MACKENZIE Investments | CONFIDENCE IN A CHANGING WORLD

E-MAIL:
comments@osc.gov.on.ca; consultation-en-cours@lautorite.qc.ca

December 11, 2019

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 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

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

Re: Canadian Securities Administrators ("CSA") Notice and Request for Comment dated September 12, 2019 – *Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1*

Mackenzie Financial Corporation ("**Mackenzie**") is pleased to provide comments on the proposals outlined in the Notice and Request for Comment dated September 12, 2019 - *Reducing Regulatory Burden for Investment Fund Issuers - Phase 2, Stage 1* (the "**Notice**").

Our Company

Mackenzie was founded in 1967 and is a leading investment management firm providing investment advisory and related services to retail and institutional clients. We are registered as a portfolio manager and investment fund manager with total assets under management as at November 30, 2019 of approximately $140.6 billion, including investment fund assets under management of approximately $68.4 billion. Mackenzie primarily distributes its retail investment products through third-party financial advisors. Our sales teams work with approximately 175 dealers across Canada and many of the more than 30,000 independent financial advisors to distribute our products to over 1 million Canadian clients.

We are a wholly owned subsidiary of IGM Financial Inc., which in turn is a member of the Power Financial Corporation group of companies.

General Comments

At Mackenzie, we are committed to the financial success of investors, through their eyes. We strongly believe that reducing regulatory burden is a desirable goal as many of the costs incurred by compliance with these burdens are ultimately borne by the investor. Overall, we support the amendments proposed in the Notice (the "**Proposed Amendments**") and applaud the regulators for wanting to make these changes. We do however believe that there are further changes that could be made to the listed workstreams, as well as additional areas that were not raised in the Notice, that would benefit from a reduction of regulatory burden while maintaining investor protection.

It is from this viewpoint that we provide our feedback on the Notice.

Consolidation of the Simplified Prospectus and the Annual Information Form

Comments on the Proposed Amendments

We support the CSA's proposal to repeal the requirement for a mutual fund in continuous distribution to file an annual information form ("**AIF**") and instead require that the disclosure from the AIF be incorporated into the simplified prospectus ("**Prospectus**"). Consolidating the disclosure requirements into one document provides the opportunity to address redundancies and inefficiencies as there is overlap in the information disclosed in a Prospectus and an AIF. Furthermore, this change will make the annual renewal process more consistent with that of exchange-traded investment funds ("**ETFs**").

Overall, we support the revised Form 81-101F1 ("**SP Form**"). Consolidating provides the opportunity to eliminate duplicative disclosure and present streamlined information to investors. While the Proposed Amendments eliminate duplication across the Prospectus and AIF, we believe the proposals must go further. The CSA should remove any disclosure that is duplicative with information found in other disclosure documents such as the Fund Facts. The CSA should also critically evaluate current SP and AIF disclosure to determine the information that is relevant and meaningful to an investor's purchase decision, and eliminate all disclosure that does not rise to this threshold. We have outlined specific suggestions in Appendix A.

Additional Suggestions

Mackenzie has identified a number of other potential opportunities for the reduction of regulatory burden relating to the Prospectus and AIF:

Relax Prospectus Formatting Rules: Form 81-101F2 permits more flexibility in the preparation of an AIF than is the case with a Prospectus, as the requirements for the order in which the information is disclosed are less prescriptive. Additionally, an AIF may include information not specifically required by Form 81-101F2 whereas the Prospectus is not supposed to deviate from the prescribed disclosure requirements. As these documents are proposed to be consolidated, we strongly urge the CSA to allow for more flexibility in the Prospectus disclosure so that any additional disclosure that a fund manager considers important to investors can still be included in the Prospectus. This will ensure that investors have access to all necessary disclosure the investment fund manager deems important, without the burden of the comment process of the CSA commenting on disclosure that does not perfectly match Form 81-101F1.

Remove Annual Prospectus Renewal Requirements: Given that the Fund Facts and the ETF Facts are the point of sale disclosure documents for investors and contain the information needed to make an informed purchase decision, we recommend that these documents, and not the Prospectus, continue to be updated on an annual basis. The majority of the disclosure in a Prospectus does not change materially each year and therefore does not require the same renewal timeline. In addition, any disclosure that does require updating could be moved to an investment fund manager's designated website, which could be more quickly and easily updated and subsequently accessed by investors. The annual prospectus filing process is a costly exercise that requires significant internal and external resources to complete; eliminating the annual renewal requirement would meaningfully reduce regulatory burden.

Allow Alternative Mutual Funds to be Offered Under the Same Prospectus as Conventional Mutual Funds: Currently, the reason behind this rule is to ensure that alternative investment funds are clearly identified to investors. This is already accomplished however, given the point of sale disclosure document is the Fund Facts, which identifies the investment fund as an alternative fund. The Fund Facts further has highlighted disclosure which describes how the investment strategies and asset classes utilized by the alternative fund differ from conventional mutual funds. We therefore submit it is not necessary to have alternative mutual funds be in a separate Prospectus, which creates unnecessary regulatory burden and cost.

Revise and Streamline the Long Form Prospectus: There are several sections of this form that are duplicative which we believe may cause confusion for investors. Simplifying the long form Prospectus and removing the requirement for a Prospectus summary would lead to the disclosure for ETF's to be more streamlined and similar to a simplified Prospectus.

Investment Fund Designated Website

We support the CSA's proposal to require all public investment funds to have a designated website on which it will post all required regulatory disclosure. However, we strongly urge

the CSA to take this proposal one step further and consider "access equals delivery" for continuous disclosure documents, such as financial statements and Management Reports of Fund Performance ("**MRFPs**").

It is important to note that the introduction of the designated website requirement does not, by itself, reduce regulatory burden; however, permitting "access equals delivery" will reduce effort and costs for investment fund managers while still ensuring that investors have access to all relevant disclosure documents. Currently, Mackenzie spends approximately $370,000 annually in printing and mailing MRFPs and financial statements and the opt-in rate by our investors is only 1.2%. Access equals delivery for continuous disclosure documents would not only reduce regulatory burden, but also have a positive environmental impact given the amount of unnecessary printing that is done to produce and mail these documents.

We further urge the CSA to continue to monitor whether "access equals delivery" for Fund Facts and ETF Facts is something that could be contemplated in the future. We believe that as investors continue to use more electronic means to access their financial information, the next step would be for the CSA to rethink its position on this matter.

Minimize Filings of Personal Information Forms ("PIFs")

Mackenzie supports the CSA's proposal to eliminate PIFs for those individuals who are currently registrants or "permitted individuals" and who have previously submitted a Form 33-109F4 on the National Registration Database. However, we would suggest that there is more that can be done to reduce the regulatory burden related to the filing of PIFs, such as eliminating the three year expiry date. In addition, Mackenzie would welcome a process whereby global updates to the investment fund manager's information in a PIF can be disclosed in an easier, more effective manner, reducing the need to re-file a PIF for each applicable executive officer or director with the same update.

Mackenzie would also like to strongly encourage the CSA to consider online PIF filings, similar to that of the Form 3 of the TSX. Finally, we recommend the CSA consider how to unify the forms of PIFs with the TSX PIF and the NEO Exchange PIF, so that there is only one document being used for the same individual regardless of where the documents are filed.

Additional Suggestions

In addition to the foregoing, Mackenzie believes there are other regulatory filings that can be streamlined or eliminated, including:

SEDAR Form 6s. Section 4.3(3) of National Instrument 13-101 requires the filing of a SEDAR Form 6 as a certificate of authentication for filings containing certificates signed in electronic format. It requires each person whose signature appears in electronic format on documents filed through SEDAR to sign a SEDAR Form 6 and deliver it by mail or courier to the CSA. Given the increased use of electronic signatures, we submit this is an outdated rule and an unnecessary filing requirement. If the CSA does not wish to eliminate the requirement altogether, we encourage the CSA can consider accepting scanned copies or conformed signatures, instead of requiring couriered originals.

Continuous Disclosure Documents. Mackenzie urges the CSA to prioritize the re-examination of the investment fund continuous disclosure regime. Specifically MRFPs, given the low opt-in rates that were noted above. We suggest that it is an unnecessary use of resources to require investment fund issuers to send these documents to investors twice a year and recommend eliminating the interim MRFP and streamlining the annual MRFP. Furthermore, we recommend that the obligation to file a material change report be deleted. We note that the information that is essential to an investor related to any material change of an investment fund will be disclosed in the press release and Prospectus amendment. Eliminating these filings would significantly reduce regulatory burden and costs for investment fund managers.

Codifying Exemptive Relief

We support the CSA's proposals relating to codifying routinely granted exemptive relief. However, we would suggest that when these rules are enacted the CSA give issuers the option to continue to rely on their already existing exemptive relief decision, as there may be sections in certain relief documents that are not covered by the new rules contained in the Proposed Amendments.

Another way that the CSA could reduce regulatory burden when it comes to exemptive relief applications is by allowing accelerated review and approval of exemptive relief when there has already been a similar exemptive relief decision granted. The Securities and Exchange Commission ("**SEC**") recently proposed similar amendments to their legislation[1] which would allow for expediated review of an exemptive relief application that is "substantially identical" to two recent precedent applications for which an order granting the requested relief has been issued within two years of the application date. We encourage the CSA to consider adopting a similar rule to the SEC amendment.

Mackenzie supports the CSA's current proposal to codify the Fund Facts delivery relief for all series or classes of a mutual fund that are subject to automatic switching programs. We also agree with the CSA's suggestion to take this one step further by allowing additional consolidation of Fund Facts. Per series Fund Facts are among the highest cost items associated with investment fund disclosure. Consolidating Fund Facts also has the added benefit to investors to allow them to more easily identify the various investment options of a particular mutual fund (otherwise they may have no idea that they can invest in a Series F as opposed to a Series A).

Transition

Finally, we strongly encourage the CSA to consider appropriate transition periods for all aspects of the Proposed Amendments. The proposals will impose some one-time transition costs as investment fund managers evaluate, adapt and do the work necessary to redraft documents to meet the new disclosure requirements, especially related to the work involved in consolidating the Prospectus and AIF. We recommend that the Proposed Amendments take effect no less than 12 to 18 months from final publication. Investment

[1] *Amendments to Procedures with Respect to Applications under the Investment Company Act 1940* https://www.sec.gov/rules/proposed/2019/ic-33658.pdf

funds can thereafter adopt the changes in their next renewal. This will position investment fund managers to smoothly and effectively transition to the Proposed Amendments.

Conclusion

We thank you for the opportunity to provide comments on the Notice. We would be pleased to engage with you further on this topic. Please feel free to contact Jessica Schnurr at jschnurr@mackenzieinvestments.com or myself at Rhonda.goldberg@igmfinancial.com, if you wish to discuss our feedback further or require additional information.

Yours truly,

MACKENZIE FINANCIAL CORPORATION

Rhonda Goldberg
Executive Vice-President, General Counsel
IGM Financial Inc.

Appendix A
Consolidating the Simplified Prospectus and the Annual Information Form

As noted in our letter, the proposed consolidated simplified Prospectus creates a single large document through the combination of the existing Prospectus and AIF while retaining most of the disclosure requirements. Accordingly, we encourage the CSA assess the existing disclosure from the perspective of what investors would find meaningful. Using this lens, we would recommend additional changes to the SP Form to more thoroughly reduce regulatory burden.

Specific examples include:

1. *Responsibility for Mutual Fund Operations.* In our opinion the level of detail required to be disclosed in certain sections of item 4 of Part A, such as sections 4.2, 4.3, 4.6, 4.10, 4.13 are not material to investors. We would instead suggest that the CSA maintain the requirement of the organization and management chart, which provides a helpful overview of the entities that are responsible for the management of a fund, without additional specifics that are not necessary for investors.

2. *Ownership of Securities of the Mutual Fund and the Manager.* We suggest the CSA remove the requirement under item 4.14 to disclose the holding of more than 10 percent of any class or series of the mutual fund held by any person or company. In Mackenzie's most recently filed Prospectus renewal dated September 27, 2019, this table of 10 percent disclosure was 47 pages of the AIF. If this information were to be added to the Prospectus, it would become significantly longer and more challenging to navigate. In our view, providing this information is overly burdensome and can be removed without impacting investor protection.

   Further, removing this requirement will not prejudice investors in funds where a significant portion of the securities are held by a single securityholder, as the requirements under section 9(2) of Part B of the SP Form already mandates that we disclose any person or company owning more than 10 percent of the securities of a fund.

   Should the CSA not be persuaded to remove this 10 percent series level disclosure requirement, we strongly urge the CSA to allow us to consolidate this information and instead of listing every single person/company that holds 10 percent of a series or class, investment fund issuers be permitted to provide the information in aggregate as a summary table.

3. *Name Formation and History of the Mutual Fund.* We recommend Part B, Item 8 be removed from the SP Form as we do not believe it is material to an investors' purchase decision. We would also note that the majority of this information is already available on an investment fund's SEDAR profile.

4. *Suitability.* Part B, section 11 requires disclosure related to the suitability of the mutual fund for particular investors. This disclosure is also found in the Fund Facts and ETF Facts which are the point of sale disclosure documents to investors. As a result, we believe it is unnecessary to duplicate this disclosure in the SP Form.

If the CSA does not agree with our suggestions to remove any of the above mentioned sections from the SP Form, then we would strongly encourage the CSA to consider relocating this disclosure to the designated website, rather than being in the Prospectus.