filer will not require participating dealers to sell any of its Funds or other financial products to investors as a condition of the Filer's sponsorship of a Cooperative Marketing Initiative.

16. The sponsorship cost of a Cooperative Marketing Initiative will not be borne by the Funds.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that in respect of a Cooperative Marketing Initiative whose primary purpose is to provide educational information concerning Financial Planning matters:

(a) the Filer otherwise complies with the requirements of subsections 5.1(b) through (e) of NI 81-105;

(b) the Filer does not require any participating dealer to sell any of the Funds or other financial products to investors;

(c) other than as permitted by NI 81-105, the Filer does not provide participating dealers and their representatives with any financial or other incentives for recommending any of the Funds to investors;

(d) the materials presented in a Cooperative Marketing Initiative concerning Financial Planning matters contain only general educational information about such matters;

(e) the Filer prepares or approves the content of the general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative it sponsors and selects or approves an appropriately-qualified speaker for each presentation about such matters delivered in a Cooperative Marketing Initiative;

(f) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an express statement that the content presented is for information purposes only, and is not providing advice to the attendees of the investor conference or investor seminar or the recipients of the sales communication, as applicable; and

(g) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an indication of the types of professionals who may generally be qualified to provide advice on the subject matter of the information presented.

“Darren McKall”
Investment Funds & Structured Products Branch
Ontario Securities Commission

Application File #: 2023/0039

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B.4
Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Emerge Ark Global Disruptive Innovation ETF	April 6, 2023	
Emerge Ark AI & Big Data ETF	April 6, 2023	
Emerge Ark Autonomous Tech & Robotics ETF	April 6, 2023	
Emerge Ark Fintech Innovation ETF	April 6, 2023	
Emerge Ark Genomics & Biotech ETF	April 6, 2023	
Emerge Ark Space Exploration ETF	April 6, 2023	
Emerge EMPWR Sustainable Dividend Equity ETF	April 6, 2023	
Emerge EMPWR Sustainable Emerging Markets Equity ETF	April 6, 2023	
Emerge EMPWR Sustainable Global Core Equity ETF	April 6, 2023	
Emerge EMPWR Sustainable Select Growth Equity ETF	April 6, 2023	
Emerge EMPWR Unified Sustainable Equity ETF	April 6, 2023	
Enfield Exploration Corp.	April 11, 2023	April 17, 2023
Lumiera Health Inc.	April 13, 2023	

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Anaergia Inc	April 6, 2023	April 12, 2023

B.4.3 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Gatos Silver, Inc.	April 1, 2022	
Gatos Silver, Inc.	April 12, 2022	
Sproutly Canada, Inc.	June 30, 2022	
Gatos Silver, Inc.	July 7, 2022	
iMining Technologies Inc.	September 30, 2022	
Molecule Holdings Inc.	March 1, 2023	
SOL Global Investments Corp.	March 31, 2023	
Titan Medical Inc.	April 3, 2023	
Halo Collective Inc.	April 3, 2023	
Alkaline Fuel Cell Power Corp.	April 4, 2023	
mCloud Technologies Corp.	April 5, 2023	
Greenbrook TMS Inc.	April 5, 2023	
Anaergia Inc	April 6, 2023	April 12, 2023

B.7
Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

B.9
IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Embark Student Plan
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 22, 2023 to Final Long Form Prospectus dated February 6, 2023
NP 11-202 Receipt dated April 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3459464

Issuer Name:
Bitcoin ETF
Ether ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Apr 14, 2023
NP 11-202 Final Receipt dated Apr 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3502877

Issuer Name:
Black Diamond Impact Core Equity Fund
Foundation Wealth Diversifier Pool
Foundation Wealth Equity Pool
Foundation Wealth Income Pool
Purpose Best Ideas Fund
Purpose Canadian Equity Growth Fund
Purpose Canadian Income Growth Fund
Purpose Canadian Preferred Share Fund
Purpose Cash Management Fund (formerly Purpose Cash Management Portfolio)
Purpose Core Dividend Fund
Purpose Core Equity Income Fund
Purpose Enhanced Premium Yield Fund
Purpose Global Bond Class
Purpose Global Climate Opportunities Fund
Purpose Global Innovators Fund
Purpose Global Resource Fund
Purpose Marijuana Opportunities Fund
Purpose Monthly Income Fund
Purpose Multi-Asset Income Fund
Purpose Real Estate Income Fund
Purpose Special Opportunities Fund
Purpose Strategic Yield Fund
Purpose Tactical Asset Allocation Fund
Purpose Tactical Hedged Equity Fund
Purpose Total Return Bond Fund
Purpose USD Cash Management Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Apr 14, 2023
NP 11-202 Final Receipt dated Apr 17, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3503636

Issuer Name:
3iQ CoinShares Bitcoin ETF (formerly, 3iQ Bitcoin ETF)
3iQ CoinShares Ether ETF (formerly, 3iQ Ether ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Apr 6, 2023
NP 11-202 Final Receipt dated Apr 11, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3504453

Issuer Name:
Mackenzie USD Global Dividend Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Apr 11, 2023
NP 11-202 Preliminary Receipt dated Apr 12, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3518473

Issuer Name:
Mackenzie Global Strategic Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Apr 12, 2023
NP 11-202 Preliminary Receipt dated Apr 12, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3518800

Issuer Name:
BetaPro Inverse Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Apr 14, 2023
NP 11-202 Final Receipt dated Apr 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3502314

Issuer Name:
Addenda Global Balanced Fund
Addenda Global Diversified Equity Fund
Addenda Income Focus Fund
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated Apr 5, 2023
NP 11-202 Final Receipt dated Apr 13, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3494768

Issuer Name:
Dynamic Asset Allocation Private Pool
Dynamic Power Global Growth Class
Dynamic U.S. Equity Income Fund
Dynamic U.S. Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 28, 2023
NP 11-202 Final Receipt dated Apr 11, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3446921

Issuer Name:
Leith Wheeler Canadian Equity Fund
Leith Wheeler Core Bond Fund
Leith Wheeler Money Market Fund
Leith Wheeler U.S. Equity Fund
Leith Wheeler Balanced Fund
Leith Wheeler International Equity Plus Fund
Principal Regulator - Alberta
Type and Date:
Amendment #2 to Final Simplified Prospectus dated April 6, 2023
NP 11-202 Final Receipt dated Apr 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3368697

Issuer Name:
Renaissance Short-Term Income Fund
Renaissance Corporate Bond Fund
Renaissance Floating Rate Income Fund
Renaissance U.S. Equity Income Fund
Renaissance Global Small-Cap Fund
Renaissance Ultra Short-Term Income Private Pool
Renaissance Canadian Fixed Income Private Pool
Renaissance Multi-Sector Fixed Income Private Pool
Renaissance Global Bond Private Pool
Renaissance Multi-Asset Global Balanced Income Private Pool
Renaissance Multi-Asset Global Balanced Private Pool
Renaissance Equity Income Private Pool
Renaissance Canadian Equity Private Pool
Renaissance U.S. Equity Private Pool
Renaissance U.S. Equity Currency Neutral Private Pool
Renaissance International Equity Private Pool
Renaissance Global Equity Private Pool
Renaissance Emerging Markets Equity Private Pool
Renaissance Real Assets Private Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated April 3, 2023
NP 11-202 Final Receipt dated Apr 11, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3406113

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Issuer Name:
IG Mackenzie Canadian Corporate Bond Fund
IG Mackenzie Floating Rate Income Fund
IG Mackenzie Global Bond Fund
IG Mackenzie High Yield Fixed Income Fund
IG Mackenzie Income Fund
IG Mackenzie Mortgage and Short Term Income Fund
IG PIMCO Global Bond Fund
IG Putnam U.S. High Yield Income Fund
IG Beutel Goodman Canadian Balanced Fund
IG Mackenzie Dividend Fund
IG Mackenzie Global Dividend Fund
IG Mackenzie Mutual of Canada
IG Mackenzie Strategic Income Fund
IG Mackenzie U.S. Dividend Registered Fund
IG Beutel Goodman Canadian Equity Fund
IG Beutel Goodman Canadian Small Cap Fund
IG FI Canadian Equity Fund
IG Franklin Bissett Canadian Equity Fund
IG Mackenzie Betterworld SRI Fund
IG Mackenzie Canadian Dividend & Income Equity Fund
IG Mackenzie Canadian Equity Fund
IG Mackenzie Canadian Small/Mid-Cap Fund
IG Mackenzie Canadian Small/Mid-Cap Fund II
IG Mackenzie U.S. Equity Fund
IG Mackenzie U.S. Opportunities Fund
IG Putnam U.S. Growth Fund
IG T. Rowe Price U.S. Large Cap Equity Fund
IG BlackRock International Equity Fund
IG JPMorgan Emerging Markets Fund
IG Mackenzie European Equity Fund
IG Mackenzie European Mid-Cap Equity Fund
IG Mackenzie Global Fund
IG Mackenzie Global Fund II
IG Mackenzie International Small Cap Fund
IG Mackenzie Ivy European Fund
IG Mackenzie North American Equity Fund
IG Mackenzie Pacific International Fund
IG Mackenzie Pan Asian Equity Fund
IG Mackenzie Global Financial Services Fund
IG Mackenzie Global Natural Resources Fund
IG Mackenzie Global Science & Technology Fund
IG Core Portfolio – Balanced
IG Core Portfolio – Balanced Growth
IG Core Portfolio – Global Income
IG Core Portfolio – Growth
IG Core Portfolio – Income
IG Core Portfolio – Income Balanced
IG Core Portfolio – Income Focus
IG Core Portfolio – Income Plus (formerly Investors Income Plus Portfolio)
IG Managed Payout Portfolio
IG Managed Payout Portfolio with Enhanced Growth
IG Managed Payout Portfolio with Growth
IG Managed Growth Portfolio – Canadian Focused Equity (formerly Investors Retirement
Growth Portfolio)
IG Managed Growth Portfolio – Canadian Neutral Balanced (formerly Investors Retirement
Plus Portfolio)
IG Managed Growth Portfolio – Global Equity (formerly Investors Growth Portfolio)

IG Managed Growth Portfolio – Global Equity Balanced (formerly Investors Growth Plus Portfolio)
IG Managed Risk Portfolio – Balanced
IG Managed Risk Portfolio – Growth Focus
IG Managed Risk Portfolio – Income Balanced
IG Managed Risk Portfolio – Income Focus
Principal Regulator - Manitoba
Type and Date:
Amendment #3 to Final Simplified Prospectus dated March 31, 2023
NP 11-202 Final Receipt dated Apr 12, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3400378

Issuer Name:
CIBC Diversified Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated April 3, 2023
NP 11-202 Final Receipt dated Apr 11, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3347104

Issuer Name:
IG Mackenzie Real Property Fund
Principal Regulator - Manitoba
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 31, 2023
NP 11-202 Final Receipt dated Apr 12, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3389867

Issuer Name:
IG Mackenzie Global Consumer Companies Fund
IG Mackenzie Global Health Care Fund
IG Mackenzie Global Infrastructure Fund
IG Mackenzie Global Precious Metals Fund
Principal Regulator - Manitoba
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 31, 2023
NP 11-202 Final Receipt dated Apr 12, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3480675

NON-INVESTMENT FUNDS

Issuer Name:
Dolly Varden Silver Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated April 12, 2023
NP 11-202 Preliminary Receipt dated April 13, 2023
Offering Price and Description:
$50,000,000.00 - COMMON SHARES DEBT SECURITIES, SUBSCRIPTION RECEIPTS, WARRANTS, UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519026

Issuer Name:
O3 Mining Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated April 12, 2023 to Preliminary Shelf Prospectus dated January 11, 2023
NP 11-202 Preliminary Receipt dated April 13, 2023
Offering Price and Description:
$25,000,000.00 - Common Shares, Debt Securities, Warrants, Subscription Receipts, Convertible Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3479701

Issuer Name:
Orla Mining Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated April 13, 2023
NP 11-202 Preliminary Receipt dated April 13, 2023
Offering Price and Description:
Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519198

Issuer Name:
Park Lawn Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated April 14, 2023
NP 11-202 Preliminary Receipt dated April 14, 2023
Offering Price and Description:
Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519849

Issuer Name:
U.S. GoldMining Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated April 12, 2023 to Preliminary Long Form Prospectus dated April 7, 2023
NP 11-202 Preliminary Receipt dated April 13, 2023
Offering Price and Description:
US$20,000,000.00 - 2,000,000 Units
Offering Price: US$10.00 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
LAURENTIAN BANK SECURITIES, INC.
SPROTT CAPITAL PARTNERS LP by its General Partner SPROTT CAPITAL GENERAL PARTNERS GP INC.
Promoter(s):
-
Project #3490558

Issuer Name:
U.S. GoldMining Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated April 13, 2023 to Preliminary Long Form Prospectus dated April 12, 2023
NP 11-202 Preliminary Receipt dated April 14, 2023
Offering Price and Description:
US$20,000,000.00 - 2,000,000 Units
Offering Price: US$10.00 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
LAURENTIAN BANK SECURITIES, INC.
SPROTT CAPITAL PARTNERS LP by its General Partner SPROTT CAPITAL GENERAL PARTNERS GP INC.
Promoter(s):
-
Project #3490558

Issuer Name:
Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated April 13, 2023
NP 11-202 Preliminary Receipt dated April 13, 2023
Offering Price and Description:
Preferred Shares, Debt Securities, Subscription Receipts, Units, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519211

Issuer Name:
AbraSilver Resource Corp.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated April 14, 2023
NP 11-202 Receipt dated April 17, 2023
Offering Price and Description:
$100,000,000.00 - COMMON SHARES, WARRANTS, UNITS, SUBSCRIPTION RECEIPTS, DEBT SECURITIES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3445859

Issuer Name:
AVINO SILVER & GOLD MINES LTD.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated April 11, 2023
NP 11-202 Receipt dated April 12, 2023
Offering Price and Description:
US$75,000,000.00 - Common Shares, Warrants, Subscription Receipts, Debt Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3497275

Issuer Name:
Coloured Ties Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated April 11, 2023
NP 11-202 Receipt dated April 12, 2023
Offering Price and Description:
$10,000,000.00 - Common Shares, Warrants, Subscription Receipts, Debt Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Kulwant Malhi
Project #3490366

Issuer Name:
Embark Student Plan
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 22, 2023 to Final Long Form Prospectus dated February 6, 2023
NP 11-202 Receipt dated April 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3459464

Issuer Name:
Orla Mining Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated April 13, 2023
NP 11-202 Receipt dated April 13, 2023
Offering Price and Description:
Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519198

Issuer Name:
Park Lawn Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated April 14, 2023
NP 11-202 Receipt dated April 14, 2023
Offering Price and Description:
Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519849

Issuer Name:
Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus (NI 44-102) dated April 13, 2023
NP 11-202 Receipt dated April 13, 2023
Offering Price and Description:
Preferred Shares, Debt Securities, Subscription Receipts, Units, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3519211

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Change Registration Category	Oberon Capital Corporation	From: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer To: Restricted Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	April 12, 2023

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B.11
SRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.1 SRO

B.11.1.1 New Self-Regulatory Organization of Canada (New SRO) – Proposed Amendments to Facilitate the Investment Industry's Move to T+1 Settlement – Request for Comment

REQUEST FOR COMMENT

NEW SELF-REGULATORY ORGANIZATION OF CANADA (NEW SRO)

PROPOSED AMENDMENTS TO
FACILITATE THE INVESTMENT INDUSTRY'S MOVE TO T+1 SETTLEMENT

New SRO is publishing for public comment proposed amendments to New SRO's Universal Market Integrity Rules (**UMIR Rules**) and Investment Dealer and Partially Consolidated Rules (**IDPC Rules**) (collectively, the **Proposed Amendments**) regarding the investment industry's move from a trade date plus two business days (**T+2**) settlement cycle to a trade date plus one business day (**T+1**) settlement cycle.

The primary objective of the Proposed Amendments is to ensure that New SRO's requirements support the investment industry's move to T+1 settlement at the same time as the U.S., which is scheduled for May 28, 2024. The move to a T+1 settlement cycle will align Canada with the U.S. capital markets.

A copy of the New SRO Notice, including the amended documents, is also published on our website at www.osc.ca. The comment period ends on June 19, 2023.

B.11.2 Marketplaces

B.11.2.1 Toronto Stock Exchange (TSX) – Amendments to the Toronto Stock Exchange Company Manual (April 20, 2023) – Notice of Approval

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO THE TORONTO STOCK EXCHANGE COMPANY MANUAL
(APRIL 20, 2023)

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, Toronto Stock Exchange ("**TSX**") has adopted, and the Ontario Securities Commission has approved, certain amendments (the "**Amendments**") to the Toronto Stock Exchange ("**TSX**") Company Manual (the "**Manual**"). The Amendments provide for public interest changes to Section 606 – Prospectus Offerings of the Manual. On December 1, 2022, TSX published a Request for Comments in respect of the Amendments.

Summary of the Amendments

A copy of the Amendments can be found at www.osc.ca.

Comments Received

The Amendments were published for comment on December 1, 2022 and 11 comment letters were received. A summary of the comments submitted, together with TSX's responses, is attached at Appendix A. TSX thanks all commenters for their feedback and suggestions.

Summary of the Final Amendments

TSX received 11 comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as Appendix A. TSX thanks all commenters for their feedback and suggestions.

TSX has adopted the Amendments with the following changes:

- Based on the comments received, TSX has amended the second element of the definition of "Broadly Marketed" to clarify that Broadly Marketed includes where an agent or underwriter "makes the offer known to the selling group and/or equity capital markets desks at substantially all Canadian investment dealers."
- For ease of reference, TSX has included in Section 606 the applicable hyperlinks to the references to Section 607 and Appendix F Take-Over Bids and Issuer Bids Through the Facilities of the Toronto Stock Exchange of the Manual.

A blackline of the Amendments showing changes made since they were published in the Request for Comments, is attached as Appendix B.

A blackline of the final Amendments is attached as Appendix C.

Text of the Amendments

Please refer to Appendix D for the text of the Amendments.

Effective Date

The Amendments will become effective on April 20, 2023.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

Borden Ladner Gervais LLP ("**BLG**")

Canaccord Genuity Corp. ("**CGC**")

Eight Capital ("**EC**")

Fasken Martineau DuMoulin LLP ("**Fasken**")

Goodmans LLP ("**Goodmans**")

McCarthy Tétrault LLP (**"McCarthy**")

Oncolytics Biotech inc. ("**Oncolytics**")

Osler, Hoskin & Harcourt LLP ("**Osler**")

Stikeman Elliott LLP ("**Stikeman**")

TD Securities Inc ("**TD**")

Torys LLP ("**Torys**")

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the TSX Request for Comments – *Amendments to Toronto Stock Exchange Company Manual* dated December 1, 2022 (the "**Request for Comments**").

Summarized Comments Received	***TSX Response***
1. Do you agree with TSX's overall approach with respect to how it proposes to view public offerings under Section 606 of the Manual as described herein?	
(a) All 11 commenters were generally supportive of TSX's overall approach with respect to how it proposes to view public offerings under Section 606 of the Manual. Some of the reasons for support included the following: ● the Proposed Amendments provide greater clarity, predictability and transparency in the application of TSX policies **(Fasken, Stikeman, Osler, Torys, McCarthy)**, which will help reduce burden on issuers and their agents **(Torys)**; and ● issuers and their boards are in the best position to determine pricing of an offering in the context of their circumstances and market conditions **(BLG, Osler, Oncolytics)**.	TSX thanks all 11 commenters for their feedback.
(b) Some commenters suggested changes to the proposed discount levels, including: ● eliminating the discount limit where insiders are participating on no more than a pro rata basis **(TD)**; ● permitting a maximum of 25% of a public offering be available for purchase by insiders, beyond which insider participation would be subject to the Private Placement Rules (**EC)**; ● consider allowing minimal insider participation in a prospectus offering (i.e. up to 5% or some other amount determined appropriate by TSX) while still allowing the board to determine the offering price and applicable discount for a Broadly Marketed offering **(Fasken)**; and ● pricing should not be taken into consideration when TSX determines whether to accept notice of a distribution by way of prospectus and reconsider TSX's approach to the	Given the need to balance both marketplace quality (including potential conflicts and perception of potential conflicts) with access to capital, TSX continues to believe that is not unreasonable to allow insiders to participate up to their pro rata interest at a 15% discount to market, and review insider participation beyond this discount or beyond pro rata interest pursuant to the existing TSX private placement rules. TSX will continue to monitor the status of this limitation and determine if future amendments are necessary.

Summarized Comments Received	*TSX Response*
relationship between insider participation and discount to market price. As an alternative, the commenter suggested only taking insiders into consideration in a Broadly Marketed offering where the 50 purchasers includes insiders **(BLG)**.	
(c) A number of commenters had suggestions in relation to the pricing calculation in the Proposed Amendments, including the following: ● issuers should have the flexibility to decide to base the discount off of either the Market Price or the Closing Price, (i) since there may be abnormal trades resulting in a skewed Closing Price **(Fasken)**, and (ii) to better account for various financing structures **(Stikeman)**; ● TSX should clarify on when there should be a re-set of the Closing Price to be used in discount calculations when a public offering is marketed over a number of days **(Stikeman)**; and ● it is appropriate (and necessary, to avoid misalignment) to use the Closing Price for calculating both public offerings and private placements under sections 606 and 607 of the Manual **(Torys)**.	TSX acknowledges that there are various interpretations of "closing price" and in the interest of transparency and predictability, has proposed a singular definition. For many listed securities, the TSX Market on Close facility effectively decreases the likelihood of a "skewed" closing price", thereby alleviating concerns around use of closing price rather than 5 day VWAP as "Market Price". As always, TSX may use discretion to determine an alternate formula in cases where the closing price does not appear appropriate. TSX is of the view that the applicable Closing Price in the context of a marketed offering remains the closing price of the most recently completed trading session preceding the announcement of the offering. TSX acknowledges this concern and will continue to monitor the application of both Sections 606 & 607 to determine whether future amendments to Section 607 are required.
(d) A number of commenters had suggestions in relation to the consideration of insiders in the Proposed Amendments, including the following: ● TSX should allow a level of insider participation in public offerings without special rules (such a pro rata participation), provided certain conditions are met[1] **(Fasken)**; and ● based on their view that the requirement for limiting insider participation to pro rata is unduly restrictive and difficult for issuers to confirm/enforce, alternative ways to satisfy the insider requirement could be: ○ changing the requirement to only apply to (i) insiders with knowledge of the proposed offering, or (ii) "reporting insiders" rather than "insiders"; ○ applying the requirements only to insiders holding 1% or more of the issuers' outstanding securities (or another threshold that doesn't capture insiders with minimal ownership); ○ requiring the issuer to confirm there is no "President's List" (or similar) and if there is, limit participation to pro rata; ○ allowing the issuer to knowledge-qualify any representation that insider participation will be limited to maintaining pro rata interest **(Osler)**.	TSX acknowledges these suggestions and thanks the commenters for their feedback. Please refer to TSX Response 1(b) above regarding the appropriateness of pro rata insider participation.

[1] For example if an offering Broadly Market and the pricing discount is between TSX-prescribed amounts (e.g. 5-10%) and assuming such participation would not materially affect control, TSX should consider allowing insider participation even if it is not on a pro rata basis - any insider participation above the maximum level would be limited to maintaining an insider's pro rata interest and participation beyond that would be reviewed under the Private Placement Rules.

Summarized Comments Received	*TSX Response*
(e) One commenter questioned whether insider participation should be relevant at all and if it is, only taking into consideration the participation of insiders where the 50 purchasers includes Insiders (i.e. insider participation should be irrelevant if a Broadly Marketed offering has 50 purchasers in addition to insiders) **(BLG)**.	TSX acknowledges this comment. Please refer to TSX Response 1(b), above regarding the appropriateness of pro rata insider participation.
(f) One commenter suggested clarifying that where a private placement is effected concurrently with a Broadly Marketed public offering (each at the same price), the Private Placement Rules will not apply to any portion of the concurrent private placement (subject to insider participation, which will be treated as per the Amendments) **(Stikeman)**.	TSX is of the view that where a concurrent private placement is conducted at the same time as the prospectus offering and provides the same, or more, net proceeds, on a per-security basis, to the issuer, the provisions of Section 607 may be waived in respect of the concurrent private placement, and Section 606, including the proposed limitations on insider participation, will apply to the concurrent private placement. Note that where insiders are being paid a fee for their participation in a concurrent private placement which would result in net proceeds to the issuer, on a per-security basis, being less than pursuant to the prospectus offering, TSX will review the concurrent private placement pursuant to Section 607 rather than Section 606.
2. *In determining what level of discount exists, where insiders receive standby or commitment fees, or do not purchase via underwriters and subsequently the issuer does not pay the underwriting fee on the insiders' purchase, TSX intends to consider the net proceeds received by the issuer from the prospectus offering, rather than the discounted price paid by the subscriber. Pursuant to this proposed approach, TSX would require disclosure by the issuer of the actual proceeds paid by subscribers benefiting from receiving fees or who are exempt from underwriting fees. Note that where the net proceeds received by the issuer from insiders are, in fact, less than other subscribers, TSX would take the view that this is a different purchase price and therefore would apply the Private Placement Rules to the insider purchase, rather than regard it as part of the prospectus offering. Is this approach appropriate? Are there concerns with the perception that insiders are offered securities at a lower price than other subscribers?*	
(a) One commenter had no concerns with the perception that insiders are offered a lower price than other subscribers, provided the effective price is disclosed. They also noted that it would be unusual for an insider to receive a commitment fee, as these are usually paid under a concurrent private placement **(Osler)**.	TSX thanks the commenter for its feedback.
(b) One commenter said that commitment fees should not be included in the calculation of the discount level where it is of a standard amount (i.e. no greater than the underwriting commission payable) and the Private Placement Rules should not apply in this scenario or in where the issuer does not pay a commission on the insider's purchase and it is made at the same offering price as the prospectus and purchased under the prospectus **(TD)**.	Please refer to TSX Response 1(f) above.
(c) One commenter said that since there are situations where the payment of a fee to an insider is appropriate and necessary (as determined by the issuer's board), issuers should have the flexibility to pay such fees without the Private Placement Rules applying (up to the insider's pro rata interest), provided the offering is Broadly Marketed	Please refer to TSX Response 1(f) above.

Summarized Comments Received	*TSX Response*
and the net price price by the insider is within a 15% discount to the closing price **(Stikeman)**.	
(d) One commenter said that generally, standby/commitment fees are rare and are usually equal or less than the gross underwriting commission so this proposal does not appear to address TSX's concerns. They also agreed, with another commenter, that where an insider's commitment fees result in the net proceeds that are lower than that from other subscribers, the Private Placement Rules ought to apply **(CGC, EC)**.	TSX thanks the commenter for its feedback.
(e) One commenter submitted that a distinction should be made between offerings where: (i) insiders receive standby/commitment fees; and (ii) insiders are not purchasing securities through the underwriters and no underwriting fee is paid ("**President's List Purchases**") and that President's List Purchases ought not, by default, be subject to the Private Placement Rules, as it benefits the issuer and its shareholders. As such, they did not anticipate any concerns with the perception that insiders are offered securities at a lower price than other subscribers **(BLG)**.	Please refer to TSX Response 1(f) above.
(f) One commenter noted that the temptation to price an offering at a significant discount by insiders is set off by their fiduciary duties and their alignment with other shareholders' interests to build shareholder value and that insider participation is generally viewed positively by market participants **(EC)**.	TSX thanks the commenter for its feedback.
3. With respect to pricing a prospectus offering where there is material undisclosed information, the Staff Notice states that TSX typically views five days as an appropriate benchmark for the dissemination of material information. However, where an abbreviated period of time is required by an issuer, TSX will take into consideration certain factors as set out in this Staff Notice. Given the speed and manner in which market information is now disseminated and TSX's desire to: (i) decrease the burden of TSX pre-clearance; and (ii) increase transparency and predictability of our policies, TSX is considering reducing the number of days required for the dissemination of Material Information (as defined in the Staff Notice) from five days to one day. Does this approach raise any concerns?	
All commenters who addressed this question were supportive of reducing the number of days required for the dissemination of Material Information **(CGC, Stikeman, Osler, EC and TD)**. Some of their reasons include: ● it is appropriate given the pace at which new information is absorbed and processed by the market **(EC)**; ● access to information has accelerated over time while the market window to tap equity markets has narrowed **(CGC)**; ● the five day requirement is excessive and since underwriters and issuers are aligned in terms of wanting enough time to "season" the market, deference should be given to issuers and their boards in terms of this timing **(Osler**).	TSX intends to update the guidance set out at TSX Staff Notice 2018-0003 with respect to pricing a financing where there has been recent disclosure of material information as described in the Request for Comments.

Summarized Comments Received	*TSX Response*
One commenter suggested reducing the time to 30 minutes to align with the Industry Regulatory Organization of Canada's practices (who generally halts trades for 30 minutes to allow for dissemination of information) **(TD)**.	
4. The Proposed Amendments introduce a definition for "Broadly Marketed". Is the proposed definition appropriate? Are there other measures that TSX should consider? Is "Broadly Marketed" a reasonable standard for public offerings that are led by investment dealers outside of Canada?	
(a) Two commenters were of the view that this definition is a reasonable standard, consistent with established market practice and since it aligns with the concept of a "selling group" as defined in the Investment Industry Association of Canada's Equity Capital Markets New Issue Practices Handbook, and the guidance and consistency it provides will be appreciated by market participants **(EC, CGC)**.	TSX thanks the commenters for their feedback.
(b) While several commenters agreed generally with the inclusion of the definition, some commenters had the following suggestions: ● clarify what is meant by the requirement to "make the offer known to the selling group and/or equity capital markets desks at all Canadian investment dealers" **(Goodmans, Stikeman)** and what steps need to be taken to satisfy this **(Fasken)**; ● clarify that the distribution must be to at least 50 purchasers, exclusive of insiders **(Fasken)**; ● revise the test to focus on whether the underwriter (i) has made a bona fide attempt to notify the selling groups/equity capital markets desks at other Canadian investment dealers in the jurisdictions where the prospectus is filed, using one or more then customary inter-dealer methods of communication **(Fasken)**, or (ii) has made the offer known to the selling group (a) "in accordance with customary practice" **(Osler)** or (b) "based on prevailing market practices" (including a Bloomberg terminal announcement, selling group notice or press release issuance) **(Torys)**; ● revise the definition to read "(i) it is anticipated that the offered securities will be distributed to at least 50 purchasers; or (ii) the offer will be marketed broadly to institutional and retail investors" **(TD)**; ● revise paragraph (i) of the definition to require a "good faith and reasonable expectation" that the offering will be distributed to at least 50 purchasers **(Torys)**; and ● delete the definition entirely or have it replaced with evidence that an offering has been syndicated and generally made known to the selling group **(BLG)**.	TSX notes the concern that the proposed definition of "Broadly Marketed" has caused. The definition of this term was developed through market consultations and is meant to decrease burden and is therefore a "two pronged" test. In many circumstances, an investment dealer will be able to satisfy the requirement by having more than 50 purchasers without consulting other dealers. TSX has been advised that, where this is not the case, the standard practice is to make the offer known to the "Selling Group" as described in the Investment Industry Association of Canada's Equity Capital Markets New Issue Practices Handbook. TSX expects that a representation from the investment dealer engaged on the transaction will be relatively easy to provide and would not create undue burden on the issuer or such dealer. However, TSX notes the potential for unintended consequences given the wording being inclusive of "all Canadian investment dealers". For this reason, TSX has amended the second branch of the definition of "Broadly Marketed" to state that Broadly Marketed includes where an agent or underwriter "makes the offer known to the selling group and/or equity capital markets desks at substantially all Canadian investment dealers." Please see Appendix B. TSX is of the view that the amended definition provides more clarity and addresses the concerns raised by some of the commenters. TSX also notes that the "broadly marketed" requirement will form a key component of the prospectus offering framework, for TSX purposes, and will be a condition of listing the securities pursuant to the prospectus offering rules at Section 606 of the Manual. TSX must receive confirmation that the financing has been "broadly marketed" by no later than the submission of final documentation to TSX (i.e. following issuance of conditional approval). If TSX does not receive the confirmation at such time, TSX will revert to application of the private placement rules contained at Section 607 of the Manual.

Summarized Comments Received	*TSX Response*
(c) One commenter noted that underwriters may have marketed the offering to at least 50 investors, excluding insiders, but only distribute to a lesser amount and that this ought to be added as a second prong to the definition **(Fasken)**.	TSX confirms that where an issuer is relying on the first branch of the "Broadly Marketed" definition, the distribution must be to 50 purchasers, which may include insiders. Please refer to TSX Response 4(b) above.
(d) One commenter noted that if an issuer is also listed on a US/foreign exchange and its offering is primarily marketed in a foreign market, subsection (ii) of the definition may not be possible to meet if there are less than 50 potential purchasers, even if it was broadly marketed in the primary market (i.e. the price discovery process has come to fruition) **(Stikeman)**.	Please refer to TSX Response 4(b) above. If the issuer is unable to confirm 50 purchasers at the time of its application, the issuer may make use of the second branch of the "broadly marketed" definition *i.e.* making the offer known to the selling group and/or equity capital markets desks at **substantially** all Canadian investment dealers. TSX acknowledges that dual-listed issuers may choose to market exclusively outside of Canada. In those situations, TSX encourages issuers to contact TSX in advance of commencing the financing to discuss acceptable alternate evidence of broad marketing to selling groups in such other jurisdiction.
Other comments received	
(a) One commenter was supportive of a simplified method of determining an offering price based on the "closing price" of the issuer's securities, being the price per share at which the last trade in that class of securities was effected on the TSX **(BLG)**.	TSX notes this feedback and thanks the commenter for its feedback.
(b) One commenter strongly supported the proposed changes to the Staff Notice to reduce the number of trading days required for the dissemination of Material Information **(Torys)**.	TSX thanks the commenter for its feedback. TSX intends to update the guidance set out at TSX Staff Notice 2018-0003 with respect to pricing a financing where there has been recent disclosure of material information as described in the Request for Comments.
(c) One commenter proposed clarifying whether a consequence of the proposed changes to the Staff Notice would be that if material information is disseminated before markets open on the morning of a TSX trading day, then the Closing Price at 4:00 p.m. on the same day can serve as a valid reference point for an issue **(McCarthy)**.	TSX confirms that in this case, the most recently completed trading session post dissemination of material information would be 4:00 p.m. on that day.
(d) One commenter proposed, in respect of Scenario 5 in the Request for Comments, TSX clarify whether in applying the Private Placement Rules, issuers can disregard the application of Section 607(g)(i) of the Private Placement Rules **(Fasken)**.	The 25% limit on discounted private placements will continue to apply in instances such as Scenario 5 described in the Request for Comments. However note that if only insider purchases are subject to Section 607, the 10% insider limit described in Subsection 607(g)(ii) will be applicable.
(e) One commenter suggested that TSX amend the Proposed Amendments or the Staff Notice to clarify the that treatment of offerings under the Canadian Securities Administrators' ("**CSA**") Listed Issuer Financing Exemption will continue to be reviewed as a prospectus offering under section 606 of the Manual and will be deemed to be a bona fide public offering **(BLG)**.	TSX intends to continue to view offerings conducted under the Listed Issuer Financing Exemption under Section 606, absent exceptional circumstances. Please see TSX Staff Notice 2022-0003.

Summarized Comments Received	*TSX Response*
(f) One commenter suggested that, in light of the adoption of the CSA's Well-Known Seasoned Issuer ("**WKSI**") model to assist large and well-established issuers in efficiently accessing capital markets on an expedited basis, TSX take a similar approach to its prospectus offering rules, such that an offering by a WKSI issuer receive automatic acceptance by TSX upon delivery of a notice of offering to TSX **(BLG)**.	Given the need to balance both marketplace quality (including potential conflicts and perception of potential conflicts) with access to capital, TSX believes that the proposed approach to reviewing insider participation and insider pricing on public offerings is not unreasonable. TSX will continue to monitor the status of this limitation and determine if future amendments are necessary.

APPENDIX B

BLACKLINE OF AMENDMENTS

[...]

[1] "broadly marketed" is defined as the agent or underwriter either (i) distributing the offered securities to at least 50 purchasers; or (ii) making the offer known to the selling group and/or equity capital markets desks at substantially all Canadian investment dealers.

[...]

APPENDIX C

BLACKLINE OF FINAL AMENDMENTS

B. Distributions of Securities of a Listed Class

Sec. 606. Prospectus Offerings

(a) Listed issuers proposing to issue securities of a listed class pursuant to a prospectus must file one copy of the preliminary prospectus with TSX concurrently with the filing thereof with the applicable securities commissions. The notice requirement contained in Subsection 602(a) will be satisfied by the filing of the preliminary prospectus, together with a letter which must state: (i) whether any insider has an interest, directly or indirectly, in the transaction and the nature of such interest; (ii) whether and how the transaction could materially affect control of the listed issuer; (iii) ~~the anticipated number of purchasers under~~whether the offering was broadly marketed[1]; and (iv) whether an "if, as and when issued" market may be requested.

(b) (i) TSX will generally accept notice of distributions that are broadly marketed by way of prospectus~~. TSX may, however, apply the provisions of Section 607 to a prospectus distribution. In making such a decision TSX will consider factors such as:~~ where insiders participate up to their respective pro rata interest and the offering price is equal to or less than a 15% discount to the closing price[2] of the most recently completed trading session.

~~i) the method of the distribution;~~

~~ii) the participation of insiders;~~

~~iii) the number of placees;~~

~~iv) the offering price; and~~

~~v) the economic dilution.~~

(ii) Where the offering price exceeds a 15% discount to the closing price of the most recently completed trading session, TSX will apply the provisions of Section 607 to insider purchases.

(iii) Where the offering price is equal to or less than a 15% discount to the closing price of the most recently completed trading session, TSX will apply the provisions of Section 607 to any portion of insider purchases exceeding their respective pro rata interest.

(iv) Where the prospectus offering has not been broadly marketed, TSX will apply the provisions of Section 607 to the offering.

(c) Prior to the filing of the final prospectus, TSX will notify the listed issuer of any required additional documentation. If TSX accepts the offering, TSX will so advise the securities commissions.

(d) The additional securities will normally be listed as soon as the prospectus offering has closed. Upon request, the listing may take place prior to the closing of the offering. TSX staff will advise the listed issuer of the requirements in this regard. Any trading that takes place prior to closing will be on an "if as and when issued" basis.

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[1] "broadly marketed" is defined as the agent or underwriter either (i) distributing the offered securities to at least 50 purchasers; or (ii) making the offer known to the selling group and/or equity capital markets desks at substantially all Canadian investment dealers.

[2] Please see Appendix F Take-Over Bids and Issuer Bids Through the Facilities of Toronto Stock Exchange for the definition of "closing price".

APPENDIX D

TEXT OF FINAL AMENDMENTS

B. Distributions of Securities of a Listed Class

Sec. 606. Prospectus Offerings

(a) Listed issuers proposing to issue securities of a listed class pursuant to a prospectus must file one copy of the preliminary prospectus with TSX concurrently with the filing thereof with the applicable securities commissions. The notice requirement contained in Subsection 602(a) will be satisfied by the filing of the preliminary prospectus, together with a letter which must state: (i) whether any insider has an interest, directly or indirectly, in the transaction and the nature of such interest; (ii) whether and how the transaction could materially affect control of the listed issuer; (iii) whether the offering was broadly marketed[1]; and (iv) whether an "if, as and when issued" market may be requested.

(b) (i) TSX will generally accept notice of distributions that are broadly marketed by way of prospectus where insiders participate up to their respective pro rata interest and the offering price is equal to or less than a 15% discount to the closing price[2] of the most recently completed trading session.

(ii) Where the offering price exceeds a 15% discount to the closing price of the most recently completed trading session, TSX will apply the provisions of Section 607 to insider purchases.

(iii) Where the offering price is equal to or less than a 15% discount to the closing price of the most recently completed trading session, TSX will apply the provisions of Section 607 to any portion of insider purchases exceeding their respective pro rata interest.

(iv) Where the prospectus offering has not been broadly marketed, TSX will apply the provisions of Section 607 to the offering.

(c) Prior to the filing of the final prospectus, TSX will notify the listed issuer of any required additional documentation. If TSX accepts the offering, TSX will so advise the securities commissions.

(d) The additional securities will normally be listed as soon as the prospectus offering has closed. Upon request, the listing may take place prior to the closing of the offering. TSX staff will advise the listed issuer of the requirements in this regard. Any trading that takes place prior to closing will be on an "if as and when issued" basis.

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[1] "broadly marketed" is defined as the agent or underwriter either (i) distributing the offered securities to at least 50 purchasers; or (ii) making the offer known to the selling group and/or equity capital markets desks at substantially all Canadian investment dealers.

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