

**CANADIAN SECURITIES ADMINISTRATORS****NOTICE OF AMENDMENTS TO  
NATIONAL INSTRUMENT 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE  
AND  
FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM  
AND TO  
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS AND  
FORM 41-101F2 INFORMATION REQUIRED IN AN INVESTMENT FUND  
PROSPECTUS****I. INTRODUCTION**

The Canadian Securities Administrators (the CSA or we) have made amendments to the following investment fund prospectus disclosure forms (the Forms):

- (a) Form 81-101F2 Contents of Annual Information Form under National Instrument 81-101 Mutual Fund Prospectus Disclosure, and
- (b) Form 41-101F2 Information Required in an Investment Fund Prospectus under National Instrument 41-101 General Prospectus Requirements (collectively, the Amendments).

The Amendments are consequential to the coming into force of National Instrument 23-102 *Use of Client Brokerage Commissions* (NI 23-102) on June 30, 2010.

The final text of the Amendments is being published with this Notice and can also be obtained on the websites of various CSA members.

In Ontario, the Amendments and other required materials were delivered to the Minister of Finance on April 2, 2010. The Minister may approve or reject the 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 June 30, 2010.

**II. BACKGROUND**

On October 9, 2009, the CSA published the Amendments for a 90-day comment period. No comments were received.

### **III. SUBSTANCE AND PURPOSE OF THE AMENDMENTS**

The substance and purpose of the Amendments is to ensure consistency between the disclosure requirements for advisers under NI 23-102 relating to client brokerage commissions and similar disclosure prescribed for investment funds in the Forms.

The disclosure is intended to provide investment fund investors with relevant qualitative information concerning goods and services other than order execution obtained in connection with client brokerage commissions paid on an investment fund's portfolio transactions.

The final text of the Amendments contains non-material changes. We deleted item 10.4(2)(a) of the proposed amendments to Form 81-101F2 and item 19.2.1(b)(i) of the proposed amendments to Form 41-101F2. The disclosure they proposed duplicated the disclosure required under proposed items 10.4(1) of Form 81-101F2 and 19.2.1(a) of Form 41-101F2. The final text of the Amendments otherwise remains unchanged from first publication.

### **IV. QUESTIONS**

Please refer your questions to any of:

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**NATIONAL INSTRUMENT 81-101  
MUTUAL FUND PROSPECTUS DISCLOSURE AND  
FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM  
AMENDMENT INSTRUMENT**

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.
2. Form 81-101F2 Contents of Annual Information Form is amended by repealing Item 10.4, including the Instructions under that Item, and substituting the following:

*“10.4 – Brokerage Arrangements*

- (1) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state
  - (a) the process for, and factors considered in, selecting a dealer to effect securities transactions for the mutual fund, including whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;
  - (b) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;
  - (c) each type of good or service, other than order execution, that might be provided; and
  - (d) the method by which the portfolio adviser makes a good faith determination that the mutual fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid.
- (2) Since the date of the last annual information form, if any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or third party, other than order execution, state
  - (a) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the mutual fund; and
  - (b) the name of any affiliated entity that provided any good or service referred to in paragraph (a), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity.

- (3) If any brokerage transactions involving the client brokerage commissions of the mutual fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (2)(a), that was not disclosed under paragraph (2)(b), will be provided upon request by contacting the mutual fund or mutual fund family at [insert telephone number] or at [insert mutual fund or mutual fund family e-mail address].

*INSTRUCTIONS:*

*Terms defined in NI 23-102 – Use of Client Brokerage Commissions have the same meaning where used in this Item.”*

3. This Instrument comes into force on June 30, 2010.

**NATIONAL INSTRUMENT 41-101  
GENERAL PROSPECTUS REQUIREMENTS AND  
FORM 41-101F2 INFORMATION REQUIRED IN AN INVESTMENT FUND  
PROSPECTUS  
AMENDMENT INSTRUMENT**

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.
2. Form 41-101F2 Information Required in an Investment Fund Prospectus is amended by adding the following Item and accompanying Instructions immediately after Item 19.2:

“19.2.1 – Brokerage Arrangements

Under the sub-heading “Brokerage Arrangements”,

- (a) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state
  - (i) the process for, and factors considered in, selecting a dealer to effect securities transactions for the investment fund, including whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;
  - (ii) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;
  - (iii) each type of good or service, other than order execution, that might be provided; and
  - (iv) the method by which the portfolio adviser makes a good faith determination that the investment fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid;
- (b) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, since the date of the investment fund’s last prospectus or last annual information form, whichever one is the most recent, state
  - (i) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the investment fund; and

- (ii) the name of any affiliated entity that provided any good or service referred to in subparagraph (i), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity; and
- (c) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (b)(i), that was not disclosed under paragraph (b)(ii), will be provided upon request by contacting the investment fund or investment fund family at [insert telephone number] or at [insert investment fund or investment fund family e-mail address].

*INSTRUCTIONS:*

*Terms defined in NI 23-102 – Use of Client Brokerage Commissions have the same meaning where used in this Item.*

3. This Instrument comes into force on June 30, 2010.