



AGF Investments Inc.
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BY EMAIL: comments@osc.gov.on.ca;
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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumers Services Commission, 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

Attention: The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario
M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec)
G1V 5C1

Dear Sirs/Mesdames:

RE: Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1

AGF Investments Inc. ("**AGF**") is writing to provide comments in respect of the Canadian Securities Administrators' ("**CSA**") Notice and Request for Comment - *Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1*, as published on September 12, 2019 (referred to herein as the "**Proposed Amendments**").

AGF provides asset management services globally to institutions and individuals. AGF's products include a diversified family of mutual funds, exchange traded funds, liquid alternative funds, and pooled funds. AGF also manages assets on behalf of institutional investors including pension plans, foundations and endowments. AGF is registered in the categories of Investment Fund Manager, Mutual Fund Dealer, Exempt Market Dealer, Portfolio Manager, and Commodity Trading Manager.



AGF is an investment fund manager to mutual funds, liquid alternative funds, exchange traded funds, and pooled funds. As a result, AGF will be directly impacted by the Proposed Amendments.

AGF commends the CSA for committing to reduce the regulatory burden on investment fund issuers, such as AGF, via the Proposed Amendments, and is generally supportive of the CSA's efforts. Specific feedback/recommendations regarding the Proposed Amendments and certain questions posed by the CSA are articulated below. AGF appreciates the opportunity to provide feedback to the CSA on these matters.

General

In addition to the burden reduction initiatives identified in the Proposed Amendments, AGF encourages the CSA to consider the recommendations proposed by The Investment Funds Institute of Canada ("IFIC") in its comment letter in response to **Question #1** from the CSA. In particular, AGF strongly supports IFIC's suggestions to reduce regulatory burden on the following items (in order of priority to AGF):

- Removing the requirement for investment fund issuers to renew and file a prospectus annually;
- Making changes to the MRFP requirements to either eliminate both interim and annual reports, or to eliminate the interim reports and streamline the annual reports;
- Eliminating the requirement to publish quarterly portfolio holdings for those investment fund issuers that provide portfolio transparency more frequently than quarterly (for example, AGF provides daily portfolio holdings disclosure for certain of its funds);
- Eliminating the requirement to have interim financial statements reviewed by the investment fund's auditor where they are incorporated by reference in the prospectus renewal after the filing of the interim MRFP; and
- Permitting access equals delivery for continuous disclosure documents, such as financial statements and MRFPs (especially given the low opt-in rates), and eliminating the need for opt-in cards and the annual instructions or annual reminder of standing instructions.

Workstream 1: Consolidate the Simplified Prospectus and the Annual Information Form

AGF welcomes the CSA's proposal to consolidate the simplified prospectus ("**SP**") and annual information form ("**AIF**") for mutual funds in continuous distribution by removing overlapping disclosure between the two forms; repealing requirements that are not meaningful to investors and are difficult to produce; and repealing requirements for disclosure that are available in other regulatory documents. However, AGF agrees with IFIC that the consolidation of the SP and AIF is unlikely to reduce regulatory burden on investment fund issuers, such as AGF, immediately. As such, we are supportive of IFIC's additional recommendations to the CSA to consider rationalizing the following additional investment funds' disclosure obligations:

- The long form prospectus requirements for ETF issuers which contain repetitive disclosure within the document and overlapping disclosure with the ETF Facts.
- The need for a separate long form prospectus or SP/AIF for alternative investment funds, which is a costly requirement for issuers.

To ensure investors receive more meaningful and relevant disclosure after the consolidation, we encourage the CSA to reassess the disclosure requirements to determine which disclosure is immaterial or irrelevant to an investor, issuer, and/or regulator, and which disclosure can be provided through different means i.e. directly to regulators, via the designated website, etc.



Specifically, AGF agrees with the recommendations proposed by IFIC in its comment letter in response to **Questions #3 and #4**.

As the consolidation of the SP and AIF will require significant upfront resources and time of investment fund managers, in response to **Question #2**, AGF recommends a transition of at least 8 months following the in-force date, consistent with the recommendations of IFIC and in line with the transition period adopted by the CSA for the introduction of the ETF Facts in December 2016. Investment fund managers can then adopt the consolidated SP at the next filing or renewal.

Further, AGF asserts the following with respect to certain other questions posed by the CSA and unrelated to the consolidation of the SP and AIF:

- The flexibility with respect to amendments must be maintained (**Question #7**). Investment fund managers should continue to have the discretion to determine how an amendment to an SP should be addressed i.e. via a stand-alone amendment or an amended and restated SP.
- The material change report ("**MCR**") and corresponding press release contain duplicative disclosure. AGF recommends the removal of the obligation to file an MCR (**Question #8**).

Workstream 2: Investment Fund Designated Website

AGF contributes significant resources and costs to update and maintain an informative website (which includes posting regulatory disclosure documents) on its investment fund products for current and prospective investors. We are encouraged by the CSA's view that the requirement to have a designated website will create possibilities for printed regulatory documents to be moved electronically to the website. As an example, we suggest the CSA consider this approach for the financial statements, MRFPs and other standard annual reminders to investors. Changes such as these will reduce regulatory burden and costs for investment funds (and investors) and their managers.

Workstreams 3 & 5-8

3: Codify Exemptive Relief Granted in Respect of Notice-and-Access Applications

5: Codify Exemptive Relief Granted in Respect of Conflicts Applications

6: Broaden Pre-Approval Criteria for Investment Fund Mergers

7: Repeal Regulatory Approval Requirements for Change of Manager, Change of Control of a Manager, and Change of Custodian that Occurs in Connection with a Change of Manager

8: Codify Exemptive Relief Granted in Respect of Fund Facts Delivery Applications

The codification of routinely granted relief is a welcome reduction to regulatory burden and costs on investment fund managers. However, we urge the CSA to ensure the codification does not impose more stringent conditions than those imposed in the exemptive relief. To that end, we support IFIC's drafting revisions to the Proposed Amendments as they pertain to these Workstreams.

Further, as a result of the delay in codification, there is no burden reduction or cost savings to investment fund managers (such as AGF) who have already obtained one-time relief (such as the notice-and-access relief). AGF asserts (as has IFIC) that the CSA needs to establish an expedited review process that allows (i) market participants to quickly obtain relief similar to recent precedents and/or (ii) the CSA to quickly issue blanket industry relief for exemptive relief that is issued two or more times within a two-year period. We point the CSA to the U.S. Securities and



Exchange Commission (as referenced in IFIC's comment letter) as an example of other regulators prioritizing the adoption of exemptive relief applications.

As part of this initiative, we suggest that the CSA consider codifying other routinely granted exemptive relief, such as those under National Instrument 81-105 *Mutual Fund Sales Practices*.

Workstream 4: Minimize Filings of Personal Information Forms

AGF is supportive of the elimination of personal information forms ("PIFs") for certain individuals. In an effort to continue to reduce the regulatory burden on investment fund managers with respect to PIFs, AGF encourages the CSA to continue (i) working on ways to streamline the disclosure and (ii) coordinating with the stock exchanges to remove duplicative disclosure requirements and align prescribed timelines across the CSA and stock exchanges for PIF updates.

For comments on the impact of the Workstreams on non-reporting investment funds (i.e. privately offered funds), we direct the CSA to the letter submitted by the Alternative Investment Management Association Canada (AIMA).

We thank the CSA for the opportunity to comment on the Proposed Amendments and look forward to continued engagement as the CSA assesses further regulatory burden reduction initiatives. As always, AGF promotes the necessary balance of truly benefitting investors while not unduly prejudicing the industry. At AGF, we believe in sound regulatory change that is grounded in the needs and preferences of all investors.

Yours very truly,

Mark Adams
Senior Vice President, General Counsel & Corporate Secretary
AGF Investments Inc.