



Friday, January 24, 2025

By email: comments@osc.gov.on.ca; consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
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Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
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And

Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Re: Canadian Securities Administrators (CSA) Proposed Amendments to National Instrument 81-106 Investment Fund Continuous Disclosure and Related Proposed Consequential Amendments and Changes; Modernization of the Continuous Disclosure Regime for Investment Funds, issued on September 19, 2024

Deadline to comment extended to January 31, 2025 as per “Canadian securities regulators extend comment periods for the investment fund continuous disclosure modernization and principal distributor model proposals” notice issued on December 17, 2024

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to the CSA regarding its proposal to modernize the continuous disclosure regime for investment funds. We are grateful for the extension of the comment period and appreciate the additional time to provide thoughtful input.

The Canadian Independent Finance and Innovation Counsel represents national Investment Dealers and their industry’s position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Impact on Investment Dealers

The Investment Dealers we represent believe that this Proposal, and notably the following important proposed changes, would have a significant impact on investment funds:

- replacing the MRFP with a new fund report;
- eliminating potential duplication in fund manager conflict of interest reporting;
- eliminating certain non-IFRS disclosure requirements in investment fund financial statements;
- replacing references to “fund expenses” in the ETF Facts and Fund Facts with “Fund Expense Ratio (FER)”; and
- making minor revisions to the form requirements for the simplified prospectus.

We believe the proposed changes would primarily impact investment funds and investment fund managers, and this is corroborated by the Ontario Securities Commission (OSC). The Investment Dealers we represent are expected to experience only an indirect effect from these amendments.

We are confident that the revised disclosure requirements will not hinder the ability of the Investment Dealers we represent to meet their Know-Your-Product (KYP) obligations and will continue to allow them to effectively evaluate and oversee the investment fund products they offer.

Analysis Performed

We conducted a review of Workstream One (the new Fund Report) and Workstream Three (the financial statement changes) to assess their implications for the KYP process related to products available on the shelves of the Investment Dealers we represent. This group concluded that the

streamlined and enhanced disclosure framework for investment fund products seems to be appropriately designed to inform investors about the range of available offerings.

Consultation Question from Annex A:

As the impact of the Proposal is limited with respect to the Investment Dealers we represent, our response will be limited to the question that has a more direct impact on our clients.

Workstream One – Fund Report

14. Investor Education. The CSA wants to ensure that investors understand why the MRFP is being replaced with the Fund Report. The CSA also wants to ensure that investors understand the new features and content within the document. Several avenues are being considered to achieve these aims, including a digital campaign and an annotated Fund Report.

- a. Please comment on whether these types of educational tools would be sufficient to support investor understanding of the Fund Report. If not, please provide detailed suggestions regarding additional measures that the CSA should consider.
- b. Please comment on how IFMs and investment fund dealers can play a role in supporting efforts to help investors understand the Fund Report. Please also comment on how the CSA can facilitate IFM and dealer efforts in this regard.

We commend the CSA's efforts to streamline the information provided by investment funds, recognizing the value of the improved accessibility being offered to clients through simplified disclosures. We also support a digital campaign and an annotated Fund Report.

However, we do question whether investors truly comprehend the information being presented to them. For instance, do the majority of investors carefully review these documents, and are they genuinely engaged with the content? More importantly, would they be able to detect inaccuracies within the disclosures?

We firmly believe that the CSA, in collaboration with industry stakeholders, must prioritize public education to cultivate a deeper understanding and appetite for financial knowledge. This effort should extend beyond the new investment fund disclosures and focus on fostering financial literacy among Canadians of all ages, empowering them to make informed investment decisions with confidence.

Conclusion

We commend the CSA for its proposed modernization of the continuous disclosure regime for investment funds. We hope that being provided with more streamlined information will in turn cultivate a stronger appetite for financial knowledge within the investing public.

Thank you for considering our comments on this important proposal.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at annie@cific.co with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

A. Sinigagliese

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