



The Saskatchewan Gazette

PUBLISHED WEEKLY BY AUTHORITY OF THE QUEEN'S PRINTER

PART II/PARTIE II

Volume 97

REGINA, FRIDAY, JUNE 22, 2001/REGINA, VENDREDI, 22 JUIN 2001

No. 25/n°25

PART II REVISED REGULATIONS OF SASKATCHEWAN

TABLE OF CONTENTS

SR 37/2001	<i>The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2001 (No. 2)</i>	383
SR 38/2001	<i>The Urban Municipality (No. 2) Amendment Regulations, 2001</i>	523

Revised Regulations of Saskatchewan/ Règlements Révisés de la Saskatchewan 2001

April 6, 2001

<i>The Insurance Premiums Tax Remission Regulations</i>	F-13.4 Reg 22
<i>The Rural Revitalization Office Regulations</i>	G-5.1 Reg 94
<i>The Prisoner Escort and Prisoner Security Regulations, 2001</i>	U-11 Reg 20
<i>The Securities Commission (Local Instruments) Amendment Regulations, 2001</i>	SR 13/2001
<i>The Northern Municipality Assessment and Taxation Amendment Regulations, 2001</i>	SR 14/2001
<i>The Rural Municipality Assessment and Taxation Amendment Regulations, 2001</i>	SR 15/2001
<i>The Urban Municipality Assessment and Taxation Amendment Regulations, 2001</i>	SR 16/2001
<i>The Pork Industry Development Plan Amendment Regulations, 2001</i>	SR 17/2001
<i>The Crop Insurance Amendment Regulations, 2001</i>	SR 18/2001
<i>The Farm Land Education Tax Rebate Amendment Regulations, 2001</i>	SR 19/2001
<i>The Milk Control Amendment Regulations, 2001 (No. 4)</i>	SR 20/2001
<i>The Education Amendment Regulations, 2001</i>	SR 21/2001
<i>The Driver Licensing and Suspension Amendment Regulations, 2001 (No. 2)</i>	SR 22/2001

April 12, 2001

Errata Notice	
<i>The Summary Offences Procedure Amendment Regulations, 2001</i>	SR 23/2001

April 20, 2001

<i>The Saskatchewan Medical Care Insurance Payment Regulations, 2001</i>	SR 24/2001
--	------------

April 27, 2001

<i>The Milk Control Amendment Regulations, 2001 (No. 5)</i>	SR 25/2001
---	------------

May 25, 2001

<i>The Livestock and Horticultural Facilities (Education and Health Tax) Remission Amendment Regulations, 2001</i>	SR 26/2001
<i>The Fisheries Amendment Regulations, 2001</i>	SR 27/2001
<i>The Reservoir Development Area Amendment Regulations, 2001</i>	SR 28/2001
<i>The Building and Accessibility Standards Administration Amendment Regulations, 2001 (No. 2)</i>	SR 29/2001

June 1, 2001

<i>The Legislative Secretary Expenses Regulations, 2001</i>	G-5.1 Reg 95
<i>The Milk Control Amendment Regulations, 2001 (No. 6)</i>	SR 30/2001
<i>The Employment Supplement Amendment Regulations, 2001</i>	SR 31/2001
<i>The Freedom of Information and Protection of Privacy Amendment Regulations, 2001</i>	SR 32/2001
<i>The Local Authority Freedom of Information and Protection of Privacy Amendment Regulations, 2001</i>	SR 33/2001

June 8, 2001

<i>The Canada-Saskatchewan Assistance Program (CSAP II) Regulations</i>	F-8.001 Reg 18
<i>The Child Benefit Regulations, 2001</i>	I-2.01 Reg 1
<i>The Health Districts Affiliates Amendment Regulations, 2001</i>	SR 34/2001
<i>The Canada-Saskatchewan Adjustment Program Amendment Regulations 2001</i>	SR 35/2001
<i>The Education Amendment Regulations, 2001 (No.2)</i>	SR 36/2001

June 22, 2001

<i>The Securities Commission (Adoption of National Instruments) Amendment Regulations (No. 2)</i>	SR 37/2001
<i>The Urban Municipality (No. 2) Amendment Regulations, 2001</i>	SR 38/2001

PART II**REVISED REGULATIONS OF SASKATCHEWAN****SASKATCHEWAN REGULATIONS 37/2001***The Securities Act, 1988*

Section 154

Commission Order, dated May 2, 2001

(Filed June 6, 2001)

Title

1 These regulations may be cited as *The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2001 (No. 2)*.

R.R.S. c.S-42.2 Reg 3 amended

2 *The Securities Commission (Adoption of National Instruments) Regulations* are amended in the manner set forth in these regulations.

Section 2 amended

3 The following clause is added after clause 2(p):

“(q) National Instrument 55-101, entitled Exemption from Certain Insider Reporting Requirements, as set out in Part XVII of the Appendix”.

Appendix amended

4(1) Parts V and VI of the Appendix are repealed and the following substituted:

“PART V
“[clause 2(e)]

“NATIONAL INSTRUMENT 81-101
“MUTUAL FUND PROSPECTUS DISCLOSURE

“PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION**“1.1 Definitions**

In this Instrument:

‘commodity pool’ means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use:

- (a) specified derivatives other than as permitted by National Instrument 81-102 Mutual Funds; or
- (b) physical commodities other than as permitted by National Instrument 81-102;

‘educational material’ means material containing general information about one or more of investing in general, mutual funds, portfolio management, capital markets, retirement savings, income or education saving plans and financial planning, if the material does not promote a particular mutual fund or mutual fund family or the products or services offered by a particular mutual fund or mutual fund family;

‘financial year’ includes the first completed financial period of a mutual fund beginning with the inception of the mutual fund and ending on the date of its first financial year end;

'Form 81-101F1' means Form 81-101F1, Contents of Simplified Prospectus, as set out in Appendix A to this National Instrument;

'Form 81-101F2' means Form 81-101F2, Contents of Annual Information Form, as set out in Appendix B to this National Instrument;

'material contract' means, for a mutual fund, a contract listed in the annual information form of the mutual fund in response to Item 16 of Form 81-101F2 Contents of Annual Information Form;

'multiple AIF' means a document containing two or more annual information forms that have been consolidated in accordance with section 5.4;

'multiple SP' means a document containing two or more simplified prospectuses that have been consolidated in accordance with subsection 5.1(1);

'Part A section' means the section of a simplified prospectus that contains the disclosure required by Part A of Form 81-101F1 Contents of Simplified Prospectus;

'Part B section' means the section of a simplified prospectus that contains the disclosure required by Part B of Form 81-101F1;

'plain language' means language that can be understood by a reasonable person, applying a reasonable effort;

'precious metals fund' means a mutual fund that has adopted fundamental investment objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102;

'single AIF' means an annual information form that has not been consolidated with another annual information form under section 5.4; and

'single SP' means a simplified prospectus that has not been consolidated with another simplified prospectus under subsection 5.1(1).

"1.2 Interpretation

Terms defined in National Instrument 81-102 or National Instrument 81-105 Mutual Fund Sales Practices and used in this Instrument have the respective meanings ascribed to them in those Instruments.

"1.3 Application

This Instrument does not apply to mutual funds that are:

- (a) labour-sponsored venture capital corporations;
- (b) commodity pools; or
- (c) listed and posted for trading on a stock exchange or quoted on an over-the-counter market.

“PART 2 DISCLOSURE DOCUMENTS**“2.1 Filing of Disclosure Documents**

A mutual fund:

- (a) that files a preliminary prospectus shall file the preliminary prospectus in the form of a preliminary simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a preliminary annual information form prepared and certified in accordance with Form 81-101F2;
- (b) that files a *pro forma* prospectus shall file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a *pro forma* annual information form prepared in accordance with Form 81-101F2;
- (c) that files a prospectus shall file the prospectus in the form of a simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file an annual information form prepared and certified in accordance with Form 81-101F2; and
- (d) that files an amendment to a prospectus:
 - (i) shall file an amendment to a simplified prospectus and shall concurrently file an amendment to the related annual information form; or
 - (ii) in circumstances in which changes are made only to an annual information form, shall file an amendment to the annual information form.

“2.2 Amendments to Disclosure Documents

- (1) An amendment to a simplified prospectus or to an annual information form may consist of either:
 - (a) an amendment that does not fully restate the text of the simplified prospectus or annual information form; or
 - (b) an amended and restated simplified prospectus or annual information form.
- (2) Notwithstanding subsection (1), an amendment to the Part B section that is separately bound from the Part A section of a simplified prospectus shall be effected only by way of an amended and restated Part B section.
- (3) An amendment to a simplified prospectus or to an annual information form shall be identified and dated as follows:
 - (a) for an amendment that does not restate the text of a simplified prospectus or annual information form:

‘Amendment No. [insert amendment number] dated [insert date of amendment] to [identify document] dated [insert date of document being amended]’;

(b) for an amended and restated simplified prospectus, other than an amendment to which subsection (2) applies, or annual information form:

‘Amended and Restated [identify document] dated [insert date of amendment], amending and restating [identify document] dated [insert date of document being amended]’.

“2.3 Supporting Documents

(1) A mutual fund shall:

(a) file with a preliminary simplified prospectus and a preliminary annual information form any other supporting documents required to be filed under securities legislation; and

(b) at the time a preliminary simplified prospectus and preliminary annual information form are filed, deliver or send to the securities regulatory authority:

(i) a copy of all material contracts of, and drafts of all material contracts intended to be of, the mutual fund;

(ii) for:

(A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund; and

(B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund; and

(iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

(2) A mutual fund shall:

(a) file with a *pro forma* simplified prospectus and a *pro forma* annual information form:

(i) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed; and

(ii) any other supporting documents required to be filed under securities legislation; and

(b) at the time a *pro forma* simplified prospectus and *pro forma* annual information form are filed, deliver or send to the securities regulatory authority:

(i) a copy of the *pro forma* simplified prospectus, black lined to show changes and the text of deletions from the latest simplified prospectus previously filed;

(ii) a copy of the *pro forma* annual information form, black lined to show changes and the text of deletions from the latest annual information form previously filed;

(iii) a copy of a draft of each material contract of the mutual fund, and a copy of each draft amendment to a material contract of the mutual fund, in either case not yet executed but proposed to be executed by the time of filing of the simplified prospectus; and

-
- (iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (3) A mutual fund shall:
- (a) file with a simplified prospectus and an annual information form:
- (i) a copy of any material contract, and a copy of any amendment to a material contract, of the mutual fund and not previously filed;
- (ii) for a new mutual fund, a copy of the audited balance sheet of the mutual fund; and
- (iii) any other supporting documents required to be filed under securities legislation; and
- (b) at the time a simplified prospectus is filed, deliver or send to the securities regulatory authority:
- (i) a copy of the simplified prospectus, black lined to show changes and the text of deletions from the preliminary or *pro forma* simplified prospectus;
- (ii) a copy of the annual information form, black lined to show changes and the text of deletions from the preliminary or *pro forma* annual information form; and
- (iii) any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.
- (4) A mutual fund shall:
- (a) file with an amendment to a simplified prospectus and an amendment to the annual information form:
- (i) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed; and
- (ii) any other supporting documents required to be filed under securities legislation; and
- (b) at the time an amendment to a simplified prospectus is filed, deliver or send to the securities regulatory authority:
- (i) if the amendment to the simplified prospectus is in the form of an amended and restated simplified prospectus, a copy of that document black lined to show changes and the text of deletions from the simplified prospectus;
- (ii) if the amendment to the annual information form is in the form of an amended and restated annual information form, a copy of the amended annual information form, black lined to show changes and the text of deletions from the annual information form; and
- (iii) any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.

- (5) A mutual fund shall:
- (a) file with an amendment to an annual information form in circumstances in which the corresponding simplified prospectus is not amended:
 - (i) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed; and
 - (ii) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to an annual information form is filed, if the amendment is in the form of an amended and restated annual information form, deliver or send to the securities regulatory authority:
 - (i) a copy of the amended and restated annual information form black lined to show changes and the text of deletions from the annual information form; and
 - (ii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (6) Despite any other provision of this section, a mutual fund may delete commercial or financial information from the copy of an agreement of the mutual fund, its manager or trustee with a portfolio adviser or portfolio advisers of the mutual fund filed under this section if the disclosure of that information could reasonably be expected to:
- (a) prejudice significantly the competitive position of a party to the agreement; or
 - (b) interfere significantly with negotiations in which parties to the agreement are involved.

“2.4 Simplified Prospectus

A simplified prospectus is a prospectus for the purposes of securities legislation.

“PART 3 DOCUMENTS INCORPORATED BY REFERENCE AND DELIVERY TO SECURITYHOLDERS

“3.1 Documents Incorporated by Reference

The following documents shall, by means of a statement to that effect, be incorporated by reference into, and shall form part of, a simplified prospectus:

- (a) the annual information form that is filed concurrently with the simplified prospectus;
- (b) the most recently filed comparative annual financial statements of the mutual fund, together with the accompanying report of the auditor, filed either before or after the date of the simplified prospectus;
- (c) the most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the simplified prospectus pertain.

“3.2 Delivery of Preliminary Simplified Prospectus and Simplified Prospectus

(1) The requirement under securities legislation to deliver or send a preliminary prospectus of a mutual fund to a person or company is satisfied by delivering or sending a preliminary simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

(2) The requirement under securities legislation to deliver or send a prospectus of a mutual fund to a person or company is satisfied by delivering or sending a simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

“3.3 Documents to be Delivered or Sent upon Request

(1) A mutual fund shall deliver or send to any person or company that requests the simplified prospectus of the mutual fund or any of the documents incorporated by reference into the simplified prospectus, a copy of the simplified prospectus or requested document.

(2) A mutual fund shall deliver or send, to any person or company that requests the annual information form of the mutual fund, the current simplified prospectus of the mutual fund with the annual information form, unless the mutual fund has previously delivered or sent that simplified prospectus to that person or company.

(3) A mutual fund shall deliver or send all documents requested under this section within three business days of receipt of the request and free of charge.

“3.4 Toll-Free Telephone Number or Collect Telephone Calls

A mutual fund shall have a toll-free telephone number for, or accept collect telephone calls from, persons or companies that want to receive a copy of the simplified prospectus of the mutual fund and any or all documents incorporated by reference into the simplified prospectus.

“3.5 Soliciting Expressions of Interest Prohibited

Neither a multiple SP that includes both a *pro forma* simplified prospectus and a preliminary simplified prospectus nor a multiple AIF that includes both a *pro forma* annual information form and a preliminary annual information form shall be used to solicit expressions of interest.

“PART 4 PLAIN LANGUAGE AND PRESENTATION**“4.1 Plain Language and Presentation**

(1) A simplified prospectus and annual information form shall be prepared using plain language and in a format that assists in readability and comprehension.

(2) A simplified prospectus:

(a) shall present all information briefly and concisely;

(b) shall present the items listed in the Part A section of Form 81-101F1 and the items listed in the Part B section of Form 81-101F1 in the order stipulated in those parts;

- (c) may, unless the Part B section is being bound separately from the Part A section as permitted by subsection 5.3(1), place the Part B section of the simplified prospectus in any location in the simplified prospectus;
- (d) shall use the headings and sub-headings stipulated in Form 81-101F1, and may use sub-headings in items for which no sub-headings are stipulated;
- (e) shall contain only educational material or the information that is specifically mandated or permitted by Form 81-101F1; and
- (f) shall not incorporate by reference into the simplified prospectus, from any other document, information that is required to be included in a simplified prospectus.

“4.2 Preparation in the Required Form

Notwithstanding provisions in securities legislation relating to the presentation of the content of a prospectus, the simplified prospectus and annual information form shall be prepared in accordance with this Instrument.

“PART 5 PACKAGING

“5.1 Combinations of Documents

- (1) A simplified prospectus shall not be consolidated with one or more other simplified prospectuses to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar.
- (2) A multiple SP shall be prepared in accordance with the applicable requirements of Form 81-101F1.
- (3) A simplified prospectus or a multiple SP may only be attached to, or bound with, one or more of the following documents:
 - (a) documents incorporated by reference;
 - (b) educational material;
 - (c) account application documents;
 - (d) registered tax plan applications and documents;
 - (e) any point of sale disclosure documents required by securities legislation.

“5.2 Order of Contents of Bound Documents

- (1) If the material or documents referred to in clauses 5.1(3)(a) to (e) are attached to, or bound with, a single SP or multiple SP:
 - (a) the single SP or multiple SP shall be the first document contained in the package; and
 - (b) no pages shall come before the single SP or multiple SP in the package other than, at the option of the mutual fund, a general front cover and a table of contents pertaining to the entire package.
- (2) The general front cover referred to in clause (1)(b) may contain only the names of the mutual funds to which the package relates, trademark or trade names identifying those mutual funds or other members of the organization of those mutual funds, and artwork.

“5.3 Separate Binding of Part B Sections of a Multiple SP

- (1) The Part B sections of a multiple SP may be bound separately from the Part A section of that document.
- (2) If a Part B section of a multiple SP is bound separately from the Part A section of the multiple SP:
 - (a) all of the Part B sections of the multiple SP shall be bound separately from the Part A section; and
 - (b) all or some of the Part B sections may be bound together with each other or separately.

“5.4 Annual Information Forms

- (1) An annual information form shall be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP.
- (2) A multiple AIF shall be prepared in accordance with the applicable requirements of Form 81-101F2.

“PART 6 EXEMPTION**“6.1 Grant of Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Notwithstanding subsection (1), in Ontario only the regulator may grant such an exemption.

“6.2 Evidence of Exemption by Securities Regulatory Authority

Without limiting the manner in which an exemption under section 6.1 may be evidenced, the issuance by the regulator of a receipt for a simplified prospectus and annual information form, or an amendment to a simplified prospectus and annual information form, is evidence of the granting of the exemption from any form or content requirements relating to a simplified prospectus or annual information form if:

- (a) the person or company that sought the exemption sent to the regulator, with the *pro forma* or preliminary simplified prospectus and annual information form, or at least 10 days before the issuance of the receipt in the case of an amendment, a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption; and
- (b) the regulator has not sent written notice to the contrary to the person or company that sought the exemption before, or concurrent with, the issuance of the receipt.

“PART 7 TRANSITIONAL**“7.1 Prospectus Disclosure**

The simplified prospectus of a mutual fund for which a preliminary or *pro forma* simplified prospectus is filed, or for which a receipt is obtained, before the date that this Instrument comes into force is not required to comply with this Instrument if the simplified prospectus complies with National Policy Statement No. 36 as if that policy statement or a rule based on that policy statement were in force in the local jurisdiction.

“7.2 Black lined Copies

Notwithstanding Part 2, a mutual fund need not file a black lined copy of a document prepared under this Instrument that compares the document with a document prepared under National Policy Statement No. 36.

“APPENDIX A**“FORM 81-101F1****CONTENTS OF SIMPLIFIED PROSPECTUS****“GENERAL INSTRUCTIONS:***General*

(1) This Form describes the disclosure required in a simplified prospectus of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.

(2) Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments. However, subsection 1.3(3) of National Instrument 81-102 does not apply to this Form.

(3) A simplified prospectus shall state the required information concisely and in plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.

(4) Respond as simply and directly as is reasonably possible and include only as much information as is necessary for an understanding of the fundamental and particular characteristics of the mutual fund. Brevity is especially important in describing practices or aspects of a mutual fund's operations that do not differ materially from those of other mutual funds.

(5) National Instrument 81-101 requires the simplified prospectus to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format to achieve these goals. However, mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.

(6) *Each Item shall be presented under the heading or sub-heading stipulated in this Form; references to the relevant Item number are optional. If no sub-heading for an Item is stipulated in this Form, a mutual fund may include sub-headings, under the required headings, at its option.*

(7) *A simplified prospectus may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.*

(8) *Any footnotes to tables provided for under any Item in this Form may be deleted if the substance of the footnotes is otherwise provided.*

Contents of a Simplified Prospectus

(9) *A simplified prospectus shall pertain to one mutual fund, and shall consist of two sections, a Part A section and a Part B section.*

(10) *The Part A section of a simplified prospectus contains the response to the Items in Part A of this Form and contains introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization.*

(11) *The Part B section of a simplified prospectus contains the response to the Items in Part B of this Form and contains specific information about the mutual fund to which the simplified prospectus pertains.*

(12) *Notwithstanding securities legislation, a simplified prospectus shall present each Item in the Part A section and each Item in the Part B section in the respective order provided for in this Form. However, the Part B section of the simplified prospectus may be placed in any location in the simplified prospectus. For a single SP, this means that the Part B section may be placed before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the covers.*

(13) *Subsection 5.1(3) of National Instrument 81-101 permits certain documents to be attached to, or bound with, a simplified prospectus. Those documents consist of the documents incorporated by reference into the simplified prospectus, educational material, account application documents, registered tax plan applications and documents and any point of sale disclosure documents required by securities legislation. No other documents may be attached to, or bound with, a simplified prospectus.*

Consolidation of Simplified Prospectuses into a Multiple SP

(14) *Subsection 5.1(1) of National Instrument 81-101 states that simplified prospectuses shall not be consolidated to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar. The Part A sections in a consolidated document need not be repeated. These provisions permit a mutual fund organization to create a document that contains the disclosure for a number of mutual funds in the same family.*

(15) *As with a single SP, a multiple SP will consist of two Parts:*

(a) *a Part A section that contains general information about the mutual funds, or the mutual fund family, described in the document; and*

(b) a number of Part B sections, each of which will provide specific information about one mutual fund. The Part B sections shall not be consolidated with each other so that, in a multiple SP, information about each of the mutual funds described in the document shall be provided on a fund by fund or catalogue basis and shall set out for each mutual fund separately the information required by Part B of this Form. Each Part B section shall start on a new page.

(16) For a multiple SP in which the Part A and Part B sections are bound together, the Part B sections may be placed at any location in the document; that is, before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the back cover. If the Part B sections are bound with the Part A section, the Part B sections shall be kept together in the document.

(17) Section 5.3 of National Instrument 81-101 permits the Part B sections of a multiple SP to be bound separately from the Part A section of the document. If one Part B section is bound separately from the Part A section of the document, all Part B sections must be separate from the Part A section of the document.

(18) Subsection 5.3(2) of National Instrument 81-101 permits Part B sections that have been bound separately from the related Part A section to either be bound individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for distribution to some investors, and also being bound with the Part B section of other mutual funds for distribution to other investors.

(19) Section 3.2 of National Instrument 81-101 provides that the requirement under securities legislation to deliver a prospectus for a mutual fund will be satisfied by the delivery of a simplified prospectus, either with or without the documents incorporated by reference. Mutual fund organizations that bind separately the Part B sections of a multiple SP from the Part A section are reminded that, since a simplified prospectus consists of a Part A section and a Part B section, delivery of both sections is necessary in order to satisfy the delivery obligations in connection with the sale of securities of a particular mutual fund.

(20) In Items 1 through 4 of Part A of this Form, specific instructions are provided for a single SP and a multiple SP and in some cases for a multiple SP for which the Part A section is either bound with, or separate from, the Part B sections of the document. The remainder of Part A of this Form generally refers to disclosure required for 'a mutual fund' in a 'simplified prospectus'. This disclosure should be modified as appropriate to reflect multiple mutual funds covered by a multiple SP.

Multi-Class Mutual Funds

(21) A mutual fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate mutual fund for purposes of this Form, or may combine disclosure of one or more of the classes or series in one simplified prospectus. If disclosure pertaining to more than one class or series is combined in one simplified prospectus, separate disclosure in response to each Item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

(22) *As provided in National Instrument 81-102, a section, part, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles are applicable to National Instrument 81-101 and this Form.*

“PART A GENERAL DISCLOSURE

“Item 1: Front Cover Disclosure

“1.1 For a Single SP

(1) Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus.

(2) Indicate on the front cover the name of the mutual fund to which the simplified prospectus pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the simplified prospectus.

(3) Notwithstanding securities legislation, state on the front cover of a preliminary simplified prospectus the following:

‘A copy of this Simplified Prospectus has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but the Simplified Prospectus has not yet become final for the purpose of a distribution. Information contained in this Simplified Prospectus may not be complete and may have to be amended. The [units/shares] described in this Simplified Prospectus may not be sold to you until a receipt for the Simplified Prospectus is obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

(5) For a preliminary simplified prospectus or simplified prospectus, indicate the date of the document, which shall be the date of the certificates contained in the related annual information form. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A *pro forma* simplified prospectus need not be dated, but may reflect the anticipated date of the simplified prospectus.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise’.

“1.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

(1) Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus for each of the mutual funds to which the document pertains.

(2) Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family, to which the document pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the simplified prospectus.

(3) Notwithstanding securities legislation, state on the front cover of a document that contains a preliminary simplified prospectus the following:

‘A copy of this document has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this document may not be complete and may have to be amended. The [units/shares] described in this document may not be sold to you until receipts for this document are obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the document that contains a preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

(5) If the document contains a preliminary simplified prospectus or a simplified prospectus, indicate the date of the document, which shall be the date of the certificates contained in the related multiple AIF. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A document that is a *pro forma* multiple SP need not be dated, but may reflect the anticipated date of the multiple SP.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise’.

“1.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

(1) Comply with Item 1.2.

(2) State prominently, in substantially the following words:

‘A complete simplified prospectus for the mutual funds listed on this page consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document’.

“Item 2: Table of Contents

“2.1 For a Single SP

(1) Notwithstanding securities legislation, at the option of the mutual fund, include a table of contents.

(2) If a table of contents is included, begin it on a new page, which may be the inside front cover of the document.

“2.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

- (1) Include a table of contents.
- (2) Include in the table of contents, under the heading “Fund Specific Information”, a list of all of the mutual funds to which the document pertains, with the numbers of the pages where information about each mutual fund can be found.
- (3) Begin the table of contents on a new page, which may be the inside front cover of the document.

“2.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

- (1) Include a table of contents for the Part A section of the multiple SP.
- (2) Begin the table of contents on a new page, which may be the inside front cover of the document.
- (3) Include, immediately following the table of contents and on the same page, a list of the mutual funds to which the multiple SP pertains and details on how the Part B disclosure for each mutual fund will be provided.

“Item 3: Introductory Disclosure**“3.1 For a Single SP**

Provide, either on a new page or immediately under the table of contents, under the heading ‘Introduction’, the following statement in substantially the following words:

- This Simplified Prospectus contains selected important information to help you make an informed investment decision and to help you understand your rights.
- This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.
- Additional information about the Fund is available in the Annual Information Form, the Fund’s most recently filed annual financial statements and any interim financial statements of the Fund filed after those annual financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of the Annual Information Form and those financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.
- [If applicable] These documents are available on the [mutual fund’s/mutual fund family’s] Internet site at [insert mutual fund’s Internet site address], or by contacting the [mutual fund/mutual fund family] at [insert mutual fund’s/mutual fund family’s e-mail address].
- These documents and other information about the Fund are available on the Internet at www.sedar.com.

“3.2 For a Multiple SP

Provide, either on a new page or immediately under the table of contents, under the heading ‘Introduction’ the following statement in substantially the following words:

••This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor.

••This document is divided into two parts. The first part, [from pages • through •], contains general information applicable to all of the [name of fund family] Funds. The second part, [from pages • through •] [which is separately bound], contains specific information about each of the Funds described in this document.

••Additional information about each Fund is available in the Fund’s Annual Information Form and the Fund’s most recently filed annual financial statements and any interim financial statements of the Fund filed after those annual financial statements. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of the Fund’s Annual Information Form and those financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

••[If applicable] These documents are available on the [mutual funds/mutual fund family’s] Internet site at [insert mutual funds/mutual fund family’s Internet site address], or by contacting the [mutual funds/mutual fund family] at [insert e-mail address].

••These documents and other information about the Funds are available at www.sedar.com’.

“Item 4: General Investment Risks

(1) Disclose under the heading ‘What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?’:

(a) a brief general description of the nature of a mutual fund; and

(b) the risk factors or other investment considerations that an investor should take into account that are associated with investing in mutual funds generally.

(2) For a multiple SP, at the option of the mutual fund, disclose the risk factors and investment considerations that are applicable to more than one of those mutual funds.

(3) At a minimum, in response to the requirements of subsection (1), include disclosure in substantially the following words:

• Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund's [units/shares] may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

• [If applicable], The full amount of your investment in any [name of mutual fund family] mutual fund is not guaranteed.

• Unlike bank accounts or GICs, mutual fund [units/shares] are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

(4) State that, under exceptional circumstances, a mutual fund may suspend redemptions. Provide a reference to the disclosure provided in response to Item 6(2) of Part A of this Form.

INSTRUCTIONS:

(1) *Examples of the risks that may be disclosed under subsection (2) are stock market risk, interest rate risk, foreign security risk, foreign currency risk, specialization risk and risk associated with the use of derivatives. If this risk disclosure is provided under this subsection, the fund-specific disclosure about each mutual fund described in the document should contain a reference to the appropriate parts of this risk disclosure.*

(2) *In providing disclosure under subsection (1), follow the instructions under Item 9 of Part B of this Form, as appropriate.*

“Item 5: Organization and Management Details for a Multiple SP

(1) Provide, under the heading ‘Organization and Management of the [name of mutual fund family]’, information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual funds to which the document relates in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the mutual funds, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual funds.

(4) At the option of the mutual fund, provide, under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the mutual funds for which it acts as manager.

(5) Notwithstanding subsection (1), if the information required by subsection (1) is not the same for substantially all of the mutual funds described in the document, provide in the diagram or table contemplated by subsection (1) only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection in the diagram or table required by Item 4(1) of Part B of this Form.

INSTRUCTIONS:

(1) The information required to be disclosed in this Item shall be presented prominently, using enough space so that it is easy to read.

(2) The descriptions of the services provided by the listed entities should be brief. For instance, the manager may be described as 'manages the overall business and operations of the funds', a portfolio adviser may be described as 'provides investment advice to the manager about the investment portfolio of the funds' or 'manages the investment portfolio of the funds', and a 'principal distributor' may be described as 'markets the securities of the funds and sells securities [through brokers and dealers] [or its own sales force]'.

“Item 6: Purchases, Switches and Redemptions

(1) Briefly describe, under the heading ‘Purchases, Switches and Redemptions’, how an investor can purchase and redeem the securities of the mutual fund or switch them for securities of other mutual funds, how often the mutual fund is valued, and state that the issue and redemption price of those securities is based on the mutual fund’s net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order or redemption order.

(2) State that, under extraordinary circumstances, the rights of investors to redeem securities may be suspended by the mutual fund, and describe the circumstances when the suspension of redemption rights could occur.

(3) For a new mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing and redeeming securities based on the net asset value per security of the mutual fund.

(4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to a dealer. Include cross-references to the disclosure provided under Items 8 and 9 of Part A of this Form.

“Item 7: Optional Services Provided by the Mutual Fund Organization

If applicable, under the heading ‘Optional Services’, describe the optional services that may be obtained by typical investors from the mutual fund organization.

INSTRUCTIONS:

Disclosure in this Item should include, for example, any asset allocation services, registered tax plans, foreign content monitoring plans, regular investment and withdrawal plans, U.S. dollar purchase plans, periodic purchase plans, contractual plans, periodic withdrawal plans or switch privileges.

“Item 8: Fees and Expenses

“8.1 General Disclosure

(1) Set out information about the fees and expenses payable by the mutual fund and by investors in the mutual fund under the heading ‘Fees and Expenses’.

(2) The information required by this Item shall first be a summary of the fees, charges and expenses of the mutual fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

‘This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the mutual fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund’.

(3) Include the fees for any optional services provided by the mutual fund organization, as described by Item 7 of Part A of this Form, in the table.

(4) If management fees are payable directly by investors, add a line item in the table to disclose the maximum percentage that could be paid by investors.

(5) If the manager permits negotiation of a management fee rebate, provide disclosure of these arrangements. If these arrangements are not available for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.

Fees and Expenses Payable by the Fund	
Management Fees	<i>[See Instruction (1)] [disclosure re management fee rebate program]</i>
Operating Expenses	<i>[See Instructions (2) and (3)] Fund[s] pay[s] all operating expenses, including _____</i>
Fees and Expenses Payable Directly by You	
Sales Charges	<i>[specify percentage, as a percentage of _____]</i>
Switch Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Redemption Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Registered Tax Plan Fees <i>[include this disclosure and specify the type of fees if the registered tax plan is sponsored by the mutual fund and is described in the simplified prospectus]</i>	<i>[specify amount]</i>
Other Fees and Expenses <i>[specify type]</i>	<i>[specify amount]</i>

INSTRUCTIONS:

- (1) *If the table pertains to more than one mutual fund and not all of the mutual funds pay the same management fees, under 'Management Fees' in the table, either:*
 - (a) *state that the management fees are unique to each mutual fund, include management fee disclosure for each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or*
 - (b) *list the amount of the management fee, including any performance or incentive fee, for each mutual fund separately.*
- (2) *If the table pertains to more than one mutual fund and not all of the mutual funds have the same obligations to pay operating expenses, either:*
 - (a) *state that the operating expenses payable by the mutual funds are unique to each mutual fund, include the description of the operating expenses payable by each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or*
 - (b) *provide the disclosure concerning the operating expenses for each mutual fund contemplated by this Item separately.*
- (3) *Under 'Operating Expenses', state whether the mutual fund pays all of its operating expenses and list the main components of those expenses. If the mutual fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the mutual fund.*
- (4) *Show all fees or expenses payable by the mutual fund, even if it is expected that the manager of the mutual fund or other member of the organization of the mutual fund will waive or absorb some or all of those fees and expenses.*
- (5) *If the management fees of a mutual fund are payable directly by a securityholder and vary so that specific disclosure of the amount of the management fees cannot be disclosed in the simplified prospectus of the mutual fund, or cannot be derived from disclosure in the simplified prospectus, provide as much disclosure as is possible about the management fees to be paid by securityholders, including the highest possible rate or range of those management fees.*

“8.2 Illustrations of Different Purchase Options

- (1) Under the sub-heading 'Impact of Sales Charges' provide information, substantially in the form of the following table, concerning the amount of fees payable by an investor under the available purchase options and introduced using substantially the following words:

'The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period'.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	\$•	---	---	---	---
Redemption Charge Option ⁽¹⁾	---	\$•	\$•	\$•	\$•
No Load Option	---	---	---	---	---
[Other purchase options]	\$•	\$•	\$•	\$•	\$•

⁽¹⁾Redemption charges may apply only if you redeem your [units/shares] in a particular year. Redemption charges are shown under "Fees and Expenses" above.

(2) In preparing the table contemplated by this Item, assume, in determining the fees paid under the sales charge option, that:

(a) the maximum sales commission disclosed in the simplified prospectus is paid by the investor; and

(b) if the mutual fund has a deferred sales charge option in which the amount paid by an investor at the time of a redemption of securities is based upon the net asset value of those securities at that time, an annual return of five percent since time of purchase, and disclose that assumption in a footnote to the table.

"Item 9: Dealer Compensation

"9.1 General

Provide, under the heading 'Dealer Compensation', the disclosure of sales practices and equity interests required by sections 8.1 and 8.2 of National Instrument 81-105.

INSTRUCTIONS:

(1) Briefly state the compensation paid and the sales practices followed by the members of the organization of the mutual fund in a concise and explicit manner, without explaining the requirements and parameters for permitted compensation contained in National Instrument 81-105.

(2) For example, if the manager of the mutual fund pays an up-front sales commission to participating dealers, so state and include the range of commissions paid. If the manager permits participating dealers to retain the sales commissions paid by investors as compensation, so state and include the range of commissions that can be retained. If the manager or another member of the mutual fund's organization pays trailing commissions, so state and provide an explanation of the basis of calculation of these commissions and the range of the rates of such commissions. If the mutual fund organization from time to time pays the permitted marketing expenses of participating dealers on a co-operative basis, so state. If the mutual fund organization from time to time holds educational conferences that sales representatives of participating dealers may attend or from time to time pays certain of the expenses incurred by participating dealers in holding educational conferences for sales representatives, so state.

(3) *If the members of the organization of the mutual funds follow any other sales practices permitted by National Instrument 81-105, briefly describe these sales practices.*

(4) *Include a brief summary of the equity interests between the members of the organization of the mutual fund and participating dealers and representatives as required by section 8.2 of National Instrument 81-105. This disclosure may be provided by means of a diagram or table.*

“9.2 Dealer Compensation from Management Fees

Disclose, under the heading ‘Dealer Compensation from Management Fees’, the approximate percentage obtained from a fraction:

(a) the numerator of which is the aggregate amount of cash paid to registered dealers in the last completed financial year of the manager of the mutual fund, for payments made:

(i) by:

(A) the manager of the mutual fund; or

(B) an affiliate of the manager;

(ii) in order to:

(A) pay compensation to registered dealers in connection with the distribution of securities of the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund; or

(B) pay for any marketing, fund promotion or educational activity in connection with the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund; and

(b) the denominator of which is the aggregate amount of management fees received by the managers of the mutual fund and all other mutual funds in the same mutual fund family as the mutual fund in the last completed financial year of the manager.

INSTRUCTIONS:

(1) *The disclosure presented under this Item should be described as information about the approximate percentage of management fees paid by mutual funds in the same family as the mutual fund that were used to fund commissions or other promotional activities of the mutual fund family in the most recently completed financial year of the manager of the mutual fund.*

(2) *The calculations made under this Item should take into account the payment of sales and trailing commissions and the costs of participation in co-operative marketing, fund promotion and educational conferences.*

(3) *Amounts paid out by a mutual fund organization as sales commissions should be netted against amounts received from deferred sales charges.*

“Item 10: Income Tax Considerations for Investors

- (1) Briefly describe under the heading ‘Income Tax Considerations for Investors’ the income tax consequences for investors of income and capital gains distributions made by the mutual fund, as well as of the gains or losses that occur on the disposition of securities of the mutual fund by the investor.
- (2) This description shall explain the different tax treatment applicable to mutual fund securities held in a registered tax plan as compared to mutual fund securities held in non-registered accounts.
- (3) Describe the impact of the mutual fund’s distribution policy on a taxable investor who acquires securities of the mutual fund late in a calendar year.
- (4) If material, describe the potential impact of the mutual fund’s anticipated portfolio turnover rate on a taxable investor.
- (5) Describe how the adjusted cost base of a security of a mutual fund can be calculated by those investors holding outside a registered tax plan.

INSTRUCTIONS:

- (1) *If management fees are paid directly by investors, describe generally the income tax consequences to taxable investors of this arrangement.*
- (2) *Subsection (2) is particularly relevant for investors who hold their mutual fund investments through RRSPs, if they have invested in a mutual fund that requires management fees to be paid directly by the investors. Detailed disclosure of the tax consequences of this arrangement on those investors should be made by such mutual funds.*

“Item 11: Statement of Rights

Provide a brief explanation, under the heading ‘What are your Legal Rights?’, of an investor’s statutory rights of rescission and damages, including the right of action for misrepresentations contained in the simplified prospectus and in any documents incorporated by reference into the simplified prospectus, in substantially the following words:

‘Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

‘Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund [units/shares] and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

‘For more information, refer to the securities legislation of your province or territory or consult your lawyer’.

“Item 12: Additional Information

- (1) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.
- (2) This Item does not apply to the requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

- (1) *An example of a provision of securities legislation that may be relevant to this Item is the requirement contained in the conflict of interest provisions of the Canadian securities legislation of a number of jurisdictions to the effect that a mutual fund shall not make an investment in respect of which a related person will receive any fee or compensation except for fees paid pursuant to a contract disclosed in, among other things, a prospectus. Another example is the requirement of some jurisdictions that certain statements be included in a simplified prospectus of a mutual fund with a non-Canadian manager.*
- (2) *For a single SP, provide this disclosure either under this Item or under Item 14 of Part B of this Form, whichever is more appropriate.*
- (3) *For a multiple SP, this disclosure should be provided under this Item if the disclosure pertains to all of the mutual funds described in the document. If the disclosure does not pertain to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 14 of Part B of this Form.*

“Item 13: Part B Introduction

- (1) For a multiple SP, at the option of the mutual fund, include in a separate section any explanatory information that would otherwise be repeated identically in each Part B section of the document.
- (2) Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTIONS:

- (1) *This Item may be used to avoid the need for repetition of standard information in each Part B section of a multiple SP.*
- (2) *Examples of the type of information that may be moved to an introductory section from other parts of the Part B section are:*
 - (a) *definitions or explanations of terms used in each Part B section, such as ‘portfolio turnover rate’ and ‘management expense ratio’; and*
 - (b) *discussion or explanations of the tables or charts that are required in each Part B section of the document.*
- (3) *A similar Item is contained in Item 3 of Part B of this Form. A mutual fund organization may include this section either at the end of the Part A section of the multiple SP or at the beginning of the Part B section, at its option.*

“Item 14: Back Cover

(1) State on the back cover the name of the mutual fund or funds included in the document or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.

(2) State, in substantially the following words:

•Additional information about the Fund[s] is available in the Fund[‘s/s’] Annual Information Form and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

•You can get a copy of the Fund[‘s/s’] Annual Information Form and financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].

•These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund’s Internet site] or] or at www.sedar.com’.

(3) For a multiple SP in which the Part A section is bound separately from the Part B sections, state, in substantially the following words:

‘A complete simplified prospectus for the mutual funds listed on this cover consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document’.

“PART B FUND-SPECIFIC INFORMATION**“Item 1: General**

(1) For a multiple SP in which the Part B sections are bound separately from the Part A section, include at the bottom of each page of a Part B section a footer in substantially the following words and in a type size consistent with the rest of the document:

‘This document provides specific information about [name of Fund]. It should be read in conjunction with the rest of the simplified prospectus of the [name of mutual fund family] dated [insert date]. This document and the document that provides general information about [name of mutual fund family] together constitute the simplified prospectus’.

(2) If the Part B section is an amended and restated document, add to the footer required by subsection (1) a statement that the document has been amended and restated on [insert date].

“Item 2: Introductory**“2.1 For a Single SP**

Include at the top of the first page of the Part B section of the simplified prospectus, the heading ‘Specific Information about the [name of Fund]’.

“2.2 For a Multiple SP in which the Part A section and the Part B sections are bound together

Include:

(a) at the top of the first page of the first Part B section in the document, the heading ‘Specific Information about Each of the Mutual Funds Described in this Document’; and

(b) at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

“2.3 For a Multiple SP in which the Part A section is bound separately from the Part B sections

Include at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

“Item 3: General Information

(1) For a multiple SP, at the option of the mutual fund, include in an introductory section any explanatory information that would otherwise be repeated identically in each Part B section of the document.

(2) Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTIONS:

(1) *See the Instruction to Item 13 of Part A of this Form.*

(2) *If the disclosure contemplated by this Item is included in Part A of the multiple SP under Item 13 of Part A of this Form, include in the introduction section of each Part B section of the multiple SP a cross-reference to where this disclosure is located in the Part A section of the multiple SP.*

“Item 4: Organization and Management Details

(1) For a single SP, under the heading ‘Organization and Management of the [name of mutual fund]’, provide information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual fund in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the mutual fund, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual fund.

(4) At the option of the mutual fund, include under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with its mutual funds.

(5) Follow the requirements and instructions of Item 5 of Part A of this Form in connection with the diagram or table.

“Item 5: Fund Details

Under the heading ‘Fund Details’, disclose, in a table:

- (a) the type of mutual fund that the mutual fund is best characterized as;
- (b) the date on which the mutual fund was started;
- (c) the nature of the securities offered by the simplified prospectus;
- (d) whether the mutual fund is eligible as an investment for registered retirement savings plans, registered retirement income funds or deferred profit sharing plans;
- (e) whether securities of the mutual fund will constitute foreign property under the ITA;
- (f) if this information is not contained in the table required by Item 8.1 of Part A of this Form:
 - (i) the amount of the management fee, including any performance or incentive fee, charged to the mutual fund; and
 - (ii) details concerning the operating expenses paid by the mutual fund contemplated by Instruction (3) of Item 8.1 of Part A of this Form; and
- (g) any information required by subsection (5) of Item 5 of Part A of this Form to be contained in Part B.

INSTRUCTIONS:

(1) *In disclosing the date on which the mutual fund started, use the date on which the securities of the mutual fund first became available to the public, which will be on, or about, the date of the issuance of the first receipt for a prospectus of the mutual fund. For a mutual fund that formerly offered its securities privately, disclose this fact.*

(2) *If the mutual fund pays a fee that is determined by the performance of the mutual fund, the disclosure required by clause 7.1(c) of National Instrument 81-102 to be described in a simplified prospectus of the mutual fund should be included in a footnote to the description of the incentive fee in the table.*

(3) *Examples of types of mutual funds that could be listed in response to clause (a) are money market, equity, bond or balanced funds related, if appropriate, to a geographical region, or any other description that accurately identifies the type of mutual fund.*

(4) *If the rights attached to the securities being offered are materially limited or qualified by those attached to any other class or series of securities of the mutual fund or if another class or series of securities of the mutual fund ranks ahead of or equally with the securities being offered, include, as part of the disclosure provided in response to clause (c), information regarding those other securities that will enable investors to understand the rights attaching to the securities being offered.*

(5) *In providing the disclosure contemplated by clause (f), provide any disclosure required by, and follow, the Instructions to Item 8.1 of Part A of this Form.*

“Item 6: Fundamental Investment Objectives

(1) Set out under the heading ‘What Does the Fund Invest In?’ and under the sub-heading ‘Investment Objectives’ the fundamental investment objectives of the mutual fund, including information that describes the fundamental nature of the mutual fund, or the fundamental features of the mutual fund, that distinguish it from other mutual funds.

(2) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives of the mutual fund and any of the material investment strategies to be used to achieve those investment objectives.

(3) Describe any restrictions on investments adopted by the mutual funds, beyond what is required under securities legislation, that pertain to the fundamental nature of the mutual fund.

(4) If the mutual fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the mutual fund, include this fact as a fundamental investment objective of the mutual fund and:

- (a) identify the person or company providing the guarantee or insurance;
- (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance;
- (c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the mutual fund at the time; and
- (d) modify any other disclosure required by this section appropriately.

(5) For an index mutual fund:

- (a) disclose the name or names of the permitted index or permitted indices on which the investments of the index mutual fund are based,
- (b) briefly describe the nature of that permitted index or those permitted indices,
- (c) for the 12 month period immediately preceding the date of the simplified prospectus,
 - (i) indicate whether one or more securities represented more than 10 percent of that permitted index or those permitted indices,
 - (ii) identify that security or securities, and

(iii) disclose the maximum percentage of the permitted index or permitted indices that that security or those securities represented in the 12 month period, and

(d) disclose the percentage of the permitted index that the security or securities referred to in paragraph (c) represented at the most recent date for which that information is available.

INSTRUCTIONS:

(1) *State the type or types of securities, such as money market instruments, bonds or equity securities, in which the mutual fund will primarily invest under normal market conditions.*

(2) *If the mutual fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest:*

(a) *in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;*

(b) *in a particular geographic location or industry segment; or*

(c) *in portfolio assets other than securities;*

the mutual fund's fundamental investment objectives should so indicate.

(3) *If a particular investment strategy is an essential aspect of the mutual fund, as evidenced by the name of the mutual fund or the manner in which the mutual fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to a mutual fund that described itself as an 'asset allocation fund' or a 'mutual fund that invests primarily through the use of derivatives'.*

“Item 7: Investment Strategies

(1) Describe under the heading ‘What Does The Fund Invest In?’ and under the sub-heading ‘Investment Strategies’:

(a) the principal investment strategies that the mutual fund intends to use in achieving its investment objectives; and

(b) the process by which the mutual fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(2) Indicate what types of securities, other than those held by the mutual fund in accordance with its fundamental investment objectives, may form part of the mutual fund's portfolio assets under normal market conditions.

(3) If the mutual fund intends to use derivatives:

(a) for hedging purposes only, state that the mutual fund may use derivatives for hedging purposes only;

- (b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe:
- (i) how derivatives are or will be used in conjunction with other securities to achieve the mutual fund's investment objectives;
 - (ii) the types of derivatives expected to be used and give a brief description of the nature of each type; and
 - (iii) the limits of the mutual fund's use of derivatives.
- (4) If the mutual fund is managed so that its securities do not constitute foreign property for purposes of the ITA, state whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.
- (5) If the mutual fund is not a money market fund, and intends to engage in active and frequent trading of portfolio securities as a principal investment strategy to achieve its investment objectives such that the portfolio turnover rate of the mutual fund is expected to be more than 70 percent, describe:
- (a) the tax consequences to securityholders of an active portfolio turnover; and
 - (b) how the tax consequences of, or trading costs associated with, the mutual fund's portfolio turnover may affect the mutual fund's performance.
- (6) If the mutual fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the mutual fund's portfolio adviser may use or intends to use in response to such conditions.
- (7) Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that do not pertain to the fundamental nature of the mutual fund.
- (8) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions under sections 2.12, 2.13 or 2.14 of National Instrument 81-102:
- (a) state that the mutual fund may enter into securities lending, repurchase or reverse repurchase transactions; and
 - (b) briefly describe:
 - (i) how those transactions are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives;
 - (ii) the types of those transactions to be entered into and give a brief description of the nature of each type, and
 - (iii) the limits of the mutual fund's entering into of those transactions.

INSTRUCTIONS:

A mutual fund may, in responding to this Item, provide a discussion of the general investment approach or philosophy followed by the portfolio adviser of the mutual fund.

“Item 8: Top Ten Holdings

For any mutual fund other than a money market fund, list the ten largest holdings of the mutual fund, by percentage of net assets of the mutual fund, as at a date within 30 days of the date of the simplified prospectus and state the percentage of the net assets of the mutual fund that are invested in each of those holdings. Such listing shall be accompanied by a warning to the effect that the information contained in the list may change due to the ongoing portfolio transactions of the mutual fund and a statement on how more current information may be obtained by investors, if available.

INSTRUCTIONS:

- (1) If the mutual fund owns more than one class of securities of an issuer, those classes should be aggregated for purposes of the calculations to be made under this Item.*
- (2) Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.*
- (3) Cash and cash equivalents should be treated as one separate discrete category.*
- (4) In making the determinations of its holdings for purposes of the disclosure required by this Item, a mutual fund should, for each long position in a derivative that is held by the mutual fund for purposes other than hedging and for each index participation unit held by the mutual fund, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.*

“Item 9: Risks

- (1) Set out specific information concerning any material risks associated with an investment in the mutual fund, other than those risks previously discussed in response to Item 4 of Part A of this Form, under the heading ‘What are the Risks of Investing in the Fund?’.
- (2) For a money market fund, include disclosure to the effect that although the mutual fund intends to maintain a constant price for its securities, there is no guarantee that the price will not go up and down.
- (3) Include specific cross-references to the risks described in response to clause (1)(b) of Item 4 of Part A of this Form that are applicable to the mutual fund.
- (4) If the mutual fund offers more than one class or series of securities, disclose the risks that the investment performance, expenses or liabilities of one class or series may affect the value of the securities of another class or series, if applicable.
- (5) For an index mutual fund, disclose that the mutual fund may, in basing its investment decisions on one or more permitted indices, have more of its net assets invested in one or more issuers than is usually permitted for mutual funds, and disclose the risks associated with that fact, including the possible effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(6) If, at any time during the 12 month period immediately preceding the date of the simplified prospectus, more than 10 percent of the net assets of a mutual fund were invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, disclose

- (a) the name of the issuer and the securities;
- (b) the maximum percentage of the net assets of the mutual fund that securities of that issuer represented during the 12 month period; and
- (c) disclose the risks associated with these matters, including the possible or actual effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

(7) If the mutual fund is to enter into securities lending, repurchase or reverse repurchase transactions, describe the risks associated with the mutual fund entering into those transactions.

INSTRUCTIONS:

- (1) *Consider the mutual fund's portfolio investments as a whole.*
- (2) *Provide the disclosure in the context of the mutual fund's fundamental investment objectives and investment strategies, outlining the risks associated with any particular aspect of those fundamental investment objectives and investment strategies.*
- (3) *Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, credit, legal and operational risks, as appropriate.*
- (4) *Include a brief discussion of general investment risks, such as specific company developments, stock market conditions, general economic and financial conditions in those countries where the investments of the mutual fund are listed for trading, applicable to the particular mutual fund.*
- (5) *If derivatives are to be used by the mutual fund for non-hedging purposes, describe the risks associated with any use or intended use by the mutual fund of derivatives.*
- (6) *In responding to subsection (6) above, it is necessary to disclose only that at a time during the 12 month period referred to, more than 10 percent of the net assets of the mutual fund were invested in the securities of an issuer. Other than the maximum percentage required to be disclosed under paragraph (6)(b), the mutual fund is not required to provide particulars or a summary of any such occurrences.*

“Item 10: Suitability

Provide a brief statement of the suitability of the mutual fund for particular investors under the heading ‘Who Should Invest in this Fund?’, describing either or both of the characteristics of the investor for whom the mutual fund may or may not be an appropriate investment, and the portfolios for which the mutual fund is suited or for which the mutual fund should not be used.

INSTRUCTIONS:

- (1) *In responding to the disclosure required by this Item, indicate the level of investor risk tolerance that would be appropriate for investment in the mutual fund.*
- (2) *If the mutual fund is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the mutual fund, and disclose both the types of investors who should not invest in the mutual fund, with regard to investments on both a short and long term basis, and the types of portfolios that should not invest in the mutual fund. Conversely, it might be appropriate to discuss whether the mutual fund is particularly suitable for particular investment objectives.*

“Item 11: Past Performance**“11.1 General**

- (1) Item 11 applies only to mutual funds that are permitted under clause 15.6(a) of National Instrument 81-102 Mutual Funds to include performance data in their sales communications.
- (2) Notwithstanding the specific requirements of this Item, performance data shall not be provided for any period if the mutual fund was not offering its securities by way of a prospectus or simplified prospectus at all times during the period.
- (3) In responding to the requirements of this Item, a mutual fund shall comply with section 15.9 of National Instrument 81-102 as if that section applied to a simplified prospectus.
- (4) Set out in footnotes to the chart, graph or table required by this Item the assumptions relevant to the calculation of the performance information, and include a statement of the significance for taxable investors of the assumption that distributions are reinvested.
- (5) In the introduction to the chart, graph or table required by this Item, or in a general introduction to the ‘Past Performance’ section, indicate that:
 - (a) the returns or performance information shown assume that all distributions made by the mutual fund in the periods shown were reinvested in additional securities of the mutual fund;
 - (b) the return or performance information do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and
 - (c) how the mutual fund has performed in the past does not necessarily indicate how it will perform in the future.
- (6) Use a linear scale for the each axis of the bar chart and line graph required by this Item.
- (7) The y-axis for each of the bar chart and line graph shall start at 0.
- (8) A reference to ‘the inception of a mutual fund’ in Item 11 refers to the time at which the mutual fund first began distributing its securities under a simplified prospectus.

“11.2 Year-by-Year Returns

- (1) Provide a bar chart, under the heading ‘Past Performance’ and under the sub-heading ‘Year-by-Year Returns’, that shows, in chronological order with the most recent year on the right of the bar chart, the annual total return, calculated as provided under subsection (2), of the mutual fund for the lesser of:
 - (a) each of the ten most recently completed calendar years; and
 - (b) each of the completed calendar years in which the mutual fund has been in existence and in which the securities of the mutual fund have been offered by way of a prospectus or simplified prospectus.
- (2) Calculate the annual total return of the mutual fund for a year in accordance with the requirements of Part 15 of National Instrument 81-102.
- (3) Provide an introduction to the bar chart that:
 - (a) indicates that the bar chart shows the mutual fund’s annual performance for each of the years shown, and illustrates that the mutual fund’s performance has changed from year to year; and
 - (b) indicates that the bar chart shows, in percentage terms, how much an investment made on January 1 in each year would have grown or decreased by December 31 in that year.

“11.3 Line Graph

- (1) If the mutual fund is not a money market fund, include immediately following the bar chart required by Item 11.2, under the sub-heading ‘Overall Past Performance’, a line graph that shows the information described in subsection (2) for the period determined under subsection (3).
- (2) The information to be provided in the line graph shall be:
 - (a) the initial value, and final value, of a hypothetical \$10,000 investment in the mutual fund as at the beginning, and as at the end, of the period determined under subsection (3), with the dollar amounts of those values shown on the line graph;
 - (b) the subsequent values, shown graphically, of the investment referred to in clause (a) at the end of each quarter in the period determined under subsection (3); and
 - (c) assuming a level of \$10,000 at the beginning of the period determined under subsection (3), the subsequent levels, shown graphically, of each index selected under subsection (6) at the end of each quarter in the period determined under subsection (3), and the final value of each index at the end of that period with the dollar amount of the final value of each index shown on the line graph.
- (3) The period covered by the line graph shall be an unbroken period that:
 - (a) ends on December 31 of the year before the date of the simplified prospectus; and

- (b) consists of the least of:
 - (i) 10 years; and
 - (ii) the time since the inception of the mutual fund.
- (4) Show the hypothetical values for the mutual fund and the index or indices in chronological order, with the most recent year on the right.
- (5) Provide an introduction to the line graph that indicates that the graph shows the growth of a hypothetical \$10,000 investment in the mutual fund, as compared to the increase of the shown index or indices for the indicated number of years.
- (6) Include in the line graph, and provide a brief description of:
 - (a) one or more appropriate broad-based securities market indices; and
 - (b) at the option of the mutual fund, one or more non-securities financial indices or narrowly-based market indices that reflect the market sectors in which the mutual fund invests.
- (7) If the mutual fund includes in the line graph an index that is different from those included in the most recently filed simplified prospectus, explain the reason(s) for the change and include in the line graph the disclosure required by this Item for both the new and former indices.

INSTRUCTIONS:

- (1) *It is not necessary to disclose the exact value, in a dollar amount, of the hypothetical investment and index levels as at the end of each quarter in the period covered by the line graph. Subsection (2) requires only that the line graph itself be detailed enough to show increases or decreases of the relevant level in each quarter in graphic form. Actual dollar amounts may be included in the line graph at the option of the mutual fund, except that the initial value of \$10,000 and the final value at the end of the period covered by the line graph are to be shown as actual dollar amounts, as required by subsection (2).*
- (2) *An 'appropriate broad-based securities market index' is one that:*
 - (a) *is administered by an organization that is not affiliated with any of the mutual fund, its manager, its portfolio adviser or principal distributor, unless the index is widely recognized and used; and*
 - (b) *has been adjusted by its administrator to reflect the reinvestment of dividends on securities in the index or interest on debt.*
- (3) *It may be appropriate for a mutual fund that invests in more than one type of security to compare its performance to a mix of relevant indices. For example, a balanced fund may wish to compare its performance to both a bond index and an equity index or to a blended return based on a combination of the returns of the bond index and the equity index, in proportions comparable to the mutual fund's own investment mix.*

(4) *In addition to the appropriate broad-based securities market index, the mutual fund may compare its performance to other more financial or narrowly based securities indices that reflect the market sectors in which the mutual fund invests or that provide useful comparatives to the performance of the mutual fund. For example, a mutual fund could compare its performance to an index that measured the performance of certain sectors of the stock market (e.g. communications companies, financial sector companies, etc.) or to a non-securities index, such as the Consumer Price Index, so long as the comparison is not misleading.*

(5) *The descriptions required by subsection (6) of the indices included in the line graph may, at the option of the mutual fund, be presented as footnotes to the line graph.*

“11.4 Annual Compound Returns

(1) If the mutual fund is not a money market fund, disclose, in the form of a table immediately following the line graph required by Item 11.3, under the sub-heading ‘Annual Compound Returns’:

(a) the mutual fund’s past performance for the 10, five, three and one year periods ended on December 31 in the year immediately before the year in which the simplified prospectus is filed; and

(b) if the mutual fund was offering its securities by way of a prospectus or simplified prospectus for more than one and less than ten years, the mutual fund’s past performance since the inception of the mutual fund.

(2) Provide an introduction to the table that indicates that the table shows the mutual fund’s historical annual compound total return for the periods indicated, as compared to the performance of an indicated index or indices.

(3) Include in the table, for the same periods for which total return information about the mutual fund is provided, the historical annual compound total returns or changes of the index or indices for which information is provided in the line graph prepared under Item 11.3.

(4) Calculate the compound total return in accordance with the requirements of Part 15 of National Instrument 81-102.

(5) If the mutual fund includes in the table an index that is different from those included in the most recently filed simplified prospectus, explain the reason(s) for the change and include in the table the disclosure required by this Item for both the new and former indices.

“Item 12: Distribution Policy

State under the heading ‘Distribution Policy’ whether distributions are made by the mutual fund in cash or reinvested in securities of the mutual fund, and indicate when distributions are made.

“Item 13: Financial Highlights**“13.1 Tables**

(1) Provide selected financial information about the mutual fund under the heading ‘Financial Highlights’, in the form of the following tables, appropriately completed, and introduced using substantially the following words:

‘The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past [insert number] years. This information is derived from the Fund’s audited annual financial statements. Please see page [insert page number] for information about how you can obtain the Fund’s audited financial statements’.

The Fund’s Distributions and Net Asset Value per [Unit/Share]

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Distributions:	\$•	\$•	\$•	\$•	\$•
From net income	\$•	\$•	\$•	\$•	\$•
From realized gain	\$•	\$•	\$•	\$•	\$•
Return of capital	\$•	\$•	\$•	\$•	\$•
Total Annual Distributions⁽¹⁾	\$•	\$•	\$•	\$•	\$•
Net asset value at [insert last day of financial year] of year shown	\$•	\$•	\$•	\$•	\$•

⁽¹⁾ Distributions were [paid in cash/reinvested in additional [units/shares] of the Fund].

Ratios and Supplemental Data

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Net assets (000’s) ⁽¹⁾	\$•	\$•	\$•	\$•	\$•
Number of [units/shares] outstanding ⁽¹⁾	•	•	•	•	•
Management expense ratio ⁽²⁾	•%	•%	•%	•%	•%
Portfolio turnover rate ⁽³⁾	•%	•%	•%	•%	•%

⁽¹⁾ This information is provided as at [insert date of end of financial year] of the year shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽³⁾ *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*

(2) Derive the selected financial information in the tables referred to in subsection (1) from the audited annual financial statements of the mutual fund.

(3) Provide per unit or per share amounts to the nearest cent, and provide percentage amounts to two decimal places.

(4) Provide the selected financial information required by this Item in chronological order for each of the five most recently completed financial years of the mutual fund for which audited financial statements have been filed, with the information for the most recent financial year in the first column on the right of the table.

(5) If the mutual fund was not in existence or was not offering its securities by way of prospectus for any year for which information would otherwise be required to be provided under subsection (4), the tables shall not include any information for that year and the mutual fund shall disclose by way of a note to the table that the information is unavailable because the mutual fund only came into existence or only commenced offering its securities by way of prospectus or simplified prospectus on a date specified in that note.

(6) The management expense ratio for any period less than a full financial year of a mutual fund shall be annualized.

(7) If the basis of the calculation of the management fees or of the other fees, charges or expenses that are charged to the mutual fund is changed or is proposed to be changed and if the change would have had an effect on the management expense ratio for the last completed financial year of the mutual fund if the change had been in effect throughout that financial year, disclose the effect of the change on the management expense ratio in a note to the appropriate table.

(8) Do not include disclosure concerning portfolio turnover rate for a money market fund.

INSTRUCTIONS:

(1) *Calculate the mutual fund's portfolio turnover rate by dividing the lesser of the amounts of the purchases and sales of portfolio securities for the financial year by the average of the value of the portfolio securities owned by the mutual fund in the financial year. Calculate the monthly average by totalling the values of portfolio securities as at the beginning and end of the first month of the financial year and as at the end of each of the succeeding 11 months and dividing the sum by 12. Exclude from both numerator and denominator amounts relating to all securities having a remaining term to maturity on the date of acquisition by the mutual fund of one year or less.*

(2) *Calculate the management expense ratio of the mutual fund as required by Part 16 of National Instrument 81-102.*

“13.2 Illustration of Fund Expenses Indirectly Borne by Investors

- (1) Following the disclosure required by Item 13.1, under the heading ‘Fund Expenses Indirectly Borne by Investors’, provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in subsection (2).
- (2) The information to be provided under this Item shall be an investor’s cumulative proportional share of the fees and expenses paid by the mutual fund, in dollars, over a period of one, three, five and 10 years, assuming:
 - (a) an initial investment of \$1,000;
 - (b) a total annual return of the mutual fund of five percent in each year, calculated in accordance with section 15 of National Instrument 81-102;
 - (c) a management expense ratio of the mutual fund the same throughout the 10 year period as they were in the last completed financial year of the mutual fund, excluding any performance fees paid in a year which would not have been paid had the mutual fund earned a total return of five percent in that last completed financial year.
- (3) Provide an introduction to the disclosure that explains that the disclosure is intended to help an investor compare the cost of investing in the mutual fund with the cost of investing in other mutual funds, shows the amount of fees and expenses paid by the mutual fund that are indirectly borne by an investor, and describes the assumptions used.
- (4) If the management expense ratio of the mutual fund is composed, in part, of fees charged directly to investors, include disclosure of that fact. The management expense ratio used in calculating the disclosure to be provided under this Item should be the management expense ratio that includes these fees directly charged to investors; that is, the management expense ratio calculated in accordance with the general rules of Part 16 of National Instrument 81-102.
- (5) Provide a cross-reference to the disclosure provided under Item 8 of Part A of this Form for information about fees and expenses paid directly by the investor which are not included in the calculation of the management expense ratio.

“Item 14: Additional Information

- (1) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.
- (2) This Item does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

- (1) *See Instruction (1) to Item 12 of Part A of this Form for examples of disclosure that might appropriately be made under these Items.*
- (2) *For a simplified prospectus that is not part of a multiple SP, provide this disclosure either under this Item or under Item 12 of Part A of this Form, whichever is more appropriate.*
- (3) *For a multiple SP, this disclosure should be provided under this Item if the disclosure does not pertain to all of the mutual funds described in the document. If the disclosure pertains to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 12 of Part A of this Form.*

“APPENDIX B**“FORM 81-101F2****“CONTENTS OF ANNUAL INFORMATION FORM****GENERAL INSTRUCTIONS:***General*

(1) *This Form describes the disclosure that is required in an annual information form of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.*

(2) *Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments. However, subsection 1.3(3) of National Instrument 81-102 does not apply to this Form.*

(3) *An annual information form is intended to supplement the information contained in the related simplified prospectus. Information contained in the related simplified prospectus need not be repeated except as required to make the annual information form comprehensible as an independent document. Generally speaking, all of the disclosure required to be provided in connection with a particular requirement of Form 81-101F1 (‘the SP Form’) in order to satisfy statutory disclosure requirements should be contained in the simplified prospectus. For some Items, it may be appropriate to expand in the annual information form on matters discussed in the simplified prospectus; for instance, a mutual fund organization may wish to describe in an annual information form some of its optional services in more detail than in the simplified prospectus. Generally speaking, however, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, which may be of assistance or interest to some investors.*

(4) *Unless otherwise required by this Form, information may be presented in a different format and style in an annual information form than in a simplified prospectus. An annual information form is required by National Instrument 81-101 to be presented in a format that assists in readability and comprehension. This Form generally does not mandate the use of a specific format to achieve this goal and mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the disclosure clearly.*

(5) *An annual information form may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.*

(6) *As with a simplified prospectus, an annual information form is to be prepared using plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.*

(7) *Any footnotes provided for under any Item of this Form may be deleted if the substance of the footnotes is otherwise provided.*

Contents of an Annual Information Form

(8) *An annual information form pertains to one mutual fund but, unlike a simplified prospectus, is not required to be divided into a discrete Part A section, pertaining to general disclosure, and a Part B section, pertaining to fund-specific disclosure.*

(9) *It is not necessary to disclose the Items required by this Form in an annual information form in any particular order or under any particular heading. This is unlike the rule for a simplified prospectus, which provides that information contained in a simplified prospectus must be in the order and under the headings required by the SP Form.*

Consolidation of Annual Information Forms into a Multiple AIF

(10) *Section 5.4 of National Instrument 81-101 requires an annual information form to be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. As the Instrument does not prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated, a mutual fund organization may prepare one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.*

(11) *Unlike the situation with a multiple SP, National Instrument 81-101 does not permit parts of a multiple AIF to be bound separately.*

(12) *Unlike the requirements for a multiple SP, there are no requirements that disclosure concerning each mutual fund described in a multiple AIF be organized in any particular manner or order. In particular, it is not necessary to use the catalogue approach required to be used in a multiple SP in which disclosure about individual mutual funds is required to be separately presented. Information may be presented separately for each mutual fund, or consolidated, at the option of the mutual fund organization.*

(13) *The requirements in this Form generally speak of "a mutual fund". These requirements apply to each mutual fund to which a multiple AIF pertains.*

Multi-Class Mutual Funds

(14) *A mutual fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate mutual fund for purposes of this Form, or may combine disclosure of one or more of the classes or series in one annual information form. If disclosure pertaining to more than one class or series is combined in one annual information form, separate disclosure in response to each Item in this Form must be provided for each class or series unless the responses would be identical for each class or series.*

(15) *As provided in National Instrument 81-102, a section, party, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund. Those principles are applicable to National Instrument 81-101 and this Form.*

“Item 1: Front Cover Disclosure**“1.1 For a Single AIF**

(1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form.

(2) Indicate on the front cover the name of the mutual fund to which the annual information form pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the annual information form.

(3) Notwithstanding securities legislation, state on the front cover of a preliminary annual information form the following:

‘A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]’.

(4) If a commercial copy of the preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

(5) For a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A *pro forma* annual information form need not be dated, but may reflect the anticipated date of the annual information form.

(6) State, in substantially the following words:

‘No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise.’

“1.2 For a Multiple AIF

(1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form for each of the mutual funds to which the document pertains.

(2) Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family to which the document pertains. If the mutual fund has more than one class or series of securities, indicate the name of each of those classes or series covered in the document.

(3) Notwithstanding securities legislation, state on the front cover of a document that contains a preliminary annual information form the following:

'A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]'.

(4) If a commercial copy of a document that contains a preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

(5) If the document contains a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A document that is a *pro forma* multiple AIF need not be dated, but may reflect the anticipated date of the multiple AIF.

(6) State, in substantially the following words:

'No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise'.

“Item 2: Table of Contents

Include a table of contents.

“Item 3: Name, Formation and History of the Mutual Fund

(1) State the full name of the mutual fund and the address of its head or registered office.

(2) State the laws under which the mutual fund was formed and the date and manner of its formation.

(3) Identify the constating documents of the mutual fund and, if material, state whether the constating documents have been amended in the last 10 years and describe the amendments.

(4) If the mutual fund's name has been changed in the last 10 years, state the mutual fund's former name or names and the date on which it was changed.

(5) Disclose, and provide details about, any major events affecting the mutual fund in the last 10 years. Include information, if applicable, about:

(a) the mutual fund having participated in, or been formed from, an amalgamation or merger with one or more other mutual funds;

- (b) the mutual fund having participated in any reorganization or transfer of assets in which the securityholders of another issuer became securityholders of the mutual fund;
- (c) any changes in fundamental investment objectives or material investment strategies;
- (d) any changes in the portfolio adviser or changes in, or of control of, the manager; and
- (e) the mutual fund, before it filed a prospectus as a mutual fund, having existed as a closed-end investment fund, non-public mutual fund or other entity.

“Item 4: Investment Restrictions

- (1) Include a statement to the effect that the mutual fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102, which are designed in part to ensure that the investments of the mutual fund are diversified and relatively liquid and to ensure the proper administration of the mutual fund, and state that the mutual fund is managed in accordance with these restrictions and practices.
- (2) If the mutual fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, including National Instrument 81-102, provide details of the permitted variations.
- (3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.
- (4) State the restrictions on the investment objectives and strategies that arise out of any of the following matters:
 - (a) whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;
 - (b) whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA;
 - (c) whether the securities of the mutual fund will constitute foreign property within the meaning of the ITA.
- (5) State whether the mutual fund has deviated in the last year from the rules under the ITA that apply to the status of its securities as:
 - (a) qualified investments within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;
 - (b) registered investments within the meaning of the ITA; or
 - (c) non-foreign property under the ITA.
- (6) State the consequences of any deviation described in response to subsection (5).

“Item 5: Description of Securities Offered by the Mutual Fund

(1) State the description or the designation of securities, or the series or classes of securities, offered by the mutual fund under the related simplified prospectus and describe the securities or all material attributes and characteristics, including:

- (a) dividend or distribution rights;
- (b) voting rights;
- (c) liquidation or other rights upon the termination of the mutual fund;
- (d) conversion rights;
- (e) redemption rights; and
- (f) provisions as to amendment of any of these rights or provisions.

(2) Describe the rights of securityholders to approve:

- (a) the matters set out in section 5.1 of National Instrument 81-102; and
- (b) any matters provided for in the constating documents of the mutual fund.

“Item 6: Valuation of Portfolio Securities

(1) Describe the methods used to value the various types or classes of portfolio assets of the mutual fund and its liabilities for the purpose of calculating net asset value.

(2) If the manager has discretion to deviate from the mutual fund’s valuation practices described in subsection (1), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

“Item 7: Calculation of Net Asset Value

(1) State that the issue and redemption price of securities of the mutual fund is based on the mutual fund’s net asset value next determined after the receipt of a purchase order and a redemption order. Describe the method followed or to be followed by the mutual fund in determining the net asset value.

(2) State the frequency at which the net asset value is determined and the date and time of day at which it is determined.

(3) If a money market mutual fund intends to maintain a constant net asset value per security, disclose this intention and disclose how the mutual fund intends to maintain this constant net asset value.

“Item 8: Purchases and Switches

(1) Describe the procedure followed or to be followed by investors who desire to purchase securities of the mutual fund or switch them for securities of other mutual funds.

- (2) State that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order.
- (3) Describe how the securities of the mutual fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.
- (4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to the dealer.
- (5) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the mutual fund caused by the investor.
- (6) For a mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing securities at the net asset value per security of the mutual fund.

“Item 9: Redemption of Securities

- (1) Describe the procedures followed, or to be followed, by an investor who desires to redeem securities of the mutual fund, specifying the procedures to be followed and documents to be delivered before a redemption order pertaining to securities of the mutual fund is accepted by the mutual fund for processing and before payment of the proceeds of redemption is made by the mutual fund.
- (2) State that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the redemption order.
- (3) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.
- (4) Discuss the circumstances under which the mutual fund may suspend redemptions of the securities of the mutual fund.

“Item 10: Responsibility for Mutual Fund Operations

“10.1 General

Describe how each of the following aspects of the operations of the mutual fund are administered and who administers those functions:

- (a) the management and administration of the mutual fund, including valuation services, fund accounting and securityholder records, other than the management of the portfolio assets;

- (b) the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;
- (c) the purchase and sale of portfolio assets by the mutual fund and the making of brokerage arrangements relating to the portfolio assets;
- (d) the distribution of the securities of the mutual fund;
- (e) if the mutual fund is a trust, the trusteeship of the mutual fund;
- (f) if the mutual fund is a corporation, the oversight of the affairs of the mutual fund by the directors of the mutual fund; and
- (g) the custodianship of the assets of the mutual fund.

INSTRUCTIONS:

The disclosure required under Item 10.1 may be provided separately from, or combined with, the detailed disclosure concerning the persons or companies that provide services to the mutual fund required by Items 10.2 through 10.10.

“10.2 Manager

- (1) State the name, address, telephone number, e-mail address and, if applicable, website address of the manager of the mutual fund.
- (2) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the respective positions and offices held with the manager and their respective principal occupations at, and within the five years preceding, the date of the annual information form, of all partners, directors and officers of the manager of the mutual fund at the date of the annual information form.
- (3) If a partner, director or officer of the manager of the mutual fund has held more than one office with the manager of the mutual fund within the past five years, state only the current office held.
- (4) If the principal occupation of a director or officer of the manager of the mutual fund is with an organization other than the manager of the mutual fund, state the principal business in which the organization is engaged.
- (5) Describe the circumstances under which any agreement with the manager of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.3 Portfolio Adviser

- (1) If the manager of the mutual fund provides the portfolio management services in connection with the mutual fund, so state.
- (2) If the manager does not provide portfolio management services, state the names and municipality of the principal or head office for each portfolio adviser of the mutual fund.

- (3) State:
- (a) the extent to which investment decisions are made by certain individuals employed by the manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and
 - (b) the name, title, and length of time of service of the person or persons employed by or associated with either the manager or a portfolio adviser of the mutual fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the mutual fund, implementing a particular material strategy or managing a particular segment of the portfolio of the mutual fund, and each person's business experience in the last five years.
- (4) Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.4 Brokerage Arrangements

- (1) State:
- (a) the formula, method or criteria, if any, used in allocating brokerage business to persons or companies engaged in the distribution of the securities of the mutual fund;
 - (b) the formula, method or criteria, if any, used in allocating brokerage business to persons or companies that furnish statistical, research or other services to the mutual fund, or to the manager or to the portfolio adviser of the mutual fund; and
 - (c) the formula, method or criteria, if any, used in allocating brokerage business to an “affiliated entity”, within the meaning of that term contained in the Instructions in Item 11.2, and any variation from any formula, method or criteria applied in allocating brokerage business to a non-affiliated entity.
- (2) State the name of any person or company that has provided investment decision-making services to the manager or a portfolio adviser of the mutual fund in connection with the mutual fund since the date of the last annual information form of the mutual fund, and a summary of the nature of those services, if all or some of those services were paid for through commissions or brokerage transactions executed on behalf of the mutual fund.

INSTRUCTIONS:

The term ‘investment decision-making services’ means:

- (a) *advice as to the value of securities and the advisability of effecting transactions in securities;*
- (b) *analyses and reports concerning securities, portfolio strategies or performance, issuers, industries, or economic or political factors and trends; and*
- (c) *databases or software to the extent they are designed mainly to support the services referred to in clauses (a) and (b).*

“10.5 Principal Distributor

- (1) If applicable, state the name and address of the principal distributor of the mutual fund.
- (2) Describe the circumstances under which any agreement with the principal distributor of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

“10.6 Directors, Officers and Trustees

- (1) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the principal occupations at, or within the five years preceding, the date of the annual information form, of all directors or officers of an incorporated mutual fund or of the individual trustee or trustees, if any, of a mutual fund that is a trust.
- (2) State, for a mutual fund that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the mutual fund.
- (3) Indicate, for an incorporated mutual fund, all positions and offices with the mutual fund then held by each person named in response to subsection (1).
- (4) If the principal occupation of a director, officer or trustee is that of a partner, director or officer of a company other than the mutual fund, state the business in which the company is engaged.
- (5) If a director or officer of an incorporated mutual fund has held more than one position in the mutual fund, state only the first and last position held.
- (6) For a mutual fund that is a limited partnership, provide the information required by this Item for the general partner of the mutual fund, modified as appropriate.

“10.7 Custodian

- (1) State the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the mutual fund.
- (2) Describe generally the sub-custodian arrangements of the mutual fund.

INSTRUCTIONS:

A ‘principal sub-custodian’ is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the mutual fund.

“10.8 Auditor

State the name and municipality of the auditor of the mutual fund.

“10.9 Registrar

If applicable, state the name of the registrar of securities of the mutual fund and the municipalities in which the register of securities of the mutual fund are kept.

“10.10 Other Service Providers

State the name, municipality of the principal or head office, and the nature of business of each other person or company that provides services relating to portfolio valuation, securityholder records, fund accounting, or other material services, in respect of the mutual fund, and describe the material features of the contractual arrangements by which the person or company has been retained.

“Item 11: Conflicts of Interest**“11.1 Principal Holders of Securities**

- (1) The information required in response to this Item shall be given as of a specified date within 30 days before the date of the annual information form.
- (2) Disclose the number and percentage of securities of each class or series of voting securities of the mutual fund and of the manager of the mutual fund owned of record or beneficially, directly or indirectly, by each person or company that owns of record, or is known by the mutual fund or the manager to own beneficially, directly or indirectly, more than 10 percent of any class or series of voting securities, and disclose whether the securities are owned both of record and beneficially, of record only, or beneficially only.
- (3) For any entity that is named in response to subsection (2), disclose the name of any person or company of which that entity is a “controlled entity”.
- (4) If any person or company named in respect of subsection (2) owns of record or beneficially, directly or indirectly, more than 10 percent of any class of voting securities of the principal distributor of the mutual fund, disclose the number and percentage of securities of the class so owned.
- (5) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors, senior officers and trustees:
 - (a) of the mutual fund:
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent;
 - (ii) in the manager; or
 - (iii) in any person or company that provides services to the mutual fund or the manager; and
 - (b) of the manager:
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent;
 - (ii) in the manager; or
 - (iii) in any person or company that provides services to the mutual fund or the manager.

“11.2 Affiliated Entities

- (1) State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and show the relationships of those affiliated entities in the form of an appropriately labelled diagram.
- (2) State that disclosure of the amount of fees received from the mutual fund by each person or company described in subsection (1) is contained in the audited financial statements of the mutual fund.
- (3) Identify any individual who is a director or senior officer of the mutual fund or partner, director or officer of the manager and also of any affiliated entity of the manager described in response to subsection (1), and give particulars of the relationship.

INSTRUCTIONS:

- (1) *A person or company is an ‘affiliated entity’ of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company or if each of them is a controlled entity of the same person or company.*
- (2) *A person or company is a ‘controlled entity’ of a person or company if:*
 - (a) *in the case of a person or company:*
 - (i) *voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company; and*
 - (ii) *the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;*
 - (b) *in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or*
 - (c) *in the case of a limited partnership, the general partner is the second-mentioned person or company.*
- (3) *A person or company is a ‘subsidiary entity’ of another person or company if:*
 - (a) *it is a controlled entity of:*
 - (i) *that other;*
 - (ii) *that other and one or more persons or companies, each of which is a controlled entity of that other; or*
 - (iii) *two or more persons or companies, each of which is a controlled entity of that other; or*
 - (b) *it is a subsidiary entity of a person or company that is that other’s subsidiary entity.*
- (4) *For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.*

“11.3 Dealer Manager Disclosure

If the mutual fund is dealer managed, disclose this fact and that the mutual fund is subject to the restrictions set out in section 4.1 of National Instrument 81-102, and summarize section 4.1 of National Instrument 81-102.

“Item 12: Fund Governance

- (1) Provide detailed information concerning the governance of the mutual fund, including information concerning:
 - (a) the body or group that has responsibility for fund governance, the extent to which its members are independent of the manager of the mutual fund and the names and municipalities of residence of each member of that body or group; and
 - (b) descriptions of the policies, practices or guidelines of the mutual fund or the manager relating to business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager have no such policies, practices or guidelines, a statement to that effect.
- (2) If the mutual fund intends to use derivatives, describe the policies and practices of the mutual fund to manage the risks associated with the use of derivatives.
- (3) In the disclosure provided under subsection (2), include disclosure of:
 - (a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to derivatives trading;
 - (b) who is responsible for setting and reviewing the policies and procedures referred to in clause (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;
 - (c) whether there are trading limits or other controls on derivative trading in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;
 - (d) whether there are individuals or groups that monitor the risks independent of those who trade; and
 - (e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.
- (4) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions, describe the policies and practices of the mutual fund to manage the risks associated with those transactions.
- (5) In the disclosure provided under subsection (4), include disclosure of
 - (a) the involvement of an agent to administer the transactions on behalf of the mutual fund, and the details of the instructions provided by the mutual fund to the agent under the agreement between the mutual fund and the agent;

- (b) whether there are written policies and procedures in place that set out the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions, and the risk management procedures applicable to the mutual fund's entering into of those transactions;
- (c) who is responsible for setting and reviewing the agreement referred to in paragraph (a) and the policies and procedures referred to in paragraph (b), how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;
- (d) whether there are limits or other controls in place on the entering into of those transactions by the mutual fund and who is responsible for authorizing those limits or other controls on those transactions;
- (e) whether there are individuals or groups that monitor the risks independent of those who enter into those transactions on behalf of the mutual fund; and
- (f) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

INSTRUCTIONS:

The disclosure provided under this Item should make appropriate distinctions between the risks associated with the intended use by the mutual fund of derivatives for hedging purposes as against the mutual fund's intended use of derivatives for non-hedging purposes.

“Item 13: Fees and Expenses

“13.1 Management Fee Rebate or Distribution Programs

- (1) Disclose details of all arrangements that are in effect or will be in effect during the currency of the annual information form that will result, directly or indirectly, in one securityholder in the mutual fund paying as a percentage of the securityholder's investment in the mutual fund a management fee that differs from that payable by another securityholder.
- (2) In the disclosure required by subsection (1), describe:
 - (a) who pays the management fee;
 - (b) whether a reduced fee is paid at the relevant time or whether the full fee is paid at that time with a repayment of a portion of the management fee to follow at a later date;
 - (c) who funds the reduction or repayment of management fees, when the reduction or repayment is made and whether it is made in cash or in securities of the mutual fund;
 - (d) whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;
 - (e) if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;

(f) whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time; and

(g) any other factors that could affect the amount of the management fees payable.

(3) Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in one securityholder paying a management fee that differs from another.

“Item 14: Income Tax Considerations

(1) State in general terms the bases upon which the income and capital receipts of the mutual fund are taxed.

(2) State in general terms the income tax consequences to the holders of the securities offered of:

(a) any distribution to the holders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;

(b) the redemption of securities;

(c) the issue of securities; and

(d) any transfers between mutual funds.

“Item 15: Remuneration of Directors, Officers and Trustees

(1) If the management functions of the mutual fund are carried out by employees of the mutual fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(2) Describe any arrangements, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund and members of an independent board of governors or advisory board of the mutual fund:

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultants or experts.

(3) For a mutual fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund for the services of the trustee or trustees of the mutual fund.

“Item 16: Material Contracts

(1) List and provide particulars of:

(a) the declaration of trust or trust agreement of the mutual fund, if any;

(b) any agreement of the mutual fund or trustee with the manager of the mutual fund;

- (c) any agreement of the mutual fund, the manager or trustee with the portfolio adviser or portfolio advisers of the mutual fund;
 - (d) any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;
 - (e) any agreement of the mutual fund, the manager or trustee with the principal distributor of the mutual fund; and
 - (f) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the mutual fund.
- (2) State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing securityholders.
- (3) Include, in describing particulars of contracts, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the contracts.

INSTRUCTIONS:

This Item does not require disclosure of contracts entered into in the ordinary course of business of the mutual fund.

“Item 17: Legal and Administrative Proceedings

- (1) Describe briefly any ongoing legal and administrative proceedings material to the mutual fund, to which the mutual fund, its manager or principal distributor is a party.
- (2) For all matters disclosed under subsection (1), disclose:
- (a) the name of the court or agency having jurisdiction;
 - (b) the date on which the proceeding was instituted;
 - (c) the principal parties to the proceeding;
 - (d) the nature of the proceeding and, if applicable, the amount claimed; and
 - (e) whether the proceedings are being contested and the present status of the proceedings.
- (3) Provide similar disclosure about any proceedings known to be contemplated.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has:
- (a) in the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, or theft or fraud, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund; or

(b) in the 10 years before the date of the simplified prospectus but after the date that National Instrument 81-101 came into force, entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters referred to in clause (a).

(5) If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement.

“Item 18: Other Material Information

(1) Give particulars of any other material facts relating to the securities proposed to be offered that are not otherwise required to be disclosed by this Form or the SP Form.

(2) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.

(3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

The disclosure provided under subsection (2) may also be provided under Item 12 of Part A or Item 14 of Part B of the SP Form. If the disclosure is provided under one of these Items, it need not be provided under this Item.

“Item 19: Certificate of the Mutual Fund

(1) Include a certificate of the mutual fund that states:

‘This annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors’ report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation’.

(2) The certificate required to be signed by the mutual fund shall, if the mutual fund is established as a trust, be signed:

(a) if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual; or

(b) if any trustee of the mutual fund is a body corporate, by the duly authorized signing officer or officers of the body corporate.

(3) Notwithstanding subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.

(4) Notwithstanding subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate shall indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and shall be signed in the manner prescribed by Item 20.

“Item 20: Certificate of the Manager of the Mutual Fund

(1) Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.

(2) The certificate shall, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager other than the chief executive officer or chief financial officer, duly authorized to sign.

(3) Notwithstanding subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager shall be signed by the remaining director of the manager.

“Item 21: Certificate of Each Promoter of the Mutual Fund

(1) Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.

(2) The certificate to be signed by the promoter shall be signed by any officer or director of the promoter duly authorized to sign.

“Item 22: Certificate of the Principal Distributor of the Mutual Fund

(1) Include a certificate of the principal distributor of the mutual fund that states:

‘To the best of our knowledge, information and belief, this annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors’ report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation’.

(2) The certificate to be signed by the principal distributor shall be signed by any officer or director of the principal distributor duly authorized to sign.

INSTRUCTIONS:

For a mutual fund that has a principal distributor, the certificate required by this Item is necessary to satisfy the requirements of securities legislation that an underwriter sign a certificate to a prospectus.

“Item 23: Exemptions and Approvals

- (1) Describe all exemptions from, or approvals under, this Instrument, National Instrument 81-102, National Instrument 81-105 or National Policy Statement No. 39, obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.
- (2) Include the disclosure required by subsection (1) in the section of the annual information form that describes the matter to which the exemption pertains.

“Item 24: Back Cover

- (1) State on the back cover the name of the mutual fund or funds included in the annual information form or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.
- (2) State, in substantially the following words:
 - Additional information about the Fund[s] is available in the Fund[‘s/s’] financial statements.
 - You can get a copy of the Fund[‘s/s’] financial statements, including a statement of portfolio transactions, at no cost by calling [toll-free/collect] [insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
 - The financial statements and other information about the Fund[s], such as information circulars and material contracts, are also available on the [insert name of mutual fund manager] Internet site at [insert fund’s Internet site] or at www.sedar.com’.”.

“PART VI
“[*clause 2(f)*]

**“NATIONAL INSTRUMENT 81-102
“MUTUAL FUNDS**

“PART 1 DEFINITIONS AND APPLICATION**“1.1 Definitions**

In this Instrument:

‘acceptable clearing corporation’ means a clearing corporation that is an acceptable clearing corporation under the Joint Regulatory Financial Questionnaire and Report;

‘advertisement’ means a sales communication that is published or designed for use on or through a public medium;

'approved credit rating' means, for a security or instrument, a rating at or above one of the following rating categories issued by an approved credit rating organization for that security or instrument or a category that replaces one of the following rating categories if:

- (a) there has been no announcement by the approved credit rating organization of which the mutual fund or its manager is or ought to be aware that the rating of the security or instrument to which the approved credit rating was given may be down-graded to a rating category that would not be an approved credit rating; and
- (b) no approved credit rating organization has rated the security or instrument in a rating category that is not an approved credit rating:

Approved Credit Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
CBRS Inc.	A-1	A
Dominion Bond Rating Service Limited	R-1-L	A
Duff & Phelps Credit Rating Co.	D-1	A
Fitch IBCA, Inc.	A-1	A
Moody's Investors Service, Inc.	P-1	A2
Standard & Poor's Corporation	A-1	A
Thomson BankWatch, Inc.	TBW-2	A

'approved credit rating organization' means each of CBRS Inc., Dominion Bond Rating Service Limited, Duff & Phelps Credit Rating Co., Fitch IBCA, Inc., Moody's Investors Service, Inc., Standard & Poor's Corporation, and Thomson BankWatch, Inc. and any of their respective successors;

'asset allocation service' means an administrative service under which the investment of a person or company is allocated, in whole or in part, among mutual funds to which this Instrument applies and reallocated among those mutual funds and, if applicable, other assets according to an asset allocation strategy;

'book-based system' means a system for the central handling of securities or equivalent book-based entries under which all securities of a class or series deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery;

'cash cover' means any of the following portfolio assets of a mutual fund that are held by the mutual fund, have not been allocated for specific purposes and are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the mutual fund:

- (a) cash;
- (b) cash equivalents;
- (c) synthetic cash;
- (d) receivables of the mutual fund that arise from the disposition of portfolio assets, net of payables that arise from the acquisition of portfolio assets;
- (e) securities purchased by the mutual fund in a reverse repurchase transaction under section 2.14, to the extent of the cash paid for those securities by the mutual fund;
- (f) commercial paper that has a term to maturity of 365 days or less and an approved credit rating and that was issued by a person or company other than a government or permitted supranational agency;

'cash equivalent' means an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:

- (a) the government of Canada or the government of a jurisdiction;
- (b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating; or
- (c) a Canadian financial institution, or a financial institution that is not incorporated or organized under the laws of Canada or of a jurisdiction if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by an approved credit rating organization have an approved credit rating;

'clearing corporation' means an organization through which trades in options or standardized futures are cleared and settled;

'clearing corporation option' means an option, other than an option on futures, issued by a clearing corporation;

'conventional convertible security' means a security of an issuer that is, according to its terms, convertible into, or exchangeable for, other securities of the issuer, or of an affiliate of the issuer;

'conventional floating rate debt instrument' means an evidence of indebtedness of which the interest obligations are based upon a benchmark commonly used in commercial lending arrangements;

'conventional warrant or right' means a security of an issuer, other than a clearing corporation, that gives the holder the right to purchase securities of the issuer or of an affiliate of the issuer;

'currency cross hedge' means the substitution by a mutual fund of a risk to one currency for a risk to another currency, if neither currency is a currency in which the mutual fund determines its net asset value per security and the aggregate amount of currency risk to which the mutual fund is exposed is not increased by the substitution;

'custodian' means the institution appointed by a mutual fund to act as custodian of the portfolio assets of the mutual fund;

'dealer managed mutual fund' means a mutual fund the portfolio adviser of which is a dealer manager;

'dealer manager' means:

- (a) a specified dealer that acts as a portfolio adviser;
- (b) a portfolio adviser in which a specified dealer, or a partner, director, officer, salesperson or principal shareholder of a specified dealer, directly or indirectly owns of record or beneficially, or exercises control or direction over, securities carrying more than 10 percent of the total votes attaching to securities of the portfolio adviser; or
- (c) a partner, director or officer of a portfolio adviser referred to in clause (b);

'debt-like security' means a security purchased by a mutual fund, other than a conventional convertible security or a conventional floating rate debt instrument, that evidences an indebtedness of the issuer if:

- (a) either:
 - (i) the amount of principal, interest or principal and interest to be paid to the holder is linked in whole or in part by a formula to the appreciation or depreciation in the market price, value or level of one or more underlying interests on a predetermined date or dates; or
 - (ii) the security provides the holder with a right to convert or exchange the security into or for the underlying interest or to purchase the underlying interest; and
- (b) on the date of acquisition by the mutual fund, the percentage of the purchase price attributable to the component of the security that is not linked to an underlying interest is less than 80 percent of the purchase price paid by the mutual fund;

'delta' means the positive or negative number that is a measure of the change in market value of an option relative to changes in the value of the underlying interest of the option;

'equivalent debt' means, in relation to an option, swap, forward contract or debt-like security, an evidence of indebtedness of approximately the same term as, or a longer term than, the remaining term to maturity of the option, swap, contract or debt-like security and that ranks equally with, or subordinate to, the claim for payment that may arise under the option, swap, contract or debt-like security;

'forward contract' means an agreement, not entered into with, or traded on, a stock exchange or futures exchange or cleared by a clearing corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time in the future established by or determinable by reference to the agreement:

- (a) make or take delivery of the underlying interest of the agreement;
- (b) settle in cash instead of delivery;

'fundamental investment objectives' means the investment objectives of a mutual fund that define both the fundamental nature of the mutual fund and the fundamental investment features of the mutual fund that distinguish it from other mutual funds;

'futures exchange' means an association or organization operated to provide the facilities necessary for the trading of standardized futures;

'government security' means an evidence of indebtedness issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada, the government of a jurisdiction or the government of the United States of America;

'guaranteed mortgage' means a mortgage fully and unconditionally guaranteed, or insured, by the government of Canada, by the government of a jurisdiction or by an agency of any of those governments;

'hedging' means the entering into of a transaction, or a series of transactions, and the maintaining of the position or positions resulting from the transaction or series of transactions:

- (a) if:
 - (i) the intended effect of the transaction, or the intended cumulative effect of the series of transactions, is to offset or reduce a specific risk associated with all or a portion of an existing investment or position or group of investments or positions;
 - (ii) the transaction or series of transactions results in a high degree of negative correlation between changes in the value of the investment or position, or group of investments or positions, being hedged and changes in the value of the instrument or instruments with which the investment or position is hedged; and
 - (iii) there are reasonable grounds to believe that the transaction or series of transactions no more than offset the effect of price changes in the investment or position, or group of investments or positions, being hedged; or
- (b) if the transaction, or series of transactions, is a currency cross hedge;

'illiquid asset' means:

- (a) a portfolio asset that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the net asset value per security of the mutual fund; or
- (b) a restricted security held by a mutual fund, the resale of which is prohibited by a representation, undertaking or agreement by the mutual fund or by the predecessor in title of the mutual fund;

'index mutual fund' means a mutual fund that has adopted fundamental investment objectives that require the mutual fund to:

- (a) hold the securities that are included in a permitted index or permitted indices of the mutual fund in substantially the same proportion as those securities are reflected in that permitted index or those permitted indices, or
- (b) invest in a manner that causes the mutual fund to replicate the performance of that permitted index or those permitted indices;

'index participation unit' means a security traded on a stock exchange in Canada or the United States and issued by an issuer the only purpose of which is to:

- (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or
- (b) invest in a manner that causes the issuer to replicate the performance of that index;

'investor fees' means, in connection with the purchase, conversion, holding, transfer or redemption of securities of a mutual fund, all fees, charges and expenses that are or may become payable by a securityholder of the mutual fund to a member of the organization of the mutual fund other than a member of the organization acting solely as a participating dealer;

'Joint Regulatory Financial Questionnaire and Report' means the Joint Regulatory Financial Questionnaire and Report of various Canadian SROs on the date that this Instrument comes into force and every successor to the form that does not materially lessen the criteria for an entity to be recognized as an 'acceptable clearing corporation';

'long position' means a position held by a mutual fund that, for:

- (a) an option, entitles the mutual fund to elect to purchase, sell, receive or deliver the underlying interest or, instead, pay or receive cash;
- (b) a standardized future or forward contract, obliges the mutual fund to accept delivery of the underlying interest or, instead, pay or receive cash;

- (c) a call option on futures, entitles the mutual fund to elect to assume a long position in standardized futures;
- (d) a put option on futures, entitles the mutual fund to elect to assume a short position in standardized futures; and
- (e) a swap, obliges the mutual fund to accept delivery of the underlying interest or receive cash;

'management expense ratio' means the ratio, expressed as a percentage, of the expenses of a mutual fund to its average net asset value, calculated in accordance with Part 16;

'manager' means a person or company that directs the business, operations and affairs of a mutual fund;

'member of the organization' has the meaning ascribed to that term in National Instrument 81-105 Mutual Fund Sales Practices;

'money market fund' means a mutual fund that has and intends to continue to have:

- (a) all of its assets invested in any or all of:
 - (i) cash;
 - (ii) cash equivalents;
 - (iii) evidences of indebtedness, other than cash equivalents, that have remaining terms to maturity of 365 days or less; or
 - (iv) floating rate evidences of indebtedness not referred to in subclause (ii) or (iii), if the principal amounts of the obligations will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidences of indebtedness;
- (b) a portfolio with a dollar-weighted average term to maturity not exceeding 90 days, calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting;
- (c) not less than 95 percent of its assets invested in cash, cash equivalents or evidences of indebtedness denominated in a currency in which the net asset value per security of the mutual fund is calculated; and
- (d) not less than 95 percent of its assets invested in any or all of:
 - (i) cash;
 - (ii) cash equivalents; or
 - (iii) evidences of indebtedness of issuers the commercial paper of which has an approved credit rating;

'mortgage' includes a hypothec or security that creates a charge on real property in order to secure a debt;

'mutual fund conflict of interest investment restrictions' means the provisions of securities legislation that:

- (a) prohibit a mutual fund from knowingly making or holding an investment in an issuer in which the mutual fund, alone or together with one or more mutual funds under common management, is a substantial securityholder as defined by securities legislation; or
- (b) prohibit the portfolio adviser of the mutual fund, the mutual fund or a responsible person, as defined in securities legislation, from selling portfolio assets of the mutual fund to, or purchasing portfolio assets from, another mutual fund under common management;

'mutual fund conflict of interest reporting requirements' means the provisions of securities legislation that require the filing of a report with the securities regulatory authority in prescribed form that discloses every transaction of purchase or sale of portfolio assets between the mutual fund and specified related persons or companies;

'non-resident sub-adviser' means a person or company providing portfolio management advice:

- (a) whose principal place of business is outside of Canada;
- (b) that advises a portfolio adviser to a mutual fund; and
- (c) that is not registered under securities legislation in the jurisdiction in which the portfolio adviser that it advises is located;

'option' means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement at or by a time established by the agreement:

- (a) receive an amount of cash determinable by reference to a specified quantity of the underlying interest of the option;
- (b) purchase a specified quantity of the underlying interest of the option;
- (c) sell a specified quantity of the underlying interest of the option;

'option on futures' means an option the underlying interest of which is a standardized future;

'order receipt office' means, for a mutual fund:

- (a) the principal office of the mutual fund;
- (b) the principal office of the principal distributor of the mutual fund; or
- (c) a location to which a purchase order or redemption order for securities of the mutual fund is required or permitted by the mutual fund to be delivered by participating dealers or the principal distributor of the mutual fund;

'participating dealer' means a dealer other than the principal distributor that distributes securities of a mutual fund;

'participating fund' means a mutual fund in which an asset allocation service permits investment;

'performance data' means a rating, ranking, quotation, discussion or analysis regarding an aspect of the investment performance of a mutual fund, an asset allocation service, a security, an index or a benchmark;

'permitted gold certificate' means a certificate representing gold if the gold is:

- (a) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;
- (b) of a minimum fineness of 995 parts per 1,000;
- (c) held in Canada;
- (d) in the form of either bars or wafers; and
- (e) if not purchased from a bank listed in Schedule I or II of the *Bank Act* (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a jurisdiction;

'permitted index' means, in relation to a mutual fund, a market index that is

- (a) both
 - (i) administered by an organization that is not affiliated with any of the mutual fund, its manager, its portfolio adviser or its principal distributor, and
 - (ii) available to persons or companies other than the mutual fund, or
- (b) widely recognized and used;

'permitted supranational agency' means the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, and any person or company prescribed under clause (g) of the definition of 'foreign property' in subsection 206(1) of the ITA;

'physical commodity' means, in an original or processed state, an agricultural product, forest product, product of the sea, mineral, metal, hydrocarbon fuel product, precious stone or other gem;

'portfolio adviser' means a person or company that provides investment advice or portfolio management services under a contract with the mutual fund or with the manager of the mutual fund;

'portfolio asset' means an asset of a mutual fund;

'pricing date' means, for the sale of a security of a mutual fund, the date on which the net asset value per security of the mutual fund is calculated for the purpose of determining the price at which that security is to be issued;

'principal distributor' means a person or company through whom securities of a mutual fund are distributed under an arrangement with the mutual fund or its manager that provides:

- (a) an exclusive right to distribute the securities of the mutual fund in a particular area; or
- (b) a feature that gives or is intended to give the person or company a material competitive advantage over others in the distribution of the securities of the mutual fund;

'public quotation' includes, for the purposes of calculating the amount of illiquid assets held by a mutual fund, any quotation of a price for a fixed income security made through the inter-dealer bond market;

'purchase' means, in connection with an acquisition of a portfolio asset by a mutual fund, an acquisition that is the result of a decision made and action taken by the mutual fund;

'qualified security' means:

- (a) an evidence of indebtedness that is issued, or fully and unconditionally guaranteed as to principal and interest, by
 - (i) the government of Canada or the government of a jurisdiction,
 - (ii) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state, or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating, or
 - (iii) a Canadian financial institution or a financial institution that is not incorporated or organized under the laws of Canada or of a jurisdiction if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by an approved credit rating organization have an approved credit rating, or
- (b) commercial paper that has a term to maturity of 365 days or less and an approved credit rating and that was issued by a person or company other than a government or permitted supranational agency;

'report to securityholders' means a report that includes annual or semi-annual financial statements and that is delivered to securityholders of a mutual fund;

'restricted security' means a security, other than a specified derivative, the resale of which is restricted or limited by a representation, undertaking or agreement by the mutual fund or by the mutual fund's predecessor in title, or by law;

'sales communication' means a communication relating to, and by, a mutual fund or asset allocation service, its promoter, manager, portfolio adviser, principal distributor, a participating dealer or a person or company providing services to any of them, that:

- (a) is made:
 - (i) to a securityholder of the mutual fund or participant in the asset allocation service; or
 - (ii) to a person or company that is not a securityholder of the mutual fund or participant in the asset allocation service, to induce the purchase of securities of the mutual fund or the use of the asset allocation service; and
- (b) is not contained in any of the following documents of the mutual fund:
 - (i) a simplified prospectus or preliminary or *pro forma* simplified prospectus;
 - (ii) an annual information form or preliminary or *pro forma* annual information form;
 - (iii) financial statements, including the notes to the financial statements and the auditor's report on the financial statements;
 - (iv) a trade confirmation;
 - (v) a statement of account;

'short position' means a position held by a mutual fund that, for:

- (a) an option, obliges the mutual fund, at the election of another, to purchase, sell, receive or deliver the underlying interest, or, instead, pay or receive cash;
- (b) a standardized future or forward contract, obliges the mutual fund, at the election of another, to deliver the underlying interest or, instead, pay or receive cash;
- (c) a call option on futures, obliges the mutual fund, at the election of another, to assume a short position in standardized futures; and
- (d) a put option on futures, obliges the mutual fund, at the election of another, to assume a long position in standardized futures;

'significant change' means:

- (a) a change in the business, operations or affairs of a mutual fund that would be considered important:
 - (i) by a reasonable investor in determining whether to purchase securities of the mutual fund; or

- (ii) by a reasonable securityholder of the mutual fund in determining whether to continue to hold securities of the mutual fund; or
- (b) a decision to implement a change referred to in clause (a) made:
 - (i) by senior management of the mutual fund who believe that confirmation of the decision by the board of directors of the mutual fund is probable; or
 - (ii) by senior management of the manager of the mutual fund who believe that confirmation of the decision by the board of directors of the manager of the mutual fund is probable;

‘special warrant’ means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of the special warrant or the other security to undertake efforts to file a prospectus to qualify the distribution of the other security;

‘specified asset-backed security’ means a security that:

- (a) is primarily serviced by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite time, and any rights or assets designed to assure the servicing or timely distribution of proceeds to securityholders; and
- (b) by its terms entitles an investor in that security to a return of the investment of that investor at or by a time established by or determinable by reference to an agreement, except as a result of losses incurred on, or the non-performance of, the financial assets;

‘specified dealer’ means a dealer other than a dealer whose activities as a dealer are restricted by the terms of its registration to one or both of:

- (a) acting solely in respect of mutual fund securities; or
- (b) acting solely in respect of transactions in which a person or company registered in the category of limited market dealer in a jurisdiction is permitted to engage;

‘specified derivative’ means an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to or based on an underlying interest, other than:

- (a) a conventional convertible security;
- (b) a specified asset-backed security;
- (c) an index participation unit;
- (d) a government or corporate strip bond;

- (e) a capital, equity dividend or income share of a subdivided equity or fixed income security;
- (f) a conventional warrant or right; or
- (g) a special warrant;

'standardized future' means an agreement traded on a futures exchange pursuant to standardized conditions contained in the by-laws, rules or regulations of the futures exchange, and cleared by a clearing corporation, to do one or more of the following at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

- (a) make or take delivery of the underlying interest of the agreement;
- (b) settle the obligation in cash instead of delivery of the underlying interest;

'sub-custodian' means, for a mutual fund, an entity that has been appointed to hold portfolio assets of the mutual fund in accordance with section 6.1 by either the custodian or a sub-custodian of the mutual fund;

'swap' means an agreement that provides for:

- (a) an exchange of principal amounts;
- (b) the obligation to make, and the right to receive, cash payments based upon the value, level or price, or on relative changes or movements of the value, level or price, of one or more underlying interests, which payments may be netted against each other; or
- (c) the right or obligation to make, and the right or obligation to receive, physical delivery of an underlying interest instead of the cash payments referred to in clause (b);

'synthetic cash' means a position that in aggregate provides the holder with the economic equivalent of the return on a banker's acceptance accepted by a bank listed in Schedule I of the *Bank Act* (Canada) and that consists of:

- (a) a long position in a portfolio of shares and a short position in a standardized future of which the underlying interest consists of a stock index, if:
 - (i) there is a high degree of positive correlation between changes in the value of the portfolio of shares and changes in the value of the stock index; and
 - (ii) the ratio between the value of the portfolio of shares and the standardized future is such that, for any change in the value of one, a change of similar magnitude occurs in the value of the other; or

(b) a long position in the evidences of indebtedness issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada or the government of a jurisdiction and a short position in a standardized future of which the underlying interest consists of evidences of indebtedness of the same issuer and same term to maturity, if:

(i) there is a high degree of positive correlation between changes in the value of the portfolio of evidences of indebtedness and changes in the value of the standardized future; and

(ii) the ratio between the value of the evidences of indebtedness and the standardized future is such that, for any change in the value of one, a change of similar magnitude occurs in the value of the other;

‘timely disclosure requirements’ means the requirements in securities legislation for a reporting issuer to file a press release and a report when a material change occurs in the affairs of the reporting issuer;

‘underlying interest’ means, for a specified derivative, the security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, agreement, benchmark or any other reference, interest or variable, and, if applicable, the relationship between any of the foregoing, from, to or on which the market price, value or payment obligation of the specified derivative is derived, referenced or based; and

‘underlying market exposure’ means, for a position of a mutual fund in:

(a) an option, the quantity of the underlying interest of the option position multiplied by the market value of one unit of the underlying interest, multiplied, in turn, by the delta of the option;

(b) a standardized future or forward contract, the quantity of the underlying interest of the position multiplied by the current market value of one unit of the underlying interest; or

(c) a swap, the underlying market exposure, as calculated under clause (b), for the long position of the mutual fund in the swap.

“1.2 Application

This Instrument applies only to:

(a) a mutual fund that offers or has offered securities under a simplified prospectus for so long as the mutual fund remains a reporting issuer; and

(b) a person or company in respect of activities pertaining to a mutual fund referred to in clause (a) or pertaining to the filing of a simplified prospectus to which subsection 3.1(1) applies.

“1.3 Interpretation

(1) Each section, part, class or series of a class of securities of a mutual fund that is referable to a separate portfolio of assets is considered to be a separate mutual fund for purposes of this Instrument.

(2) A mutual fund that renews or extends a securities lending, repurchase or reverse repurchase transaction is entering into a securities lending, repurchase or reverse repurchase agreement for the purposes of section 2.12, 2.13 or 2.14.

(3) In this Instrument, a reference to a 'simplified prospectus' includes a prospectus, a reference to a 'preliminary simplified prospectus' includes a preliminary prospectus and a reference to a "*pro forma* simplified prospectus" includes a *pro forma* prospectus.

"PART 2 INVESTMENTS

"2.1 Concentration Restriction

(1) A mutual fund shall not purchase a security of an issuer, enter into a specified derivatives transaction or purchase index participation units if, immediately after the transaction, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of any issuer.

(2) Subsection (1) does not apply to a purchase of a government security or a security issued by a clearing corporation.

(3) In determining a mutual fund's compliance with the restrictions contained in this section, the mutual fund shall, for each long position in a specified derivative that is held by the mutual fund for purposes other than hedging and for each index participation unit held by the mutual fund, consider that it holds directly the underlying interest of that specified derivative or its proportionate share of the securities held by the issuer of the index participation unit.

(4) Notwithstanding subsection (3), the mutual fund shall not include in the determination referred to in subsection (3) a security or instrument that is a component of, but that represents less than 10 percent of:

(a) a stock or bond index that is the underlying interest of a specified derivative; or

(b) the securities held by the issuer of an index participation unit.

(5) Despite subsection (1), an index mutual fund, the name of which includes the word 'index', may purchase a security, enter into a specified derivatives transaction or purchase index participation units if required to allow the index mutual fund to satisfy its fundamental investment objectives.

(6) An index mutual fund shall not rely on the relief provided by subsection (5) unless

(a) its simplified prospectus contains the disclosure referred to in subsection (5) of Item 6 and subsection (5) of Item 9 of Part B of Form 81-101F1 Contents of Simplified Prospectus; and

(b) the index mutual fund has provided to its securityholders written notice given not less than 60 days before it first relies on the relief provided by subsection (5), that discloses that it may, from time to time, rely on that relief and that contains the disclosure referred to in paragraph (a).

(7) Paragraph (6)(b) does not apply if each simplified prospectus of the index mutual fund since its inception contains the disclosure referred to in paragraph (6)(a).

“2.2 Control Restrictions

- (1) A mutual fund shall not:
 - (a) purchase a security of an issuer if, immediately after the purchase, the mutual fund would hold securities representing more than 10 percent of:
 - (i) the votes attaching to the outstanding voting securities of that issuer; or
 - (ii) the outstanding equity securities of that issuer; or
 - (b) purchase a security for the purpose of exercising control over or management of the issuer of the security.
- (2) If a mutual fund acquires a security of an issuer other than as the result of a purchase, and the acquisition results in the mutual fund exceeding the limits described in clause (1)(a), the mutual fund shall as quickly as is commercially reasonable, and in any event no later than 90 days after the acquisition, reduce its holdings of those securities so that it does not hold securities exceeding those limits.
- (3) In determining its compliance with the restrictions contained in this section, a mutual fund shall:
 - (a) assume the conversion of special warrants held by it; and
 - (b) consider that it holds directly the underlying securities represented by any American depository receipts held by it.

“2.3 Restrictions Concerning Types of Investments

- A mutual fund shall not:
- (a) purchase real property;
 - (b) purchase a mortgage, other than a guaranteed mortgage;
 - (c) purchase a guaranteed mortgage if, immediately after the purchase, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the purchase, would consist of guaranteed mortgages;
 - (d) purchase a gold certificate, other than a permitted gold certificate;
 - (e) purchase gold or a permitted gold certificate if, immediately after the purchase, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the purchase, would consist of gold and permitted gold certificates;
 - (f) except to the extent permitted by clauses (d) and (e), purchase a physical commodity;
 - (g) purchase, sell or use a specified derivative other than in compliance with sections 2.7 to 2.11;

- (h) purchase, sell or use a specified derivative the underlying interest of which is:
 - (i) a physical commodity other than gold; or
 - (ii) a specified derivative of which the underlying interest is a physical commodity other than gold; or
- (i) purchase an interest in a loan syndication or loan participation if the purchase would require the mutual fund to assume any responsibilities in administering the loan in relation to the borrower.

“2.4 Restrictions Concerning Illiquid Assets

- (1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets.
- (2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15 percent of its net assets, taken at market value, in illiquid assets.
- (3) If more than 15 percent of the net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its net assets made up of illiquid assets to 15 percent or less.

“2.5 Investments in Other Mutual Funds

- (1) A mutual fund shall not purchase a security of another mutual fund unless:
 - (a) immediately after the purchase, not more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the purchase, would be invested in securities of other mutual funds;
 - (b) there is no duplication of management fees, incentive fees and sales charges between the mutual funds and this is described in the simplified prospectus of the mutual fund; and
 - (c) either:
 - (i) the other mutual fund is qualified for distribution under a simplified prospectus in the jurisdictions in which the securities of the mutual fund are qualified for distribution under a simplified prospectus; or
 - (ii) the other mutual fund was established with the approval of the government of a foreign jurisdiction, the only means by which the mutual fund may invest in the securities of issuers of that foreign jurisdiction is through a mutual fund so established, and there is disclosure in the simplified prospectus of the mutual fund of the risk factors that may be associated with the investment in that foreign jurisdiction.
- (2) Subsection (1) does not apply to the purchase of:
 - (a) an index participation unit that is a security of a mutual fund; or
 - (b) a mutual fund that is listed and posted for trading on a Canadian stock exchange.

“2.6 Investment Practices

A mutual fund shall not:

- (a) borrow cash or provide a security interest over any of its portfolio assets unless:
 - (i) the transaction is a temporary measure to accommodate requests for the redemption of securities of the mutual fund while the mutual fund effects an orderly liquidation of portfolio assets, or to permit the mutual fund to settle portfolio transactions and, after giving effect to all transactions undertaken under this subclause, the outstanding amount of all borrowings of the mutual fund does not exceed five percent of the net assets of the mutual fund taken at market value at the time of the borrowing;
 - (ii) the security interest is required to enable the mutual fund to effect a specified derivative transaction under this Instrument, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under that particular specified derivatives transaction; or
 - (iii) the security interest secures a claim for the fees and expenses of the custodian or a sub-custodian of the mutual fund for services rendered in that capacity as permitted by subsection 6.4(3);
- (b) purchase securities on margin, unless permitted by section 2.7 or 2.8;
- (c) sell securities short, unless permitted by section 2.7 or 2.8;
- (d) purchase a security, other than a specified derivative, that by its terms may require the mutual fund to make a contribution in addition to the payment of the purchase price;
- (e) engage in the business of underwriting, or marketing to the public, securities of any other issuer;
- (f) lend cash or portfolio assets other than cash;
- (g) guarantee securities or obligations of a person or company; or
- (h) purchase securities other than through market facilities through which these securities are normally bought and sold unless the purchase price approximates the prevailing market price or the parties are at arm's length in connection with the transaction.

“2.7 Transactions in Specified Derivatives for Hedging and Non-hedging Purposes

- (1) A mutual fund shall not purchase an option that is not a clearing corporation option or a debt-like security or enter into a swap or a forward contract unless
 - (a) in the case of an option, swap or forward contract, the option, swap or contract has a remaining term to maturity of
 - (i) three years or less; or

(ii) between three and five years if, at the time of the transaction, the option, swap or contract provides the mutual fund with a right, at its election, to eliminate its exposure under the option, swap or contract no later than three years after the mutual fund has purchased the option or entered into the swap or contract; and

(b) at the time of the transaction, the option, debt-like security, swap or contract, or equivalent debt of the counter party, or of a person or company that has fully and unconditionally guaranteed the obligations of the counter party in respect of the option, debt-like security, swap or contract, has an approved credit rating.

(2) If the credit rating of an option that is not a clearing corporation option, the credit rating of a debt-like security, swap or forward contract, or the credit rating of the equivalent debt of the writer or guarantor of the option, debt-like security, swap or contract, falls below the level of approved credit rating while the option, debt-like security, swap or contract is held by a mutual fund, the mutual fund shall take the steps that are reasonably required to close out its position in the option, debt-like security, swap or contract in an orderly and timely fashion.

(3) Notwithstanding any other provisions contained in this Part, a mutual fund may enter into a trade to close out all or part of a position in a specified derivative, in which case the cash cover held to cover the underlying market exposure of the part of the position that is closed out may be released.

(4) The mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counter party other than an acceptable clearing corporation or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A, calculated in accordance with subsection (5), shall not exceed, for a period of 30 days or more, 10 percent of the net assets of the mutual fund.

(5) The mark-to-market value of specified derivatives positions of a mutual fund with any one counter party shall be, for the purposes of subsection (4):

(a) if the mutual fund has an agreement with the counter party that provides for netting or the right of set-off, the net mark-to-market value of the specified derivatives positions of the mutual fund; and

(b) in all other cases, the aggregated mark-to-market value of the specified derivative positions of the mutual fund.

“2.8 Transactions in Specified Derivatives for Purposes Other than Hedging

(1) A mutual fund shall not:

(a) purchase a debt-like security that has an options component or an option, unless, immediately after the purchase, not more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the purchase, would consist of those instruments held for purposes other than hedging;

(b) write a call option, or have outstanding a written call option, that is not an option on futures unless, as long as the position remains open, the mutual fund holds:

(i) an equivalent quantity of the underlying interest of the option;

-
- (ii) a right or obligation, exercisable at any time that the option is exercisable, to acquire an equivalent quantity of the underlying interest of the option, and cash cover that, together with margin on account for the position, is not less than the amount, if any, by which the strike price of the right or obligation to acquire the underlying interest exceeds the strike price of the option; or
 - (iii) a combination of the positions referred to in subclauses (i) and (ii) that is sufficient, without recourse to other assets of the mutual fund, to enable the mutual fund to satisfy its obligations to deliver the underlying interest of the option;
- (c) write a put option, or have outstanding a written put option, that is not an option on futures, unless, as long as the position remains open, the mutual fund holds:
- (i) a right or obligation, exercisable at any time that the option is exercisable, to sell an equivalent quantity of the underlying interest of the option, and cash cover in an amount that, together with margin on account for the position, is not less than the amount, if any, by which the strike price of the option exceeds the strike price of the right or obligation to sell the underlying interest;
 - (ii) cash cover that, together with margin on account for the option position, is not less than the strike price of the option; or
 - (iii) a combination of the positions referred to in subclauses (i) and (ii) that is sufficient, without recourse to other assets of the mutual fund, to enable the mutual fund to acquire the underlying interest of the option;
- (d) open or maintain a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract, unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative;
- (e) open or maintain a short position in a standardized future or forward contract, unless the mutual fund holds:
- (i) an equivalent quantity of the underlying interest of the future or contract;
 - (ii) a right or obligation to acquire an equivalent quantity of the underlying interest of the future or contract and cash cover that together with margin on account for the position is not less than the amount, if any, by which the strike price of the right or obligation to acquire the underlying interest exceeds the forward price of the contract; or

- (iii) a combination of the positions referred to in subclauses (i) and (ii) that is sufficient, without recourse to other assets of the mutual fund, to enable the mutual fund to deliver the underlying interest of the future or contract; or
- (f) enter into, or maintain, a swap position unless:
 - (i) for periods when the mutual fund would be entitled to receive payments under the swap, the mutual fund holds cash cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap; and
 - (ii) for periods when the mutual fund would be required to make payments under the swap, the mutual fund holds:
 - (A) an equivalent quantity of the underlying interest of the swap;
 - (B) a right or obligation to acquire an equivalent quantity of the underlying interest of the swap and cash cover that, together with margin on account for the position, is not less than the aggregate amount of the obligations of the mutual fund under the swap; or
 - (C) a combination of the positions referred to in paragraphs (A) and (B) that is sufficient, without recourse to other assets of the mutual fund, to enable the mutual fund to satisfy its obligations under the swap.

(2) A mutual fund shall treat any synthetic cash position on any date as providing the cash cover equal to the notional principal value of a banker's acceptance then being accepted by a bank listed in Schedule I of the *Bank Act* (Canada) that would produce the same annualized return as the synthetic cash position is then producing.

“2.9 Transactions in Specified Derivatives for Hedging Purposes

Sections 2.1, 2.2, 2.4 and 2.8 do not apply to the use of specified derivatives by a mutual fund for hedging purposes.

“2.10 Adviser Requirements

- (1) If a portfolio adviser of a mutual fund receives advice from a non-resident sub-adviser concerning the use of options or standardized futures by the mutual fund, the mutual fund shall not invest in or use options or standardized futures unless:
 - (a) the obligations and duties of the non-resident sub-adviser are set out in a written agreement with the portfolio adviser; and
 - (b) the portfolio adviser contractually agrees with the mutual fund to be responsible for any loss that arises out of the failure of the non-resident sub-adviser:
 - (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund; and

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

(2) A mutual fund shall not relieve a portfolio adviser of the mutual fund from liability for loss for which the portfolio adviser has assumed responsibility under clause (1)(b) that arises out of the failure of the relevant non-resident sub-adviser:

(a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund; or

(b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

(3) Notwithstanding subsection 4.4(3), a mutual fund may indemnify a portfolio adviser against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that person or company in connection with services provided by a non-resident sub-adviser for which the portfolio adviser has assumed responsibility under clause (1)(b), only if:

(a) those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1) or (2); and

(b) the mutual fund has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgments and amounts paid in settlement was in the best interests of the mutual fund.

(4) A mutual fund shall not incur the cost of any portion of liability insurance that insures a person or company for a liability except to the extent that the person or company may be indemnified for that liability under this section.

“2.11 Commencement of Use of Specified Derivatives by a Mutual Fund

(1) A mutual fund that has not used specified derivatives shall not begin using specified derivatives unless:

(a) its simplified prospectus contains the disclosure required for mutual funds using derivatives; and

(b) the mutual fund has provided to its securityholders, not less than 60 days before it begins using specified derivatives, written notice that discloses its intent to begin using specified derivatives and the disclosure required for mutual funds using derivatives.

(2) A mutual fund is not required to provide the notice referred to in clause (1)(b) if each simplified prospectus of the mutual fund since the later of January 1, 1994 and its inception contains the disclosure required for mutual funds using specified derivatives.

“2.12 Securities Loans

(1) Despite any other provision of this Instrument, a mutual fund may enter into a securities lending transaction as lender if the following conditions are satisfied for the transaction:

1. The transaction is administered and supervised in the manner required by sections 2.15 and 2.16.

2. The transaction is made under a written agreement that implements the requirements of this section.
3. Securities are loaned by the mutual fund in exchange for collateral.
4. The securities transferred, either by the mutual fund or to the mutual fund as collateral, as part of the transaction are immediately available for good delivery under applicable legislation.
5. The collateral to be delivered to the mutual fund at the beginning of the transaction:
 - (a) is received by the mutual fund either before or at the same time as it delivers the loaned securities; and
 - (b) has a market value equal to at least 102 percent of the market value of the loaned securities.
6. The collateral to be delivered to the mutual fund is one or more of:
 - (a) cash;
 - (b) qualified securities;
 - (c) securities that are immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and the same term, if applicable, as the securities that are being loaned by the mutual fund, and in at least the same number as those loaned by the mutual fund; or
 - (d) irrevocable letters of credit issued by a Canadian financial institution that is not the counter party, or an affiliate of the counter party, of the mutual fund in the transaction, if evidences of indebtedness of the Canadian financial institution that are rated as short term debt by an approved credit rating organization have an approved credit rating.
7. The collateral and loaned securities are marked to market on each business day, and the amount of collateral in the possession of the mutual fund is adjusted on each business day to ensure that the market value of collateral maintained by the mutual fund in connection with the transaction is at least 102 percent of the market value of the loaned securities.
8. If an event of default by a borrower occurs, the mutual fund, in addition to any other remedy available under the agreement or applicable law, has the right under the agreement to retain and dispose of the collateral to the extent necessary to satisfy its claims under the agreement.
9. The borrower is required to pay promptly to the mutual fund amounts equal to and as compensation for all dividends and interest paid, and all distributions made, on the loaned securities during the term of the transaction.
10. The transaction is a 'securities lending arrangement' under section 260 of the ITA.

11. The mutual fund is entitled to terminate the transaction at any time and recall the loaned securities within the normal and customary settlement period for securities lending transactions in the market in which the securities are lent.

12. Immediately after the mutual fund enters into the transaction, the aggregate market value of all securities loaned by the mutual fund in securities lending transactions and not yet returned to it or sold by the mutual fund in repurchase transactions under section 2.13 and not yet repurchased does not exceed 50 percent of the total assets of the mutual fund, and for such purposes collateral held by the mutual fund for the loaned securities and cash held by the mutual fund for the sold securities shall not be included in total assets.

(2) A mutual fund may hold all cash delivered to it as the collateral in a securities lending transaction or may use the cash to purchase

(a) qualified securities having a remaining term to maturity no longer than 90 days;

(b) securities under a reverse repurchase agreement permitted by section 2.14; or

(c) a combination of the securities referred to in paragraphs (a) and (b).

(3) A mutual fund, during the term of a securities lending transaction, shall hold all, and shall not invest or dispose of any, non-cash collateral delivered to it as collateral in the transaction.

“2.13 Repurchase Transactions

(1) Despite any other provision of this Instrument, a mutual fund may enter into a repurchase transaction if the following conditions are satisfied for the transaction:

1. The transaction is administered and supervised in the manner required by sections 2.15 and 2.16.

2. The transaction is made under a written agreement that implements the requirements of this section.

3. Securities are sold for cash by the mutual fund, with the mutual fund assuming an obligation to repurchase the securities for cash.

4. The securities transferred by the mutual fund as part of the transaction are immediately available for good delivery under applicable legislation.

5. The cash to be delivered to the mutual fund at the beginning of the transaction

(a) is received by the mutual fund either before or at the same time as it delivers the sold securities; and

(b) is in an amount equal to at least 102 percent of the market value of the sold securities.

6. The sold securities are marked to market on each business day, and the amount of sale proceeds in the possession of the mutual fund is adjusted on each business day to ensure that the amount of cash maintained by the mutual fund in connection with the transaction is at least 102 percent of the market value of the sold securities.
 7. If an event of default by a purchaser occurs, the mutual fund, in addition to any other remedy available under the agreement or applicable law, has the right under the agreement to retain or dispose of the sale proceeds delivered to it by the purchaser to the extent necessary to satisfy its claims under the agreement.
 8. The purchaser of the securities is required to pay promptly to the mutual fund amounts equal to and as compensation for all dividends and interest paid, and all distributions made, on the sold securities during the term of the transaction.
 9. The transaction is a 'securities lending arrangement' under section 260 of the ITA.
 10. The term of the repurchase agreement, before any extension or renewal that requires the consent of both the mutual fund and the purchaser, is not more than 30 days.
 11. Immediately after the mutual fund enters into the transaction, the aggregate market value of all securities loaned by the mutual fund in securities lending transactions under section 2.12 and not yet returned to it or sold by the mutual fund in repurchase transactions and not yet repurchased does not exceed 50 percent of the total assets of the mutual fund, and for such purposes collateral held by the mutual fund for the loaned securities and the cash held by the mutual fund for the sold securities shall not be included in total assets.
- (2) A mutual fund may hold cash delivered to it as consideration for sold securities in a repurchase transaction or may use the cash to purchase
- (a) qualified securities having a remaining term to maturity no longer than 30 days;
 - (b) securities under a reverse repurchase agreement permitted by section 2.14; or
 - (c) a combination of the securities referred to in paragraphs (a) and (b).

“2.14 Reverse Repurchase Transactions

- (1) Despite any other provision of this Instrument, a mutual fund may enter into a reverse repurchase transaction if the following conditions are satisfied for the transaction:
1. The transaction is administered and supervised in the manner required by sections 2.15 and 2.16.
 2. The transaction is made under a written agreement that implements the requirements of this section.
 3. Qualified securities are purchased for cash by the mutual fund, with the mutual fund assuming the obligation to resell them for cash.

4. The securities transferred as part of the transaction are immediately available for good delivery under applicable legislation.
5. The securities to be delivered to the mutual fund at the beginning of the transaction
 - (a) are received by the mutual fund either before or at the same time as it delivers the cash used by it to purchase those securities; and
 - (b) have a market value equal to at least 102 percent of the cash paid for the securities by the mutual fund.
6. The purchased securities are marked to market on each business day, and either the amount of cash paid for the purchased securities or the amount of purchased securities in the possession of the seller or the mutual fund is adjusted on each business day to ensure that the market value of purchased securities held by the mutual fund in connection with the transaction is not less than 102 percent of the cash paid by the mutual fund.
7. If an event of default by a seller occurs, the mutual fund, in addition to any other remedy available in the agreement or applicable law, has the right under the agreement to retain or dispose of the purchased securities delivered to it by the seller to the extent necessary to satisfy its claims under the agreement.
8. The transaction is a 'securities lending arrangement' under section 260 of the ITA.
9. The term of the reverse repurchase agreement, before any extension or renewal that requires the consent of both the seller and the mutual fund, is not more than 30 days.

“2.15 Agent for Securities Lending, Repurchase and Reverse Repurchase Transactions

- (1) The manager of a mutual fund shall appoint an agent or agents to act on behalf of the mutual fund in administering the securities lending and repurchase transactions entered into by the mutual fund.
- (2) The manager of a mutual fund may appoint an agent or agents to act on behalf of the mutual fund to administer the reverse repurchase transactions entered into by the mutual fund.
- (3) The custodian or a sub-custodian of the mutual fund shall be the agent appointed under subsection (1) or (2).
- (4) The manager of a mutual fund shall not authorize an agent to enter into a securities lending, repurchase or, if applicable, reverse repurchase transactions on behalf of the mutual fund until the agent enters into a written agreement with the manager and the mutual fund in which:
 - (a) the mutual fund and the manager provide instructions to the agent on the parameters to be followed in entering into the type of transactions to which the agreement pertains;

(b) the agent agrees to comply with this Instrument, accepts the standard of care referred to in subsection (5) and agrees to ensure that all transactions entered into by it on behalf of the mutual fund will comply with this Instrument; and

(c) the agent agrees to provide to the mutual fund and the manager regular, comprehensive and timely reports summarizing the mutual fund's securities lending, repurchase and reverse repurchase transactions, as applicable.

(5) An agent appointed under this section, in administering the securities lending, repurchase and, if applicable, reverse repurchase transactions of the mutual fund shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

“2.16 Controls and Records

(1) A mutual fund shall not enter into transactions under sections 2.12, 2.13 or 2.14 unless:

(a) for transactions to be entered into through an agent appointed under section 2.15, the manager has reasonable grounds to believe that the agent has established and maintains appropriate internal controls and procedures and records; and

(b) for reverse repurchase transactions directly entered into by the mutual fund without an agent, the manager has established and maintains appropriate internal controls, procedures and records.

(2) The internal controls, procedures and records referred to in subsection (1) shall include:

(a) a list of approved borrowers, purchasers and sellers based on generally accepted creditworthiness standards;

(b) as applicable, transaction and credit limits for each counter party; and

(c) collateral diversification standards.

(3) The manager of a mutual fund shall, on a periodic basis not less frequently than annually:

(a) review the agreements with any agent appointed under section 2.15 to determine if the agreements are in compliance with this Instrument;

(b) review the internal controls described in subsection (2) to ensure their continued adequacy and appropriateness;

(c) make reasonable enquiries as to whether the agent is administering the securities lending, repurchase or reverse repurchase transactions of the mutual fund in a competent and responsible manner, in conformity with the requirements of this Instrument and in conformity with the agreement between the agent, the manager and the mutual fund entered into under subsection 2.15(4);

- (d) review the terms of any agreement between the mutual fund and an agent entered into under subsection 2.15(4) in order to determine if the instructions provided to the agent in connection with the securities lending, repurchase or reverse repurchase transactions of the mutual fund continue to be appropriate; and
- (e) make or cause to be made any changes that may be necessary to ensure that:
 - (i) the agreements with agents are in compliance with this Instrument,
 - (ii) the internal controls described in subsection (2) are adequate and appropriate,
 - (iii) the securities lending, repurchase or reverse repurchase transactions of the mutual fund are administered in the manner described in paragraph (c), and
 - (iv) the terms of each agreement between the mutual fund and an agent entered into under subsection 2.15(4) are appropriate.

“2.17 Commencement of Securities Lending, Repurchase and Reverse Repurchase Transactions by a Mutual Fund

- (1) A mutual fund shall not enter into securities lending, repurchase or reverse repurchase transactions unless:
 - (a) its simplified prospectus contains the disclosure required for mutual funds entering into those types of transactions; and
 - (b) the mutual fund has provided to its securityholders, not less than 60 days before it begins entering into those types of transactions, written notice that discloses its intent to begin entering into those types of transactions and the disclosure required for mutual funds entering into those types of transactions.
- (2) Paragraph (1)(b) does not apply to a mutual fund that has entered into reverse repurchase agreements as permitted by a decision of the securities regulatory authority or regulator.

“PART 3 NEW MUTUAL FUNDS

“3.1 Initial Investment in a New Mutual Fund

- (1) No person or company shall file a simplified prospectus for a newly established mutual fund unless:
 - (a) an investment of at least \$150,000 in securities of the mutual fund has been made, and those securities are beneficially owned, before the time of filing by:
 - (i) the manager, a portfolio adviser, a promoter or a sponsor of the mutual fund;
 - (ii) the partners, directors, officers or securityholders of any of the manager, a portfolio adviser, a promoter or a sponsor of the mutual fund; or
 - (iii) a combination of the persons or companies referred to subclauses (i) and (ii); or

(b) the simplified prospectus of the mutual fund states that the mutual fund will not issue securities other than those referred to in clause (a) unless subscriptions aggregating not less than \$500,000 have been received by the mutual fund from investors other than the persons and companies referred to in clause (a) and accepted by the mutual fund.

(2) A mutual fund shall not redeem a security issued upon an investment in the mutual fund referred to in clause (1)(a) until \$500,000 has been received from persons or companies other than the persons and companies referred to in clause (1)(a).

“3.2 Prohibition Against Distribution

If a simplified prospectus of a mutual fund contains the disclosure described in clause 3.1(1)(b), the mutual fund shall not distribute any securities unless the subscriptions described in that disclosure, together with payment for the securities subscribed for, have been received.

“3.3 Prohibition Against Reimbursement of Organization Costs

None of the costs of incorporation, formation or initial organization of a mutual fund, or of the preparation and filing of any of the preliminary simplified prospectus, preliminary annual information form, initial simplified prospectus or annual information form of the mutual fund shall be borne by the mutual fund or its securityholders.

“PART 4 CONFLICTS OF INTEREST

“4.1 Prohibited Investments

(1) A dealer managed mutual fund shall not knowingly make an investment in a class of securities of an issuer during, or for 60 days after, the period in which the dealer manager of the mutual fund, or an associate or affiliate of the dealer manager of the mutual fund, acts as an underwriter in the distribution of securities of that class of securities, except as a member of the selling group distributing five percent or less of the securities underwritten.

(2) A dealer managed mutual fund shall not knowingly make an investment in a class of securities of an issuer of which a partner, director, officer or employee of the dealer manager of the mutual fund, or a partner, director, officer or employee of an affiliate or associate of the dealer manager, is a partner, director or officer, unless the partner, director, officer or employee:

(a) does not participate in the formulation of investment decisions made on behalf of the dealer managed mutual fund;

(b) does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed mutual fund; and

(c) does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed mutual fund.

(3) Subsections (1) and (2) do not apply to an investment in a class of securities issued or fully and unconditionally guaranteed by the government of Canada or the government of a jurisdiction.

“4.2 Self-Dealing

(1) A mutual fund shall not purchase a security from, sell a security to, or enter into a securities lending, repurchase or reverse repurchase transaction under section 2.12, 2.13 or 2.14 with, any of the following persons or companies:

1. The manager, portfolio adviser or trustee of the mutual fund.
2. A partner, director or officer of the mutual fund or of the manager, portfolio adviser or trustee of the mutual fund.
3. An associate or affiliate of a person or company referred to in paragraph 1 or 2.
4. A person or company, having fewer than 100 securityholders of record, of which a partner, director or officer of the mutual fund or a partner, director or officer of the manager or portfolio adviser of the mutual fund is a partner, director, officer or securityholder.

(2) Subsection (1) applies in the case of a sale of a security to, or a purchase of a security from, a mutual fund only if the person or company that would be selling to, or purchasing from, the mutual fund would be doing so as principal.

“4.3 Exception

Section 4.2 does not apply to a purchase or sale of a security by a mutual fund if the price payable for the security is:

- (a) not more than the ask price of the security as reported by any available public quotation in common use, in the case of a purchase by the mutual fund; or
- (b) not less than the bid price of the security as reported by any available public quotation in common use, in the case of a sale by the mutual fund.

“4.4 Liability and Indemnification

(1) An agreement or declaration of trust by which a person or company acts as manager of a mutual fund shall provide that the manager is responsible for any loss that arises out of the failure of the manager, or of any person or company retained by the manager or the mutual fund to discharge any of the manager's responsibilities to the mutual fund:

- (a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund; and
- (b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

(2) A mutual fund shall not relieve the manager of the mutual fund from liability for loss that arises out of the failure of the manager, or of any person retained by the manager or the mutual fund to discharge any of the manager's responsibilities to the mutual fund:

- (a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund; or
- (b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

(3) A mutual fund may indemnify a person or company providing services to it against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that person or company in connection with services provided by that person or company to the mutual fund, if:

(a) those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1) or (2); and

(b) the mutual fund has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgments and amounts paid in settlement was in the best interests of the mutual fund.

(4) A mutual fund shall not incur the cost of any portion of liability insurance that insures a person or company for a liability except to the extent that the person or company may be indemnified for that liability under this section.

(5) This section does not apply to any losses to a mutual fund or securityholder arising out of an action or inaction by

(a) a director of the mutual fund; or

(b) a custodian or sub-custodian of the mutual fund, except as set out in subsection (6).

(6) This section applies to any losses to a mutual fund or securityholder arising out of an action or inaction by a custodian or sub-custodian acting as agent of the mutual fund in administering the securities lending, repurchase or reverse repurchase transactions of the mutual fund.

“PART 5 FUNDAMENTAL CHANGES

“5.1 Matters Requiring Securityholder Approval

The prior approval of the securityholders of a mutual fund, given as provided in section 5.2, is required before:

(a) the basis of the calculation of a fee or expense that is charged to the mutual fund is changed in a way that could result in an increase in charges to the mutual fund;

(b) the manager of the mutual fund is changed, unless the new manager is an affiliate of the current manager;

(c) the fundamental investment objectives of the mutual fund are changed;

(d) the auditor of the mutual fund is changed;

(e) the mutual fund decreases the frequency of the calculation of its net asset value per security;

(f) the mutual fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if:

(i) the mutual fund ceases to continue after the reorganization or transfer of assets; and

(ii) the transaction results in the securityholders of the mutual fund becoming securityholders in the other mutual fund; or

- (g) the mutual fund undertakes a reorganization with, or acquires assets from, another mutual fund, if:
- (i) the mutual fund continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the other mutual fund becoming securityholders in the mutual fund; and
 - (iii) the transaction would be a significant change to the mutual fund.

“5.2 Approval of Securityholders

(1) Unless a greater majority is required by the constating documents of the mutual fund, the laws applicable to the mutual fund or an applicable agreement, the approval of the securityholders of the mutual fund to a matter referred to in section 5.1 shall be given by a resolution passed by at least a majority of the votes cast at a meeting of the securityholders of the mutual fund duly called and held to consider the matter.

(2) Notwithstanding subsection (1), the holders of securities of a class or series of a class of securities of a mutual fund shall vote separately as a class or series of a class on a matter referred to in section 5.1 if that class or series of a class is affected by the action referred to in section 5.1 in a manner different from holders of securities of other classes or series of a class.

(3) Notwithstanding section 5.1 and subsections (1) and (2), if the constating documents of the mutual fund so provide, the holders of securities of a class or series of a class of securities of a mutual fund shall not be entitled to vote on a matter referred to in section 5.1 if they, as holders of the class or series of a class, are not affected by the action referred to in section 5.1.

“5.3 Circumstances in Which Approval of Securityholders Not Required

(1) Notwithstanding section 5.1, the approval of securityholders of a mutual fund is not required to be obtained for a change referred to in clause 5.1(a):

- (a) if:
- (i) the mutual fund is at arm's length to the person or company charging the fee or expense to the mutual fund referred to in clause 5.1(a) that is changed;
 - (ii) the simplified prospectus of the mutual fund discloses that, although the approval of securityholders will not be obtained before making the changes, securityholders will be sent a written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the mutual fund; and
 - (iii) the notice referred to in subclause (ii) is actually sent 60 days before the effective date of the change; or
- (b) if:
- (i) the mutual fund is permitted by this Instrument to be described as a 'no-load' fund;

(ii) the simplified prospectus of the mutual fund discloses that securityholders will be sent a written notice at least 60 days before the effective date of a change that is to be made that could result in an increase in charges to the mutual fund; and

(iii) the notice referred to in subclause (ii) is actually sent 60 days before the effective date of the change.

“5.4 Formalities Concerning Meetings of Securityholders

(1) A meeting of securityholders of a mutual fund called to consider any matter referred to in section 5.1 shall be called on written notice sent not less than 21 days before the date of the meeting.

(2) The notice referred to in subsection (1) shall contain or be accompanied by a statement that includes:

(a) a description of the change or transaction proposed to be made or entered into and, if the matter is one referred to in clause 5.1(a), the effect that the change would have had on the management expense ratio of the mutual fund had the change been in force throughout the mutual fund's last completed financial year;

(b) the date of the proposed implementation of the change or transaction; and

(c) all other information and documents necessary to comply with the applicable proxy solicitation requirements of securities legislation for the meeting.

“5.5 Approval of Securities Regulatory Authority

(1) The approval of the securities regulatory authority or regulator is required before:

(a) the manager of a mutual fund is changed, unless the new manager is an affiliate of the current manager;

(b) a reorganization or transfer of assets of a mutual fund is implemented, if the transaction will result in the securityholders of the mutual fund becoming securityholders in another mutual fund;

(c) a change of the custodian of a mutual fund is implemented, if there has been or will be, in connection with the proposed change, a change of the type referred to in clause (a); or

(d) a mutual fund suspends, other than under section 10.6, the rights of securityholders to request that the mutual fund redeem their securities.

(2) No person or company, or affiliate or associate of that person or company, may act as manager of a mutual fund if that person or company, or an affiliate or associate of that person or company, has acquired control of a manager of the mutual fund unless the approval of the securities regulatory authority or regulator has been obtained for the change in control.

(3) Despite subsection (1), in Ontario only the regulator may grant an approval referred to in subsection (1).

“5.6 Pre-Approved Reorganizations and Transfers

(1) Notwithstanding subsection 5.5(1), the approval of the securities regulatory authority or regulator is not required to implement a transaction referred to in clause 5.5(1)(b) if:

(a) the mutual fund is being reorganized with, or its assets are being transferred to, another mutual fund to which this Instrument applies and that:

(i) is managed by the manager, or an affiliate of the manager, of the mutual fund;

(ii) a reasonable person would consider to have substantially similar fundamental investment objectives, valuation procedures and fee structure as the mutual fund;

(iii) is not in default of any requirement of securities legislation; and

(iv) has a current simplified prospectus in the local jurisdiction;

(b) the transaction is a ‘qualifying exchange’ within the meaning of section 132.2 of the ITA or is a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA;

(c) the transaction contemplates the wind-up of the mutual fund as soon as reasonably possible following the transaction;

(d) the portfolio assets of the mutual fund to be acquired by the other mutual fund as part of the transaction:

(i) may be acquired by the other mutual fund in compliance with this Instrument; and

(ii) are acceptable to the portfolio adviser of the other mutual fund and consistent with the other mutual fund’s fundamental investment objectives;

(e) the transaction is approved:

(i) by the securityholders of the mutual fund in accordance with clause 5.1(f); and

(ii) if required, by the securityholders of the other mutual fund in accordance with clause 5.1(g);

(f) the materials sent to securityholders of the mutual fund in connection with the approval under clause 5.1(f) include:

(i) a circular that, in addition to other requirements prescribed by law, describes the proposed transaction, the mutual fund into which the mutual fund will be reorganized, the income tax considerations for the mutual funds participating in the transaction and their securityholders, and, if the mutual fund is a corporation and the transaction involves its shareholders becoming securityholders of a mutual fund that is established as a trust, a description of the material differences between being a shareholder of a corporation and being a securityholder of a trust;

(ii) if not previously sent to all securityholders, the current simplified prospectus and the most recent annual and interim financial statements that have been made public for the mutual fund into which the mutual fund will be reorganized; and

(iii) a statement that securityholders may obtain an annual information form for the mutual fund into which the mutual fund will be reorganized by contacting that mutual fund at a specified address or telephone number;

(g) the mutual fund has complied with section 5.10 in connection with the making of the decision to proceed with the transaction by the board of directors of the manager of the mutual fund or of the mutual fund;

(h) the mutual funds participating in the transaction bear none of the costs and expenses associated with the transaction; and

(i) securityholders of the mutual fund continue to have the right to redeem securities of the mutual fund up to the close of business on the business day immediately before the effective date of the transaction.

(2) A mutual fund that has continued after a transaction described in clause 5.5(1)(b) shall, if the audit report accompanying its audited financial statements for its first completed financial year after the transaction contains a reservation in respect of the value of the portfolio assets acquired by the mutual fund in the transaction, send a copy of those financial statements to each person or company that was a securityholder of a mutual fund that was terminated as a result of the transaction and that is not a securityholder of the mutual fund.

“5.7 Applications

(1) An application for an approval required under section 5.5 shall contain:

(a) if the application is required by clause 5.5(1)(a) or subsection 5.5(2):

(i) details of the proposed transaction;

(ii) details of the proposed new manager or the person or company proposing to acquire control of the manager;

(iii) as applicable, the names, residence addresses and birth dates of:

(A) all proposed new partners, directors or officers of the manager;

(B) all partners, directors or officers of the person or company proposing to acquire control of the manager;

(C) any proposed new individual trustee of the mutual fund; and

(D) any new directors or officers of the mutual fund;

(iv) all information necessary to permit the securities regulatory authority to conduct security checks on the individuals referred to in subclause (iii);

(v) sufficient information to establish the integrity and experience of the persons or companies referred to in subclauses (ii) and (iii); and

(vi) details of how the proposed transaction will affect the management and administration of the mutual fund;

-
- (b) if the application is required by clause 5.5(1)(b):
 - (i) details of the proposed transaction;
 - (ii) details of the total annual returns of each of the mutual funds for each of the previous five years;
 - (iii) a description of the differences between the fundamental investment objectives, investment strategies, valuation procedures and fee structure of each of the mutual funds and any other material differences between the mutual funds; and
 - (iv) a description of those elements of the proposed transaction that make section 5.6 inapplicable;
 - (c) if the application is required by clause 5.5(1)(c), sufficient information to establish that the proposed custodial arrangements will be in compliance with Part 6;
 - (d) if the application relates to a matter that would constitute a significant change for the mutual fund, a draft of an amendment to the simplified prospectus of the mutual fund reflecting the change; and
 - (e) if the matter is one that requires the approval of securityholders, confirmation that the approval has been obtained or will be obtained before the change is implemented.
- (2) A mutual fund that applies for an approval under clause 5.5(1)(d) shall:
- (a) make that application to the securities regulatory authority or regulator in the jurisdiction in which the head office or registered office of the mutual fund is situated; and
 - (b) concurrently file a copy of the application so made with the securities regulatory authority or the regulator in the local jurisdiction if the head office or registered office of the mutual fund is not situated in the local jurisdiction.
- (3) A mutual fund that has complied with subsection (2) in the local jurisdiction may suspend the right of securityholders to request that the mutual fund redeem their securities if:
- (a) the securities regulatory authority or regulator in the jurisdiction in which the head office or registered office of the mutual fund is situated has granted approval to the application made under clause (2)(a); and
 - (b) the securities regulatory authority or regulator in the local jurisdiction has not notified the mutual fund, by the close of business on the business day immediately following the day on which the copy of the application referred to in clause (2)(b) was received, either that:
 - (i) the securities regulatory authority or regulator has refused to grant approval to the application; or
 - (ii) this subsection may not be relied upon by the mutual fund in the local jurisdiction.

“5.8 Matters Requiring Notice

- (1) No person or company that is a manager of a mutual fund may continue to act as manager of the mutual fund following a direct or indirect change of control of the person or company unless:
 - (a) notice of the change of control was given to all securityholders of the mutual fund at least 60 days before the change; and
 - (b) the notice referred to in clause (a) contains the information that would be required by law to be provided to securityholders if securityholder approval of the change were required to be obtained.
- (2) No mutual fund shall terminate unless notice of the termination is given to all securityholders of the mutual fund at least 60 days before termination.
- (3) The manager of a mutual fund that has terminated shall give notice of the termination to the securities regulatory authority within 30 days of the termination.

“5.9 Relief from Certain Regulatory Requirements

- (1) The mutual fund conflict of interest investment restrictions and the mutual fund conflict of interest reporting requirements do not apply to a transaction referred to in clause 5.5(1)(b) if the approval of the securities regulatory authority or regulator has been given to the transaction.
- (2) The mutual fund conflict of interest investment restrictions and the mutual fund conflict of interest reporting requirements do not apply to a transaction described in section 5.6.

“5.10 Significant Changes

Upon the occurrence of a significant change with respect to a mutual fund, the mutual fund shall:

- (a) comply with the timely disclosure requirements in connection with the significant change as if the significant change were a material change in the affairs of the mutual fund; and
- (b) file an amendment to its simplified prospectus that discloses the significant change in accordance with the requirements of securities legislation as if the amendment were required to be filed under securities legislation.

“PART 6 CUSTODIANSHIP OF PORTFOLIO ASSETS**“6.1 General**

- (1) Except as provided in sections 6.8 and 6.9, all portfolio assets of a mutual fund shall be held under the custodianship of one custodian that satisfies the requirements of section 6.2.
- (2) Except as provided in subsection 6.5(3) and sections 6.8 and 6.9, portfolio assets of a mutual fund shall be held:
 - (a) in Canada by the custodian or a sub-custodian of the mutual fund; or
 - (b) outside Canada by the custodian or a sub-custodian of the mutual fund, if appropriate to facilitate portfolio transactions of the mutual fund outside Canada.

- (3) The custodian or a sub-custodian of a mutual fund may appoint one or more sub-custodians to hold portfolio assets of the mutual fund, if, for each appointment:
- (a) written consent to the appointment has been provided by the mutual fund and, if the appointment is by a sub-custodian, the custodian of the mutual fund;
 - (b) the sub-custodian that is to be appointed is a person or company described in section 6.2 or 6.3, as applicable;
 - (c) the arrangements under which a sub-custodian is appointed are such that the mutual fund may enforce rights directly, or require the custodian or a sub-custodian to enforce rights on behalf of the mutual fund, to the portfolio assets held by the appointed sub-custodian; and
 - (d) the appointment is otherwise in compliance with this Instrument.
- (4) The written consent referred to in clause (3)(a) may be in the form of a general consent, contained in the agreement governing the relationship between the mutual fund and the custodian, or the custodian and the sub-custodian, to the appointment of persons or companies that are part of an international network of sub-custodians within the organization of the appointed custodian or sub-custodian.
- (5) A custodian or sub-custodian shall provide to the mutual fund a list of each person or company that is appointed sub-custodian under a general consent referred to in subsection (4).
- (6) Notwithstanding any other provisions of this Part, the manager of a mutual fund shall not act as custodian or sub-custodian of the mutual fund.

“6.2 Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada

The custodian of a mutual fund, and a sub-custodian of a mutual fund that is to hold portfolio assets of the mutual fund in Canada, shall be one of the following:

- (a) a bank listed in Schedule I or II of the *Bank Act* (Canada);
- (b) a trust company that is incorporated under the laws of Canada or a jurisdiction and licensed or registered under the laws of Canada or a jurisdiction, and that has shareholders' equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
- (c) a company that is incorporated under the laws of Canada or of a jurisdiction, and that is an affiliate of a bank or trust company referred to in clauses (a) or (b), if:
 - (i) the company has shareholders' equity, as reported in its most recent audited financial statements that have been made public, of not less than \$10,000,000; or
 - (ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company in respect of that mutual fund.

“6.3 Entities Qualified to Act as Sub-Custodian for Assets Held outside Canada

A sub-custodian of a mutual fund that is to hold portfolio assets of the mutual fund outside of Canada shall be one of the following:

1. an entity referred to in section 6.2;
2. an entity that:
 - (a) is incorporated or organized under the laws of a country, or a political subdivision of a country, other than Canada;
 - (b) is regulated as a banking institution or trust company by the government, or an agency of the government, of the country under whose laws it is incorporated or organized or a political subdivision of that country; and
 - (c) has shareholders' equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;
3. an affiliate of an entity referred to in paragraph 1 or 2 if:
 - (a) the affiliate has shareholders' equity, as reported in its most recent audited financial statements that have been made public, of not less than the equivalent of \$100,000,000; or
 - (b) the entity referred to in paragraph 1 or 2 has assumed responsibility for all of the custodial obligations of the affiliate in respect of that mutual fund.

“6.4 Contents of Custodian and Sub-Custodian Agreements

- (1) All custodian agreements and sub-custodian agreements of a mutual fund shall provide for matters relating to:
 - (a) the requirements concerning the location of portfolio assets contained in subsection 6.1(2);
 - (b) the appointment of a sub-custodian required by subsection 6.1(3);
 - (c) the requirements concerning lists of sub-custodians contained in subsection 6.1(5);
 - (d) the method of holding portfolio assets required by section 6.5 and subsection 6.8(4);
 - (e) the standard of care and responsibility for loss required by section 6.6; and
 - (f) the review and compliance reports required by section 6.7.
- (2) A sub-custodian agreement concerning the portfolio assets of a mutual fund shall provide for the safekeeping of portfolio assets on terms consistent with the custodian agreement of the mutual fund.

(3) No custodian agreement or sub-custodian agreement concerning the portfolio assets of a mutual fund shall:

(a) provide for the creation of any security interest on the portfolio assets of the mutual fund except for a good faith claim for payment of the fees and expenses of the custodian or sub-custodian for acting in that capacity or to secure the obligations of the mutual fund to repay borrowings by the mutual fund from a custodian or sub-custodian for the purpose of settling portfolio transactions; or

(b) contain a provision that would require the payment of a fee to the custodian or sub-custodian for the transfer of the beneficial ownership of portfolio assets of the mutual fund, other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

“6.5 Holding of Portfolio Assets and Payment of Fees

(1) Except as provided in subsections (2) and (3) and sections 6.8 and 6.9, portfolio assets of a mutual fund not registered in the name of the mutual fund shall be registered in the name of the custodian or a sub-custodian of the mutual fund or any of their respective nominees with an account number or other designation in the records of the custodian sufficient to show that the beneficial ownership of the portfolio assets is vested in the mutual fund.

(2) Portfolio assets of a mutual fund issued in bearer form shall be designated or segregated by the custodian or a sub-custodian of the mutual fund or the applicable nominee so as to show that the beneficial ownership of the property is vested in the mutual fund.

(3) A custodian or sub-custodian of a mutual fund may deposit portfolio assets of the mutual fund with a depository, or a clearing agency, that operates a book-based system.

(4) The custodian or sub-custodian of a mutual fund arranging for the deposit of portfolio assets of the mutual fund with, and their delivery to, a depository, or clearing agency, that operates a book-based system shall ensure that the records of any of the applicable participants in that book-based system or the custodian contain an account number or other designation sufficient to show that the beneficial ownership of the portfolio assets is vested in the mutual fund.

(5) A mutual fund shall not pay a fee to a custodian or sub-custodian for the transfer of beneficial ownership of portfolio assets of the mutual fund other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

“6.6 Standard of Care

(1) The custodian and each sub-custodian of a mutual fund, in carrying out their duties concerning the safekeeping of, and dealing with, the portfolio assets of the mutual fund, shall exercise:

(a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or

- (b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in clause (a).
- (2) A mutual fund shall not relieve the custodian or a sub-custodian of the mutual fund from liability to the mutual fund or to a securityholder of the mutual fund for loss that arises out of the failure of the custodian or sub-custodian to exercise the standard of care imposed by subsection (1).
- (3) A mutual fund may indemnify a custodian or sub-custodian against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that entity in connection with custodial or sub-custodial services provided by that entity to the mutual fund, if those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1).
- (4) A mutual fund shall not incur the cost of any portion of liability insurance that insures a custodian or sub-custodian for a liability, except to the extent that the custodian or sub-custodian may be indemnified for that liability under this section.

“6.7 Review and Compliance Reports

- (1) The custodian of a mutual fund shall, on a periodic basis not less frequently than annually:
 - (a) review the custodian agreement and all sub-custodian agreements of the mutual fund to determine if those agreements are in compliance with this Part;
 - (b) make reasonable enquiries as to whether each sub-custodian satisfies the applicable requirements of section 6.2 or 6.3; and
 - (c) make or cause to be made any changes that may be necessary to ensure that:
 - (i) the custodian and sub-custodian agreements are in compliance with this Part; and
 - (ii) all sub-custodians of the mutual fund satisfy the applicable requirements of section 6.2 or 6.3.
- (2) The custodian of a mutual fund shall, not more than 60 days after the end of each financial year of the mutual fund, advise the mutual fund in writing:
 - (a) of the names and addresses of all sub-custodians of the mutual fund;
 - (b) whether the custodian and sub-custodian agreements are in compliance with this Part; and
 - (c) whether, to the best of the knowledge and belief of the custodian, each sub-custodian satisfies the applicable requirements of section 6.2 or 6.3.
- (3) A copy of the report referred to in subsection (2) shall be delivered by or on behalf of the mutual fund to the securities regulatory authority within 30 days after the filing of the annual financial statements of the mutual fund.

“6.8 Custodial Provisions relating to Derivatives and Securities Lending, Repurchase and Reverse Repurchase Agreements

(1) A mutual fund may deposit portfolio assets as margin for transactions in Canada involving clearing corporation options, options on futures or standardized futures with a dealer that is a member of an SRO that is a participating member of CIPF if the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the mutual fund, exceed 10 percent of the net assets of the mutual fund, taken at market value as at the time of deposit.

(2) A mutual fund may deposit portfolio assets with a dealer as margin for transactions outside Canada involving clearing corporation options, options on futures or standardized futures if:

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit;

(b) the dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of \$50 million; and

(c) the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the mutual fund, exceed 10 percent of the net assets of the mutual fund, taken at market value as at the time of deposit.

(3) A mutual fund may deposit with its counter party portfolio assets over which it has granted a security interest in connection with a particular specified derivatives transaction.

(4) The agreement by which portfolio assets of a mutual fund are deposited in accordance with subsection (1), (2) or (3) shall require the person or company holding portfolio assets of the mutual fund so deposited to ensure that its records show that that mutual fund is the beneficial owner of the portfolio assets.

(5) A mutual fund may deliver portfolio assets to a person or company in satisfaction of its obligations under a securities lending, repurchase or reverse purchase agreement that complies with this Instrument if the collateral, cash proceeds or purchased securities that are delivered to the mutual fund in connection with the transaction are held under the custodianship of the custodian or a sub-custodian of the mutual fund in compliance with this Part.

“6.9 Separate Account for Paying Expenses

A mutual fund may deposit cash in Canada with an institution referred to in clause (a) or (b) of section 6.2 to facilitate the payment of regular operating expenses of the mutual fund.

“PART 7 INCENTIVE FEES**“7.1 Incentive Fees**

A mutual fund shall not pay, or enter into arrangements that would require it to pay, and no securities of a mutual fund shall be sold on the basis that an investor would be required to pay, a fee that is determined by the performance of the mutual fund, unless:

- (a) the fee is calculated with reference to a benchmark or index that:
 - (i) reflects the market sectors in which the mutual fund invests according to its fundamental investment objectives;
 - (ii) is available to persons or companies other than the mutual fund and persons providing services to it; and
 - (iii) is a total return benchmark or index;
- (b) the payment of the fee is based upon a comparison of the cumulative total return of the mutual fund against the cumulative total percentage increase or decrease of the benchmark or index for the period that began immediately after the last period for which the performance fee was paid; and
- (c) the method of calculation of the fee and details of the composition of the benchmark or index are described in the simplified prospectus of the mutual fund.

“7.2 Multiple Portfolio Advisers

Section 7.1 applies to fees payable to a portfolio adviser of a mutual fund that has more than one portfolio adviser, if the fees are calculated on the basis of the performance of the portfolio assets under management by that portfolio adviser, as if those portfolio assets were a separate mutual fund.

“PART 8 CONTRACTUAL PLANS**“8.1 Contractual Plans**

No securities of a mutual fund shall be sold by way of a contractual plan unless:

- (a) the contractual plan was established, and its terms described in a simplified prospectus that was filed with the securities regulatory authority, before the date that this Instrument came into force;
- (b) there have been no changes made to the contractual plan or the rights of securityholders under the contractual plan since the date that this Instrument came into force; and
- (c) the contractual plan has continued to be operated in the same manner after the date that this Instrument came into force as it was on that date.

“PART 9 SALE OF SECURITIES OF A MUTUAL FUND**“9.1 Transmission and Receipt of Purchase Orders**

- (1) Each purchase order for securities of a mutual fund received by a participating dealer at a location that is not its principal office shall, on the day the order is received, be sent by same day or next day courier, same day or next day priority post, telephone or electronic means, without charge to the person or company placing the order or to the mutual fund, to the principal office of the participating dealer.
- (2) Each purchase order for securities of a mutual fund received by a participating dealer at its principal office or by the principal distributor of the mutual fund at a location that is not an order receipt office of the mutual fund shall, on the day the order is received, be sent by same day or next day courier, same day or next day priority post, telephone or electronic means, without charge to the person or company placing the order or to the mutual fund, to an order receipt office of the mutual fund.
- (3) Notwithstanding subsections (1) and (2), a purchase order for securities of a mutual fund received at a location referred to in those subsections after normal business hours on a business day, or on a day that is not a business day, may be sent, in the manner and to the place required by those subsections, on the next business day.
- (4) A participating dealer or principal distributor that sends purchase orders electronically may:
 - (a) specify a time on a business day by which a purchase order must be received in order that it be sent electronically on that business day; and
 - (b) notwithstanding subsections (1) and (2), send electronically on the next business day a purchase order received after the time so specified.
- (5) A mutual fund is deemed to have received a purchase order for securities of the mutual fund when the order is received at an order receipt office of the mutual fund.
- (6) Notwithstanding subsection (5), a mutual fund may provide that a purchase order for securities of the mutual fund received at an order receipt office of the mutual fund after a specified time on a business day, or on a day that is not a business day, will be considered to be received by the mutual fund on the next business day following the day of actual receipt.
- (7) A principal distributor or participating dealer shall ensure that a copy of each purchase order received in a jurisdiction is sent, by the time it is sent to the order receipt office of the mutual fund under subsection (2), to a person responsible for the supervision of trades made on behalf of clients for the principal distributor or participating dealer in the jurisdiction.

“9.2 Acceptance of Purchase Orders

A mutual fund may reject a purchase order for the purchase of securities of the mutual fund if:

- (a) the rejection of the order is made no later than one business day after receipt by the mutual fund of the order;
- (b) on rejection of the order, all cash received with the order is refunded immediately; and
- (c) the simplified prospectus of the mutual fund states that the right to reject a purchase order for securities of the mutual fund is reserved and reflects the requirements of clauses (a) and (b).

“9.3 Issue Price of Securities

The issue price of a security of a mutual fund to which a purchase order pertains shall be the net asset value per security of that class, or series of a class, next determined after the receipt by the mutual fund of the order.

“9.4 Delivery of Funds and Settlement

(1) A principal distributor or participating dealer shall forward any cash received for payment of the issue price of securities of a mutual fund to an order receipt office of the mutual fund so that the cash arrives at the order receipt office as soon as practicable and in any event no later than the third business day after the pricing date.

(2) Payment of the issue price of securities of a mutual fund shall be made to the mutual fund on or before the third business day after the pricing date for the securities by:

- (a) a payment of cash in a currency in which the net asset value per security of the mutual fund is calculated; or
- (b) good delivery of securities if:
 - (i) the mutual fund would at the time of payment be permitted to purchase those securities;
 - (ii) the securities are acceptable to the portfolio adviser of the mutual fund and consistent with the mutual fund's investment objectives; and
 - (iii) the value of the securities is at least equal to the issue price of the securities of the mutual fund for which they are payment, valued as if the securities were portfolio assets of the mutual fund.

(3) If payment of the issue price of securities of a mutual fund is made by the good delivery of securities as contemplated by clause (2)(b), the statement of portfolio transactions next prepared by the mutual fund shall include a note providing details of the securities so delivered.

(4) If payment of the issue price of the securities of a mutual fund to which a purchase order pertains is not made on or before the third business day after the pricing date or if the mutual fund has been paid the issue price by a cheque or method of payment that is subsequently not honoured:

(a) the mutual fund shall redeem the securities to which the purchase order pertains as if it had received an order for the redemption of the securities on the fourth business day after the pricing date or on the day on which the mutual fund first knows that the method of payment will not be honoured; and

(b) the amount of the redemption proceeds derived from the redemption shall be applied to reduce the amount owing to the mutual fund on the purchase of the securities and any banking costs incurred by the mutual fund in connection with the dishonoured cheque.

(5) If the amount of the redemption proceeds referred to in subsection (4) exceeds the aggregate of issue price of the securities and any banking costs incurred by the mutual fund in connection with the dishonoured cheque, the difference shall belong to the mutual fund.

(6) If the amount of the redemption proceeds referred to in subsection (4) is less than the issue price of the securities and any banking costs incurred by the mutual fund in connection with the dishonoured cheque:

(a) if the mutual fund has a principal distributor, the principal distributor shall pay, immediately upon notification by the mutual fund, to the mutual fund the amount of the deficiency; or

(b) if the mutual fund does not have a principal distributor, the participating dealer that delivered the relevant purchase order to the mutual fund shall pay immediately, upon notification by the mutual fund, to the mutual fund the amount of the deficiency.

“PART 10 REDEMPTION OF SECURITIES OF A MUTUAL FUND

“10.1 Requirements for Redemptions

(1) No mutual fund shall pay redemption proceeds unless:

(a) if the security of the mutual fund to be redeemed is represented by a certificate, the mutual fund has received the certificate or appropriate indemnities in connection with a lost certificate; and

(b) either:

(i) the mutual fund has received a written redemption order, duly completed and executed by or on behalf of the securityholder; or

(ii) the mutual fund permits the making of redemption orders by telephone or electronic means by, or on behalf of, a securityholder who has made prior arrangements with the mutual fund in that regard and the relevant redemption order is made in compliance with those arrangements.

- (2) A mutual fund may establish reasonable requirements applicable to securityholders who wish to have the mutual fund redeem securities, not contrary to this Instrument, as to procedures to be followed and documents to be delivered:
- (a) by the time of delivery of a redemption order to an order receipt office of the mutual fund; or
 - (b) by the time of payment of redemption proceeds.
- (3) The manager shall provide to securityholders of a mutual fund at least annually a statement outlining the requirements referred to in subsection (1) and established by the mutual fund under subsection (2), and containing:
- (a) detailed reference to all documentation required for redemption of securities of the mutual fund;
 - (b) detailed instructions on the manner in which documentation is to be delivered to participating dealers or the mutual fund;
 - (c) a description of all other procedural or communication requirements; and
 - (d) an explanation of the consequences of failing to meet timing requirements.
- (4) The statement referred to in subsection (3) is not required to be separately provided, in any year, if the requirements are described in the mutual fund's annual financial statements or annual report, or in a simplified prospectus that is sent to all securityholders in that year.

“10.2 Transmission and Receipt of Redemption Orders

- (1) Each redemption order for securities of a mutual fund received by a participating dealer at a location that is not its principal office shall, on the day the order is received, be sent by same day or next day courier, same day or next day priority post, telephone or electronic means, without charge to the relevant securityholder or to the mutual fund, to the principal office of the participating dealer.
- (2) Each redemption order for securities of a mutual fund received by a participating dealer at its principal office or by the principal distributor of the mutual fund at a location that is not an order receipt office of the mutual fund shall, on the day the order is received, be sent by same day or next day courier, same day or next day priority post, telephone or electronic means, without charge to the relevant securityholder or to the mutual fund, to an order receipt office of the mutual fund.
- (3) Notwithstanding subsections (1) and (2), a redemption order for securities of a mutual fund received at a location referred to in those subsections after normal business hours on a business day, or on a day that is not a business day, may be sent, in the manner and to the place required by those subsections, on the next business day.
- (4) A participating dealer or principal distributor that sends redemption orders electronically may:
- (a) specify a time on a business day by which a redemption order must be received in order that it be sent electronically on that business day; and

(b) notwithstanding subsections (1) and (2), send electronically on the next business day a redemption order received after the time so specified.

(5) A mutual fund is deemed to have received a redemption order for securities of the mutual fund when the order is received at an order receipt office of the mutual fund or all requirements of the mutual fund established under clause 10.1(2)(a) have been satisfied, whichever is later.

(6) If a mutual fund determines that its requirements established under clause 10.1(2)(a) have not been satisfied, the mutual fund shall notify the securityholder making the redemption order, by the close of business on the business day after the date of the delivery to the mutual fund of the incomplete redemption order, that its requirements established under clause 10.1(2)(a) have not been satisfied and shall specify procedures still to be followed or the documents still to be delivered by that securityholder.

(7) Notwithstanding subsection (5), a mutual fund may provide that orders for the redemption of securities that are received at an order receipt office of the mutual fund after a specified time on a business day, or on a day that is not a business day, will be considered to be received by the mutual fund on the next business day following the day of actual receipt.

“10.3 Redemption Price of Securities

The redemption price of a security of a mutual fund to which a redemption order pertains shall be the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the order.

“10.4 Payment of Redemption Price

(1) Subject to subsection 10.1(1) and to compliance with any requirements established by the mutual fund under clause 10.1(2)(b), a mutual fund shall pay the redemption price for securities that are the subject of a redemption order:

(a) within three business days after the date of calculation of the net asset value per security used in establishing the redemption price; or

(b) if payment of the redemption price was not made at the time referred to in clause (a) because a requirement established under clause 10.1(2)(b) or a requirement of subsection 10.1(1) had not been satisfied, within three business days of:

(i) the satisfaction of the relevant requirement; or

(ii) the decision by the mutual fund to waive the requirement, if the requirement was a requirement established under clause 10.1(2)(b).

(2) The redemption price of a security, less any applicable investor fees, shall be paid to or to the order of the securityholder of the security.

(3) A mutual fund shall pay the redemption price of a security:

(a) in the currency in which the net asset value per security of the redeemed security was denominated; or

(b) with the prior written consent of the securityholder, by making good delivery to the securityholder of portfolio assets, the value of which is equal to the amount at which those portfolio assets were valued in calculating the net asset value per security used to establish the redemption price.

(4) If payment of the redemption price of securities of a mutual fund is made under clause (3)(b), the statement of portfolio transactions next prepared by the mutual fund shall include a note describing the portfolio assets delivered to the securityholder and the value assigned to the portfolio assets.

(5) If the redemption price of a security is paid in currency, a mutual fund is deemed to have made payment:

(a) when the mutual fund, its manager or principal distributor mails a cheque or transmits funds in the required amount to or to the order of the securityholder of the securities; or

(b) if the securityholder has requested that redemption proceeds be delivered in a currency other than that permitted in subsection (3), when the mutual fund delivers the redemption proceeds to the manager or principal distributor of the mutual fund for conversion into that currency and delivery forthwith to the securityholder.

“10.5 Failure to Complete Redemption Order

(1) If a requirement of a mutual fund referred to in subsection 10.1(1) or established under clause 10.1(2)(b) has not been satisfied on or before the close of business on the tenth business day after the date of the redemption of the relevant securities, and, in the case of a requirement established under clause 10.1(2)(b), the mutual fund does not waive satisfaction of the requirement, the mutual fund shall:

(a) issue, to the person or company that immediately before the redemption held the securities that were redeemed, a number of securities equal to the number of securities that were redeemed, as if the mutual fund had received from the person or company on the tenth business day after the redemption, and accepted immediately before the close of business on the tenth business day after the redemption, an order for the purchase of that number of securities; and

(b) apply the amount of the redemption proceeds to the payment of the issue price of the securities.

(2) If the amount of the issue price of the securities referred to in subsection (1) is less than the redemption proceeds, the difference shall belong to the mutual fund.

(3) If the amount of the issue price of the securities referred to in subsection (1) exceeds the redemption proceeds:

(a) if the mutual fund has a principal distributor, the principal distributor shall pay immediately to the mutual fund the amount of the deficiency;

(b) if the mutual fund does not have a principal distributor, the participating dealer that delivered the relevant redemption order to the mutual fund shall pay immediately to the mutual fund the amount of the deficiency; or

(c) if the mutual fund has no principal distributor and no dealer delivered the relevant redemption order to the mutual fund, the manager of the mutual fund shall pay immediately to the mutual fund the amount of the deficiency.

“10.6 Suspension of Redemptions

(1) A mutual fund may suspend the right of securityholders to request that the mutual fund redeem its securities for the whole or any part of a period during which normal trading is suspended on a stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and traded, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50 percent by value, or underlying market exposure, of the total assets of the mutual fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the mutual fund.

(2) A mutual fund that has an obligation to pay the redemption price for securities that have been redeemed in accordance with subsection 10.4(1) may postpone payment during a period in which the right of securityholders to request redemption of their securities is suspended, whether that suspension was made under subsection (1) or pursuant to an approval of the securities regulatory authority.

(3) A mutual fund shall not accept a purchase order for securities of the mutual fund during a period in which it is exercising rights under subsection (1) or at a time in which it is relying on an approval of the securities regulatory authorities contemplated by clause 5.5(1)(d).

“PART 11 COMMINGLING OF CASH

“11.1 Principal Distributors

(1) Cash received by a principal distributor of a mutual fund, or by a person or company providing services to the mutual fund or the principal distributor, for investment in, or on the redemption of, securities of the mutual fund, or on the distribution of assets of the mutual fund, until disbursed as permitted by subsection (3):

(a) shall be accounted for separately and be deposited in a trust account or trust accounts established and maintained in accordance with the requirements of section 11.3; and

(b) may be commingled only with cash received by the principal distributor or service provider for the sale or on the redemption of other mutual fund securities.

(2) Except as permitted by subsection (3), the principal distributor or person or company providing services to the mutual fund or principal distributor shall not use any of the cash referred to in subsection (1) to finance its own or any other operations in any way.

(3) The principal distributor or person or company providing services to a mutual fund or principal distributor may withdraw cash from a trust account referred to in clause (1)(a) for the purpose of:

(a) remitting to the mutual fund the amount or, if subsection (5) applies, the net amount, to be invested in the securities of the mutual fund;

(b) remitting to the relevant persons or companies redemption or distribution proceeds being paid on behalf of the mutual fund; or

- (c) paying fees, charges and expenses that are payable by an investor in connection with the purchase, conversion, holding, transfer or redemption of securities of the mutual fund.
- (4) All interest earned on cash held in a trust account referred to in clause (1)(a) shall be paid to securityholders or to each of the mutual funds to which the trust account pertains, pro rata based on cash flow:
 - (a) no less frequently than monthly if the amount owing to a mutual fund or to a securityholder is \$10 or more; and
 - (b) no less frequently than once a year.
- (5) When making payments to a mutual fund, the principal distributor or service provider may offset the proceeds of redemption of securities of the mutual fund or amounts held for distributions to be paid on behalf of the mutual fund held in the trust account against amounts held in the trust account for investment in the mutual fund.

“11.2 Participating Dealers

- (1) Cash received by a participating dealer, or by a person or company providing services to a participating dealer, for investment in, or on the redemption of, securities of a mutual fund, or on the distribution of assets of a mutual fund, until disbursed as permitted by subsection (3):
 - (a) shall be accounted for separately and shall be deposited in a trust account or trust accounts established and maintained in accordance with section 11.3; and
 - (b) may be commingled only with cash received by the participating dealer or service provider for the sale or on the redemption of other mutual fund securities.
- (2) Except as permitted by subsection (3), the participating dealer or person or company providing services to the participating dealer shall not use any of the cash referred to subsection (1) to finance its own or any other operations in any way.
- (3) A participating dealer or person or company providing services to the participating dealer may withdraw cash from a trust account referred to in clause (1)(a) for the purpose of:
 - (a) remitting to the mutual fund or the principal distributor of the mutual fund the amount or, if subsection (5) applies, the net amount, to be invested in the securities of the mutual fund;
 - (b) remitting to the relevant persons or companies redemption or distribution proceeds being paid on behalf of the mutual fund; or
 - (c) paying fees, charges and expenses that are payable by an investor in connection with the purchase, conversion, holding, transfer or redemption of securities of the mutual fund.

(4) All interest earned on cash held in a trust account referred to in clause (1)(a) shall be paid to securityholders or to each of the mutual funds to which the trust account pertains, pro rata based on cash flow:

(a) no less frequently than monthly if the amount owing to a mutual fund or to a securityholder is \$10 or more; and

(b) no less frequently than once a year.

(5) When making payments to a mutual fund, a participating dealer or service provider may offset the proceeds of redemption of securities of the mutual fund and amounts held for distributions to be paid on behalf of a mutual fund held in the trust account against amounts held in the trust account for investment in the mutual fund.

(6) A participating dealer or person providing services to the participating dealer shall permit the mutual fund and the principal distributor, through their respective auditors or other designated representatives, to examine the books and records of the participating dealer to verify the compliance with this section of the participating dealer or person providing services.

“11.3 Trust Accounts

A principal distributor or participating dealer that deposits cash into a trust account in accordance with section 11.1 or 11.2 shall:

(a) advise, in writing, the financial institution with which the account is opened at the time of the opening of the account that:

(i) the account is established for the purpose of holding client funds in trust;

(ii) the account is to be labelled by the financial institution as a ‘trust account’;

(iii) the account is not to be accessed by any person other than authorized representatives of the principal distributor or participating dealer; and

(iv) the cash in the trust account may not be used to cover shortfalls in any accounts of the principal distributor or participating dealer;

(b) ensure that the trust account bears interest at rates equivalent to comparable accounts of the financial institution; and

(c) ensure that any charges against the trust account are not paid or reimbursed out of the trust account.

“11.4 Exemption

(1) Sections 11.1 and 11.2 do not apply to members of The Investment Dealers Association of Canada, The Montreal Exchange, The Toronto Stock Exchange or the Canadian Venture Exchange Inc.

(2) A participating dealer that is a member of an SRO referred to in subsection (1) shall permit the mutual fund and the principal distributor, through their respective auditors or other designated representatives, to examine the books and records of the participating dealer to verify the participating dealer’s compliance with the requirements of its association or exchange that relate to the commingling of cash.

“11.5 Right of Inspection

The mutual fund, its trustee, manager and principal distributor shall ensure that all contractual arrangements made between any of them and any person or company providing services to the mutual fund permit the representatives of the mutual fund, its manager and trustee to examine the books and records of those persons or companies in order to monitor compliance with this Instrument.

“PART 12 COMPLIANCE REPORTS**“12.1 Compliance Reports**

(1) A mutual fund that does not have a principal distributor shall complete and file, within 140 days after the financial year end of the mutual fund:

(a) a report in the form contained in Appendix B-1 describing compliance by the mutual fund during that financial year with the applicable requirements of Parts 9, 10 and 11; and

(b) a report by the auditor of the mutual fund, in the form contained in Appendix B-1, concerning the report referred to in clause (a).

(2) The principal distributor of a mutual fund shall complete and file, within 90 days after the financial year end of the principal distributor:

(a) a report in the form contained in Appendix B-2 describing compliance by the principal distributor during that financial year with the applicable requirements of Parts 9, 10 and 11; and

(b) a report by the auditor of the principal distributor or by the auditor of the mutual fund, in the form contained in Appendix B-2, concerning the report referred to in clause (a).

(3) Each participating dealer that distributes securities of a mutual fund in a financial year of the participating dealer shall complete and file, within 90 days after the end of that financial year:

(a) a report in the form contained in Appendix B-3 describing compliance by the participating dealer during that financial year with the applicable requirements of Parts 9, 10 and 11 in connection with its distribution of securities of all mutual funds in that financial year; and

(b) a report by the auditor of the participating dealer, in the form contained in Appendix B-3, concerning the report referred to in clause (a).

(4) Subsection (3) does not apply to members of The Investment Dealers Association of Canada, The Montreal Exchange, The Toronto Stock Exchange or the Canadian Venture Exchange Inc.

“PART 13 CALCULATION OF NET ASSET VALUE PER SECURITY**“13.1 Frequency and Currency of Calculation of Net Asset Value per Security**

(1) The net asset value per security of a mutual fund shall be calculated:

(a) if the mutual fund does not use specified derivatives, at least once in each week; or

(b) if the mutual fund uses specified derivatives, at least once every business day.

(2) Notwithstanding clause (1)(a), a mutual fund that, at the date that this Instrument comes into force, calculates net asset value per security no less frequently than once a month may continue to calculate net asset value per security at least as frequently as it does at that date.

(3) The net asset value per security of a mutual fund shall be calculated in the currency of Canada or in the currency of the United States of America or both.

(4) A mutual fund that arranges for the publication of its net asset value per security in the financial press shall ensure that its current net asset value per security is provided on a timely basis to the financial press.

“13.2 Portfolio Transactions

Each transaction of purchase or sale of a portfolio asset effected by a mutual fund shall be reflected in a calculation of net asset value per security of the mutual fund made not later than the first calculation of net asset value per security made after the date on which the transaction becomes binding.

“13.3 Capital Transactions

The issue or redemption of a security of a mutual fund shall be reflected in the first calculation of net asset value per security of the mutual fund made after the calculation of net asset value per security used to establish the issue or redemption price.

“13.4 Valuation of Restricted Securities

A mutual fund shall value a restricted security at the lesser of:

- (a) the value based on reported quotations of that restricted security in common use; and
- (b) that percentage of the market value of the securities of the class or series of a class of which the restricted security forms part that are not restricted securities, equal to the percentage that the mutual fund's acquisition cost was of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities.

“13.5 Valuation of Specified Derivatives

A mutual fund shall value specified derivatives transactions and positions in accordance with the following principles:

- (a) a long position in an option or a debt-like security shall be valued at the current market value of the position;
- (b) for options written by a mutual fund:
 - (i) the premium received by the mutual fund for those options shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position;
 - (ii) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment;

- (iii) the deferred credit shall be deducted in calculating the net asset value per security of the mutual fund; and
- (iv) any securities that are the subject of a written option shall be valued at their current market value;
- (c) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (d) the value of a standardized future shall be:
 - (i) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or
 - (ii) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;
- (e) margin paid or deposited on standardized futures or forward contracts:
 - (i) shall be reflected as an account receivable; and
 - (ii) if not in the form of cash, shall be noted as held for margin.

“PART 14 RECORD DATE

“14.1 Record Date

The record date for determining the right of securityholders of a mutual fund to receive a dividend or distribution by the mutual fund shall be one of:

- (a) the day on which the net asset value per security is determined for the purpose of calculating the amount of the payment of the dividend or distribution;
- (b) the last day on which the net asset value per security of the mutual fund was calculated before the day referred to in clause (a); or
- (c) if the day referred to in clause (b) is not a business day, the last day on which the net asset value per security of the mutual fund was calculated before the day referred to in clause (b).

“PART 15 SALES COMMUNICATIONS AND PROHIBITED REPRESENTATIONS

“15.1 Ability to Make Sales Communications

Sales communications pertaining to a mutual fund may be made by a person or company only in accordance with this Part.

“15.2 Sales Communications - General Requirements

- (1) Notwithstanding any other provision of this Part, no sales communication shall:
 - (a) be untrue or misleading; or

(b) include a statement that conflicts with information that is contained in the preliminary simplified prospectus, the preliminary annual information form, the simplified prospectus or annual information form:

- (i) of a mutual fund; or
- (ii) in which an asset allocation service is described.

(2) All performance data or disclosure specifically required by this Instrument and contained in a written sales communication shall be at least as large as 10-point type.

“15.3 Prohibited Disclosure in Sales Communications

(1) A sales communication shall not compare the performance of a mutual fund or asset allocation service with the performance or change of any benchmark or investment unless:

- (a) it includes all facts that, if disclosed, would be likely to alter materially the conclusions reasonably drawn or implied by the comparison;
- (b) it presents data for each subject of the comparison for the same period or periods;
- (c) it explains clearly any factors necessary to make the comparison fair and not misleading; and
- (d) in the case of a comparison with a benchmark:
 - (i) the benchmark existed and was widely recognized and available during the period for which the comparison is made; or
 - (ii) the benchmark did not exist for all or part of the period, but a reconstruction or calculation of what the benchmark would have been during that period, calculated on a basis consistent with its current basis of calculation, is widely recognized and available.

(2) A sales communication for a mutual fund or asset allocation service that is prohibited by clause 15.6(a) from disclosing performance data shall not provide performance data for any benchmark or investment other than a mutual fund or asset allocation service under common management with the mutual fund or asset allocation service to which the sales communication pertains.

(3) Notwithstanding subsection (2), a sales communication for an index mutual fund may provide performance data for the index on which the investments of the mutual fund are based if the index complies with the requirements for benchmarks contained in clause (1)(d).

(4) A sales communication shall not refer to a performance rating or ranking of a mutual fund or asset allocation service unless:

- (a) the rating or ranking is prepared by an organization that is not a member of the organization of the mutual fund;
- (b) standard performance data is provided for any mutual fund or asset allocation service for which a performance rating or ranking is given; and

- (c) the rating or ranking is provided for each period for which standard performance data is required to be given.
- (5) A sales communication shall not refer to a credit rating of securities of a mutual fund unless:
 - (a) the rating is current and was prepared by an approved credit rating organization;
 - (b) there has been no announcement by the approved credit rating organization of which the mutual fund or its manager is or ought to be aware that the credit rating of the securities may be down-graded; and
 - (c) no approved credit rating organization is currently rating the securities at a lower level.
- (6) A sales communication shall not refer to a mutual fund as, or imply that it is, a money fund, cash fund or money market fund unless, at the time the sales communication is used and for each period for which money market fund standard performance data is provided, the mutual fund is and was a money market fund, either under National Policy Statement No. 39 or under this Instrument.
- (7) A sales communication shall not state or imply that a registered retirement savings plan, registered retirement income fund or registered education savings plan in itself, rather than the mutual fund to which the sales communication relates, is an investment.

“15.4 Required Disclosure and Warnings in Sales Communications

- (1) A written sales communication shall:
 - (a) bear the name of the principal distributor or participating dealer that distributed the sales communication; and
 - (b) if the sales communication is not an advertisement, contain the date of first publication of the sales communication.
- (2) A sales communication that includes a rate of return or a mathematical table illustrating the potential effect of a compound rate of return shall contain a statement in substantially the following words:

‘[The rate of return or mathematical table shown] is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of [the mutual fund or asset allocation service] or returns on investment [in the mutual fund or from the use of the asset allocation service]’.
- (3) A sales communication, other than a report to securityholders, of a mutual fund that is not a money market fund and that does not contain performance data shall contain a warning in substantially the following words:

‘Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated’.

- (4) A sales communication, other than a report to securityholders, of a money market fund that does not contain performance data shall contain a warning in substantially the following words:

‘Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated’.

- (5) A sales communication for an asset allocation service that does not contain performance data shall contain a warning in substantially the following words:

‘Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus of the mutual funds in which investment may be made under the asset allocation service before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated’.

- (6) A sales communication, other than a report to securityholders, of a mutual fund that is not a money market fund and that contains performance data shall contain a warning in substantially the following words:

‘Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rate[s] of return is [are] the historical annual compounded total return[s] including changes in [share or unit] value and reinvestment of all [dividends or distributions] and does [do] not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated’.

- (7) A sales communication, other than a report to securityholders, of a money market fund that contains performance data shall contain:

- (a) a warning in substantially the following words:

‘Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated’; and

(b) a statement in substantially the following words, immediately following the performance data:

'This is an annualized historical yield based on the seven day period ended on [date] [annualized in the case of effective yield by compounding the seven day return] and does not represent an actual one year return'.

(8) A sales communication for an asset allocation service that contains performance data shall contain a warning in substantially the following words:

'Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus of the mutual funds in which investment may be made under the asset allocation service before investing. The indicated rate[s] of return is [are] the historical annual compounded total return[s] assuming the investment strategy recommended by the asset allocation service is used and after deduction of the fees and charges in respect of the service. The return[s] is [are] based on the historical annual compounded total returns of the participating funds including changes in [share] [unit] value and reinvestment of all [dividends or distributions] and does [do] not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated'.

(9) A sales communication distributed after the issue of a receipt for a preliminary simplified prospectus of the mutual fund described in the sales communication but before the issue of a receipt for its simplified prospectus shall contain a warning in substantially the following words:

'A preliminary simplified prospectus relating to the fund has been filed with certain Canadian securities commissions or similar authorities. You cannot buy [units] [shares] of the fund until the relevant securities commissions or similar authorities issue receipts for the simplified prospectus of the fund'.

(10) A sales communication for a mutual fund or asset allocation service that purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the mutual fund or asset allocation service shall:

- (a) identify the person or company providing the guarantee or insurance;
- (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance;
- (c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value per security of the mutual fund at the time; and
- (d) modify any other disclosure required by this section appropriately.

(11) The warnings referred to in this section shall be communicated in a manner that a reasonable person would consider clear and easily understood at the same time as, and through the medium by which, the related sales communication is communicated.

“15.5 Disclosure Regarding Distribution Fees

(1) No person or company shall describe a mutual fund in a sales communication as a ‘no-load fund’ or use words of like effect if on a purchase or redemption of securities of the mutual fund investor fees are payable by an investor or if any fees, charges or expenses are payable by an investor to a participating dealer of the mutual fund named in the sales communication, other than:

- (a) fees and charges related to specific optional services;
- (b) for a mutual fund that is not a money market fund, redemption fees on the redemption of securities of the mutual fund that are redeemed within 90 days after the purchase of the securities, if the existence of the fees is disclosed in the sales communication, or in the simplified prospectus of the mutual fund; or
- (c) costs that are payable only on the set-up or closing of a securityholder’s account and that reflect the administrative costs of establishing or closing the account, if the existence of the costs is disclosed in the sales communication, or in the simplified prospectus of the mutual fund.

(2) If a sales communication describes a mutual fund as ‘no-load’ or uses words to like effect, the sales communication shall:

- (a) indicate the principal distributor or a participating dealer through which an investor may purchase the mutual fund on a no-load basis;
- (b) disclose that management fees and operating expenses are paid by the mutual fund; and
- (c) disclose the existence of any trailing commissions paid by a member of the organization of the mutual fund.

(3) A sales communication containing a reference to the existence or absence of fees or charges, other than the disclosure required by section 15.4 or a reference to the term ‘no-load’, shall disclose the types of fees and charges that exist.

(4) The rate of sales charges or commissions for the sale of securities of a mutual fund or the use of an asset allocation service shall be expressed in a sales communication as a percentage of the amount paid by the purchaser and as a percentage of the net amount invested if a reference is made to sales charges or commissions.

“15.6 Performance Data - General Requirements

No sales communication pertaining to a mutual fund or asset allocation service shall contain performance data of the mutual fund or asset allocation service unless:

- (a) either:
 - (i) the mutual fund has distributed securities under a simplified prospectus in a jurisdiction for 12 consecutive months, or the asset allocation service has been operated for at least 12 consecutive months and has invested only in participating funds each of which has distributed securities under a simplified prospectus in a jurisdiction for at least 12 consecutive months; or
 - (ii) if the sales communication pertains to a mutual fund or asset allocation service that does not satisfy the requirements of subclause (i), the sales communication is sent only to:
 - (A) securityholders of the mutual fund or participants in the asset allocation service; or
 - (B) securityholders of a mutual fund or participants in an asset allocation service under common management with the mutual fund or asset allocation service;
- (b) the sales communication also contains standard performance data of the mutual fund or asset allocation service and, in the case of a written sales communication, the standard performance data is presented in a type size that is equal to or larger than that used to present the other performance data;
- (c) the performance data reflects or includes references to all elements of return; and
- (d) except as permitted by subsection 15.3(3), the sales communication does not contain performance data for a period that is before the time when the mutual fund offered its securities under a simplified prospectus or before the asset allocation service commenced operation.

“15.7 Advertisements

An advertisement for a mutual fund or asset allocation service shall not compare the performance of the mutual fund or asset allocation service with any benchmark or investment other than:

- (a) one or more mutual funds or asset allocation services that are under common management or administration with the mutual fund or asset allocation service to which the advertisement pertains;
- (b) one or more mutual funds or asset allocation services that have fundamental investment objectives that a reasonable person would consider similar to the mutual fund or asset allocation service to which the advertisement pertains; or
- (c) an index.

“15.8 Performance Measurement Periods Covered by Performance Data

- (1) A sales communication, other than a report to securityholders, that relates to a money market fund may provide standard performance data only if:
 - (a) the standard performance data has been calculated for the most recent seven day period for which it is practicable to calculate, taking into account publication deadlines; and
 - (b) the seven day period does not start more than 45 days before the date of the appearance, use or publication of the sales communication.
- (2) A sales communication, other than a report to securityholders, that relates to an asset allocation service or to a mutual fund other than a money market fund may provide standard performance data only if:
 - (a) the standard performance data has been calculated for the 10, five, three and one year periods and the period since the inception of the mutual fund if the mutual fund has been offering securities by way of simplified prospectus for more than one and less than 10 years; and
 - (b) the periods referred to in clause (a) end on the same calendar month end that is:
 - (i) not more than 45 days before the date of the appearance or use of the advertisement in which it is included; and
 - (ii) not more than three months before the date of first publication of any other sales communication in which it is included.
- (3) A report to securityholders may contain standard performance data only if:
 - (a) the standard performance data has been calculated for the 10, five, three and one year periods and the period since the inception of the mutual fund if the mutual fund has been offering securities by way of simplified prospectus for more than one and less than 10 years; and
 - (b) the periods referred to in clause (a) end on the day as of which the balance sheet of the financial statements contained in the report to securityholders was prepared.
- (4) A sales communication shall clearly identify the periods for which performance data is calculated.

“15.9 Changes affecting Performance Data

- (1) If, during or after a performance measurement period of performance data contained in a sales communication, there have been changes in the business, operations or affairs of the mutual fund or asset allocation service to which the sales communication pertains that could have materially affected the performance of the mutual fund or asset allocation service, the sales communication shall contain:
 - (a) summary disclosure of the changes, and of how those changes could have affected the performance had those changes been in effect throughout the performance measurement period; and

- (b) for a money market fund that during the performance measurement period did not pay or accrue the full amount of any fees and charges of the type described under clause 15.11(1)(a), disclosure of the difference between the full amounts and the amounts actually charged, expressed as an annualized percentage on a basis comparable to current yield.
- (2) If a mutual fund has, in the last 10 years, undertaken a reorganization with, or acquired assets from, another mutual fund in a transaction that was a significant change for the mutual fund or would have been a significant change for the mutual fund had this Instrument been in force at the time of the transaction, then, in any sales communication of the mutual fund:
- (a) the mutual fund shall provide summary disclosure of the transaction;
 - (b) the mutual fund may include its performance data covering any part of a period before the transaction only if it also includes the performance data for the other fund for the same periods;
 - (c) the mutual fund shall not include its performance data for any part of a period after the transaction unless:
 - (i) 12 months have passed since the transaction; or
 - (ii) the mutual fund includes in the sales communication the performance data for itself and the other mutual fund referred to in clause (b); and
 - (d) the mutual fund shall not include any performance data for any period that is composed of both time before and after the transaction.

“15.10 Formula for Calculating Standard Performance Data

- (1) The standard performance data of a mutual fund shall be calculated in accordance with this section.
- (2) In this Part:

‘current yield’ means the yield of a money market fund expressed as a percentage and determined by applying the following formula:

$$\text{current yield} = [\text{seven day return} \times 365/7] \times 100;$$

‘effective yield’ means the yield of a money market fund expressed as a percentage and determined by applying the following formula:

$$\text{effective yield} = [(\text{seven day return} + 1)^{365/7} - 1] \times 100;$$

‘seven day return’ means the income yield of an account of a securityholder in a money market fund that is calculated by:

- (a) determining the net change, exclusive of new subscriptions other than from the reinvestment of distributions or proceeds of redemption of securities of the money market fund, in the value of the account;
- (b) subtracting all fees and charges of the type referred to in clause 15.11(1)(c) for the seven day period; and
- (c) dividing the result by the value of the account at the beginning of the seven day period;

'standard performance data' means:

- (a) for a money market fund:
 - (i) the current yield; or
 - (ii) the current yield and effective yield, if the effective yield is reported in a type size that is at least equal to that of the current yield; and
- (b) for any mutual fund other than a money market fund, the total return;

calculated in each case in accordance with this section; and

'total return' means the annual compounded rate of return for a mutual fund for a period that would equate the initial value to the redeemable value at the end of the period, expressed as a percentage, and determined by applying the following formula:

$$\text{total return} = [(\text{redeemable value}/\text{initial value})^{(1/N)} - 1] \times 100$$

where N = the length of the performance measurement period in years, with a minimum value of 1.

(3) If there are fees and charges of the type described in clause 15.11(1)(a) relevant to the calculation of redeemable value and initial value of the securities of a mutual fund, the redeemable value and initial value of securities of a mutual fund shall be the net asset value of one unit or share of the mutual fund at the beginning or at the end of the performance measurement period, minus the amount of those fees and charges calculated by applying the assumptions referred to in that clause to a hypothetical securityholder account.

(4) If there are no fees and charges of the type described in clause 15.11(1)(a) relevant to a calculation of total return, the calculation of total return for a mutual fund may assume a hypothetical investment of one security of the mutual fund and be calculated as follows:

(a) **'initial value'** means the net asset value of one unit or share of a mutual fund at the beginning of the performance measurement period; and

(b) **'redeemable value'** =

$$R \times (1 + D_1/P_1) \times (1 + D_2/P_2) \times (1 + D_3/P_3) \dots \times (1 + D_n/P_n)$$

where:

R = the net asset value of one unit or security of the mutual fund at the end of the performance measurement period;

D = the dividend or distribution amount per security of the mutual fund at the time of each distribution;

P = the dividend or distribution reinvestment price per security of the mutual fund at the time of each distribution; and

n = the number of dividends or distributions during the performance measurement period.

(5) Standard performance data of an asset allocation service shall be based upon the standard performance data of its participating funds.

(6) Performance data:

(a) for a mutual fund other than a money market fund shall be calculated to the nearest one-tenth of one percent; and

(b) for a money market fund shall be calculated to the nearest one-hundredth of one percent.

“15.11 Assumptions for Calculating Standard Performance Data

(1) The following assumptions shall be made in the calculation of standard performance data of a mutual fund:

(a) recurring fees and charges that are payable by all securityholders:

(i) are accrued or paid in proportion to the length of the performance measurement period;

(ii) if structured in a manner that would result in the performance information being dependent on the size of an investment, are calculated on the basis of an investment equal to the greater of \$10,000 or the minimum amount that may be invested; and

(iii) if fully negotiable, are calculated on the basis of the average fees paid by accounts of the size referred to in subclause (ii);

(b) there are no fees and charges related to specific optional services;

(c) all fees and charges payable by the mutual fund are accrued or paid;

(d) dividends or distributions by the mutual fund are reinvested in the mutual fund at the net asset value per security of the mutual fund on the reinvestment dates during the performance measurement period;

(e) there are no non-recurring fees and charges that are payable by some or all securityholders and no recurring fees and charges that are payable by some but not all securityholders;

(f) a complete redemption occurs at the end of the performance measurement period so that the ending redeemable value includes elements of return that have been accrued but not yet paid to securityholders.

(2) The following assumptions shall be made in the calculation of standard performance data of an asset allocation service:

(a) fees and charges that are payable by participants in the asset allocation service:

(i) are accrued or paid in proportion to the length of the performance measurement period;

(ii) if structured in a manner that would result in the performance information being dependent on the size of an investment, are calculated on the basis of an investment equal to the greater of \$10,000 or the minimum amount that may be invested; and

(iii) if fully negotiable, are calculated on the basis of the average fees paid by accounts of the size referred to in subclause (i);

- (b) there are no fees and charges related to specific optional services;
 - (c) the investment strategy recommended by the asset allocation service is utilized for the performance measurement period;
 - (d) transfer fees are:
 - (i) accrued or paid;
 - (ii) if structured in a manner that would result in the performance information being dependent on the size of an investment, calculated on the basis of an account equal to the greater of \$10,000 or the minimum amount that may be invested; and
 - (iii) if the fees and charges are fully negotiable, calculated on the basis of the average fees paid by an account of the size referred to in subclause (ii);
 - (e) a complete redemption occurs at the end of the performance measurement period so that the ending redeemable value includes elements of return that have been accrued but not yet paid to securityholders.
- (3) The calculation of standard performance data shall be based on actual historical performance and the fees and charges payable by the mutual fund and securityholders, or the asset allocation service and participants, in effect during the performance measurement period.

“15.12 Sales Communications During the Waiting Period

If a sales communication is used after the issue of a receipt for a preliminary simplified prospectus of the mutual fund described in the sales communication but before the issue of a receipt for its simplified prospectus, the sales communication shall state only:

- (a) whether the security represents a share in a corporation or an interest in a non-corporate entity;
- (b) the name of the mutual fund and its manager;
- (c) the fundamental investment objectives of the mutual fund;
- (d) without giving details, whether the security is or will be a qualified investment for a registered retirement savings plan, registered retirement income fund or registered education savings plan or qualifies or will qualify the holder for special tax treatment; and
- (e) any additional information permitted by securities legislation.

“15.13 Prohibited Representations

- (1) Securities issued by an unincorporated mutual fund shall be described by a term that is not and does not include the word ‘shares’.
- (2) No communication by a mutual fund or asset allocation service, its promoter, manager, portfolio adviser, principal distributor, participating dealer or a person providing services to the mutual fund or asset allocation service shall describe a mutual fund as a commodity pool or as a vehicle for investors to participate in the speculative trading of, or leveraged investment in, derivatives, unless the mutual fund is a commodity pool as defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure.

“15.14 Sales Communication - Multi-Class Mutual Funds - A sales communication for a mutual fund that distributes different classes or series of securities that are referable to the same portfolio shall not contain performance data unless the sales communication complies with the following requirements:

1. The sales communication clearly specifies the class or series of security to which any performance data contained in the sales communication relates.
2. If the sales communication refers to more than one class or series of security and provides performance data for any one class or series, the sales communication shall provide performance data for each class or series of security referred to in the sales communication and shall clearly explain the reasons for different performance data among the classes or series.
3. A sales communication for a new class or series of security and an existing class or series of security shall not contain performance data for the existing class or series unless the sales communication clearly explains any differences between the new class or series and the existing class or series that could affect performance.

“PART 16 CALCULATION OF MANAGEMENT EXPENSE RATIO

“16.1 Calculation of Management Expense Ratio

(1) A mutual fund may disclose its management expense ratio only if the management expense ratio is calculated for a financial year of the mutual fund and if it is calculated by:

(a) dividing:

(i) the total expenses of the mutual fund, before income taxes, for the financial year, as shown on its income statement;

by:

(ii) the average net asset value of the mutual fund for the financial year, obtained by:

(A) adding together the net asset values of the mutual fund as at the close of business of the mutual fund on each day during the financial year on which the net asset value of the mutual fund has been calculated; and

(B) dividing the amount obtained under paragraph (A) by the number of days during the financial year on which the net asset value of the mutual fund has been calculated; and

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

(2) If any fees and expenses otherwise payable by a mutual fund in a financial year were waived or otherwise absorbed by a member of the organization of the mutual fund, the mutual fund shall disclose in a note to the disclosure of its management expense ratio, details of:

(a) what the management expense ratio would have been without any waivers or absorptions;

- (b) the length of time that the waiver or absorption is expected to continue;
 - (c) whether the waiver or absorption can be terminated at any time by the member of the organization of the mutual fund; and
 - (d) any other arrangements concerning the waiver or absorption.
- (3) All non-optional fees, charges and expenses paid directly by investors of a mutual fund in connection with the holding of securities of the mutual fund during the period to which the disclosed management expense ratio relates shall be included by the mutual fund in its calculation of the management expense ratio with an appropriate explanation in a note to the disclosure.
- (4) The requirements to provide note disclosure contained in subsections (2) and (3) do not apply if a mutual fund provides its management expense ratio to a service provider that will arrange for public dissemination of the management expense ratio, if the mutual fund indicates, as applicable, that management fees have been waived or that management fees were paid directly by investors during the period for which the management expense ratio was calculated.
- (5) If the aggregate amount of a non-optional fee, charge and expense payable directly by investors of a mutual fund in connection with the holding of securities of the mutual fund during the period to which the disclosed management expense ratio relates is not ascertainable, the mutual fund shall include the maximum amount of the non-optional investor fee that could have been paid by those investors in its calculation of the management expense ratio.
- (6) Mutual fund expenses rebated by a manager or a mutual fund to a securityholder shall not be deducted from total expenses of the mutual fund in determining the management expense ratio of the mutual fund.
- (7) A mutual fund that has separate classes or series of securities shall calculate a management expense ratio for each class or series, in the manner required by this section, modified as appropriate.
- (8) In this section, the phrase 'financial year' includes, for an issuer, a period other than the 12 months for which the issuer is required by securities legislation to prepare audited financial statements.
- (9) The management expense ratio of a mutual fund for a financial year of less than 12 months shall be annualized.

“16.2 Fund of Funds Calculation

- (1) For the purposes of subparagraph 16.1(1)(a)(i), the total expenses of a mutual fund that invests in securities of one or more other mutual funds is equal to the sum of:
- (a) the total expenses incurred by the mutual fund that are for the period that the calculation of management expense ratio is made and that are attributable to its investment in each underlying mutual fund, as calculated by:
 - (i) multiplying the total expenses of each underlying mutual fund, before income taxes, for the period, by:

(ii) the average proportion of securities of the underlying mutual fund held by the mutual fund during the period, calculated by:

(A) adding together the proportion of securities of the underlying mutual fund held by the mutual fund on each day in the period, and

(B) dividing the amount obtained under clause (A) by the number of days in the period; and

(b) the total expenses of the mutual fund, before income taxes, for the period.

(2) A mutual fund that has exposure to one or more other mutual funds through the use of specified derivatives in a financial year shall calculate its management expense ratio for the financial year in the manner described in subsection (1), treating each mutual fund to which it has exposure as an 'underlying mutual fund' under subsection (1).

(3) Subsection (2) does not apply if the specified derivatives do not expose the mutual fund to expenses that would be incurred by a direct investment in the relevant mutual funds.

(4) Despite subsection 16.1(5), management fees rebated by an underlying fund to a mutual fund that invests in the underlying fund shall be deducted from total expenses of the underlying fund if the rebate is made for the purpose of avoiding duplication of fees between the two mutual funds.

“16.3 Application of section 16.1

Section 16.1 does not apply to a mutual fund in respect of a financial year that ended before February 1, 2000 if the management expense ratio for that financial year is disclosed and calculated in accordance with securities legislation applicable to mutual funds on January 31, 2000.

“PART 17 FINANCIAL STATEMENT REQUIREMENTS

“17.1 Information About Specified Derivatives

(1) A mutual fund shall, in the statement of investment portfolio included in the annual and interim financial statements of the mutual fund, or in the notes to that statement, disclose:

(a) for long positions in clearing corporation options, the number of options, the underlying interest, the strike price, the expiration month and year, the cost and the market value;

(b) for long positions in options on futures, the number of options on futures, the futures contracts that form the underlying interest, the strike price, the expiration month and year of the option on futures, the delivery month and year of the futures contract that forms the underlying interest of the option on futures, the cost and the market value;

(c) for clearing corporation options written by the mutual fund, the particulars of the deferred credit account, indicating the number of options, the underlying interest, the strike price, the expiration month and year, the premium received and the value as determined under section 13.5;

- (d) for options purchased by the mutual fund that are not clearing corporation options, the number of options, the credit rating of the issuer of the options, whether the rating has fallen below the approved credit rating, the underlying interest, the principal amount or quantity of the underlying interest, the strike price, the expiration date, the cost and the market value;
 - (e) for options written by the mutual fund that are not clearing corporation options, the particulars of the deferred credit account, indicating the number of options, the underlying interest, the principal amount or quantity of the underlying interest, the exercise price, the expiration date, the premium received and the value as determined under section 13.5;
 - (f) for positions in standardized futures, the number of standardized futures, the underlying interest, the price at which the contract was entered into, the delivery month and year and the value as determined under section 13.5;
 - (g) for positions in forward contracts, the number of forward contracts, the credit rating of the counter party, whether the rating has fallen below the approved credit rating level, the underlying interest, the quantity of the underlying interest, the price at which the contract was entered into, the settlement date and the value as determined under section 13.5; and
 - (h) for debt-like securities, the principal amount of the debt, the interest rate, the payment dates, the underlying interest, the principal amount or quantity of the underlying interest, a description of whether the derivative component is an option or a forward contract with respect to the underlying interest, the strike price in the case of an options component and the set price in the case of a forward component, and the value as determined under section 13.5.
- (2) If applicable, the statement of investment portfolio included in the annual and interim financial statements of the mutual fund, or the notes to that statement, shall identify by an asterisk or other notation the underlying interest that is being hedged by each position taken by the mutual fund in a specified derivative.

“17.2 Additional Disclosure Requirements

- (1) The annual financial statements of a mutual fund shall:
- (a) set out in appropriate detail the amounts of all fees, charges and expenses, if any, that have been charged to the mutual fund during each financial year reported upon in the financial statements; and
 - (b) set out the net asset value per security of the mutual fund as at the end of the last completed financial year and as at the end of each of the four preceding completed financial years, or such fewer number of financial years as the mutual fund has been in existence.
- (2) The annual and interim financial statements of a mutual fund shall disclose:
- (a) the management expense ratio of each class or series of a class of securities of the mutual fund for each of the last five completed financial years of the mutual fund or such fewer number of financial years as the mutual fund has been in existence, and shown for periods of less than 12 months on an annualized basis with reference to the period covered and the fact that the management expense ratio shown is annualized; and
 - (b) a brief description of the method of calculating the management expense ratio.

“17.3 Approval of Financial Statements

- (1) The board of directors of a mutual fund that is a corporation shall:
 - (a) approve the annual financial statements of the mutual fund that are to be delivered on request to purchasers of its securities; and
 - (b) authorize two directors of the mutual fund to sign those financial statements to evidence that approval.
- (2) The manager or the trustee or trustees of a mutual fund that is a trust, or another person or company authorized to do so by the constating documents of the mutual fund, shall:
 - (a) approve the annual financial statements of the mutual fund that, on and after the date the simplified prospectus of the mutual fund is filed, are to be delivered to purchasers of its securities with the simplified prospectus or are incorporated by reference into the simplified prospectus; and
 - (b) authorize two appropriate persons to sign those financial statements to evidence that approval.

“PART 18 SECURITYHOLDER RECORDS**“18.1 Maintenance of Records**

A mutual fund that is not a corporation shall maintain, or cause to be maintained, up to date records of:

- (a) the names and latest known addresses of each securityholder of the mutual fund;
- (b) the number and class or series of a class of securities held by each securityholder of the mutual fund; and
- (c) the date and details of each issue and redemption of securities, and each distribution, of the mutual fund.

“18.2 Availability of Records

- (1) A mutual fund that is not a corporation shall make, or cause to be made, the records referred to in section 18.1 available for inspection, free of charge, during normal business hours at its principal or head office by a securityholder or a representative of a securityholder, if the securityholder has agreed in writing that the information contained in the register will not be used by the securityholder for any purpose other than attempting to influence the voting of securityholders of the mutual fund or a matter relating to the relationships among the mutual fund, the members of the organization of the mutual fund, and the securityholders, partners, directors and officers of those entities.
- (2) A mutual fund shall, upon written request by a securityholder of the mutual fund, provide, or cause to be provided, to the securityholder a copy of the records referred to in clauses 18.1(a) and (b) if the securityholder:
 - (a) has agreed in writing that the information contained in the register will not be used by the securityholder for any purpose other than attempting to influence the voting of securityholders of the mutual fund or a matter relating to the administration of the mutual fund; and
 - (b) has paid a reasonable fee to the mutual fund that does not exceed the reasonable costs to the mutual fund of providing the copy of the register.

“PART 19 EXEMPTIONS AND APPROVALS**“19.1 Exemption**

- (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Notwithstanding subsection (1), in Ontario only the regulator may grant such an exemption.

“19.2 Exemption or Approval under Prior Policy

- (1) A mutual fund that has obtained, from the regulator or securities regulatory authority, an exemption or waiver from, or approval under, a provision of National Policy Statement No. 39 before this Instrument came into force is exempt from any substantially similar provision of this Instrument, if any, on the same conditions, if any, as are contained in the earlier exemption or approval, unless the regulator or securities regulatory authority has revoked that exemption or waiver under authority provided to it in securities legislation.
- (2) Notwithstanding Part 7, a mutual fund that has obtained, from the regulator or securities regulatory authority, approval under National Policy Statement No. 39 to pay incentive fees may continue to pay incentive fees on the terms of that approval if disclosure of the method of calculation of the fees and details of the composition of the benchmark or index used in calculating the fees are described in the simplified prospectus of the mutual fund.
- (3) A mutual fund that intends to rely upon subsection (1) shall, at the time of the first filing of its *pro forma* simplified prospectus after this Instrument comes into force, send to the regulator a letter or memorandum containing:
 - (a) a brief description of the nature of the exemption from, or approval under, National Policy Statement No. 39 previously obtained; and
 - (b) the provision in the Instrument that is substantially similar to the provision in National Policy Statement No. 39 from or under which the exemption or approval was previously obtained.

“PART 20 TRANSITIONAL**“20.1 Sales Communications**

Sales communications, other than advertisements, that were printed before December 31, 1999 may be used until August 1, 2000, despite any requirements in this Instrument.

“20.2 Reports to Securityholders - This Instrument does not apply to reports to securityholders

- (a) printed before February 1, 2000; or
- (b) that include only financial statements that relate to financial periods that ended before February 1, 2000.

“20.3 Mortgage Funds

Clauses 2.3(b) and (c) do not apply to a mutual fund that has adopted fundamental investment objectives to permit it to invest in mortgages in accordance with National Policy Statement No. 29 if:

- (a) a National Instrument replacing National Policy Statement No. 29 has not come into force;
- (b) the mutual fund was established, and has a simplified prospectus for which a receipt was issued, before the date that this Instrument came into force; and
- (c) the mutual fund complies with National Policy Statement No. 29.

“20.4 Delayed Coming into Force

- (1) Notwithstanding section 20.1, subsection 4.4(1) does not come into force until August 1, 2000.
- (2) Notwithstanding section 20.1, the following provisions of this Instrument do not come into force until February 1, 2001:
 - (a) subsection 2.4(2);
 - (b) subsection 2.7(4);
 - (c) subsection 6.4(1);
 - (d) subsection 6.8(4).

“NATIONAL INSTRUMENT 81-102**“APPENDIX A****“Futures Exchanges for the Purpose of
Subsection 2.7(4) - Derivative Counter party Exposure Limits****Futures Exchanges****Australia**

Sydney Futures Exchange
Australian Financial Futures Market

Austria

Osterreichische Termin-und Option Borse (OTOB - The Austrian Options and Futures Exchange)

Belgium

Belfox CV (Belgium Futures and Options Exchange)

Brazil

Bolsa Brasileira de Futuros
Bolsa de Mercadorias & Futuros
Bolsa de Valores de Rio de Janeiro

Canada

The Winnipeg Commodity Exchange
The Toronto Futures Exchange
The Montreal Exchange

Denmark

Kobenhavus Fondsbors (Copenhagen Stock Exchange)
Garenti fonden for Dankse Optioner og Futures (Guarantee Fund for Danish
Options and Futures)
Futop (Copenhagen Stock Exchange)

Finland

Helsinki Stock Exchange
Oy Suomen Optiopörssi (Finnish Options Exchange)
Suomen Optionmeklarit Oy (Finnish Options Market)

France

Marché à terme international de France S.A. (MATIF S.A.)
Marché des option négociables à Paris (MUNCP)

Germany

DTB Deutsche Terminbörse GmbH
EUREX

Hong Kong

Hong Kong Futures Exchange Limited

Ireland

Irish Futures and Options Exchange

Italy

Milan Italiano Futures Exchange

Japan

Osaka Shoken Torihikisho (Osaka Securities Exchange)
The Tokyo Commodity Exchange for Industry
The Tokyo International Financial Futures Exchange
Tokyo Grain Exchange
Tokyo Stock Exchange

Netherlands

AEX Options & Futures Exchange
EOE-Optiebeurs (European Options Exchange)
Financiele Termijnmarkt Amsterdam N.V.

New Zealand

New Zealand Futures and Options Exchange

Norway

Oslo Stock Exchange

Philippines

Manila International Futures Exchange

Portugal

Bosa de Derivatives de Porto

Singapore

Singapore Commodity Exchange (SICOM)

Singapore International Monetary Exchange Limited (SIMEX)

Spain

Meff Renta Fija

Meff Renta Variable

Sweden

OM Stockholm Fondkommission AB

Switzerland

EUREX

United Kingdom

International Petroleum Exchange (IPE)

London International Financial Futures and Options Exchange (LIFFE)

London Metal Exchange (LME)

OM London

United States

Chicago Board of Options Exchange (CBOE)

Chicago Board of Trade (CBOT)

Chicago Mercantile Exchange (CME)

Commodity Exchange, Inc. (COMEX)

Financial Instrument Exchange (Finex) a division of the New York Cotton Exchange

Board of Trade of Kansas City, Missouri, Inc.

Mid-America Commodity Exchange

Minneapolis Grain Exchange (MGE)

New York Futures Exchange, Inc. (NYFE)

New York Mercantile Exchange (NYMECX)

New York Board of Trade (NYBOT)

Pacific Stock Exchange

Philadelphia Board of Trade (PBOT)

Twin Cities Board of Trade

“NATIONAL INSTRUMENT 81-102

APPENDIX B-1

Compliance Report

TO: [The appropriate securities regulatory authorities]

FROM: [Name of mutual fund]

RE: Compliance Report on National Instrument 81-102

For the year ended [insert date]

We hereby confirm that we have complied with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102 for the year ended [insert date] [except as follows:] [list exceptions, if any].

[NAME of mutual fund]

Signature

Name and office of the person executing this report

Date

“NATIONAL INSTRUMENT 81-102

APPENDIX B-1

Audit Report

TO: [The appropriate securities regulatory authorities]

RE: Compliance Report on National Instrument 81-102

For the year ended [insert date]

We have audited [name of mutual fund]’s report made under section 12.1 of National Instrument 81-102 regarding its compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of that National Instrument. Compliance with these requirements is the responsibility of the management of [name of mutual fund] (the ‘Fund’). Our responsibility is to express an opinion on management’s compliance report based on our audit.

We conducted our audit in accordance with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance as a basis for our opinion. Such an audit includes examining, on a test basis, evidence supporting the assertions in management’s compliance report.

In our opinion, the Fund's report presents fairly, in all material respects, the Fund's compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102.

This report is provided solely for the purpose of assisting the securities regulatory authority[ies] to which it is addressed in discharging its [their] responsibilities and should not be used for any other purpose.

City

Date

Chartered Accountants

”

“NATIONAL INSTRUMENT 81-102

APPENDIX B-2

Compliance Report

TO: [The appropriate securities regulatory authorities]

FROM: [Name of principal distributor] (the ‘Distributor’)

RE: Compliance Report on National Instrument 81-102
For the year ended [insert date]

FOR: [Name(s) of the mutual fund (the ‘Fund[s]’)]

We hereby confirm that we have complied with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102 in respect of the Fund[s] for the year ended [insert date] [except as follows:] [list exceptions, if any].

[NAME of Distributor]

Signature

Name and office of the person executing this report

Date

“NATIONAL INSTRUMENT 81-102**APPENDIX B-2****Audit Report**

TO: [The appropriate securities regulatory authorities]

RE: Compliance Report on National Instrument 81-102
For the year ended [insert date]

We have audited [name of principal distributor]’s report made under section 12.1 of National Instrument 81-102 regarding its compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of that National Instrument in respect of the [name of mutual funds] (the ‘Funds’). Compliance with these requirements is the responsibility of the management of [name of principal distributor] (the ‘Company’). Our responsibility is to express an opinion on management’s compliance report based on our audit.

We conducted our audit in accordance with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance as a basis for our opinion. Such an audit includes examining, on a test basis, evidence supporting the assertions in management’s compliance report.

In our opinion, the Company’s report presents fairly, in all material respects, the Company’s compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102 in respect of the Funds.

This report is provided solely for the purpose of assisting the securities regulatory authority [ies] to which it is addressed in discharging its [their] responsibilities and should not be used for any other purpose.

City

Date

Chartered Accountants

”

“NATIONAL INSTRUMENT 81-102**APPENDIX B-3****Compliance Report**

TO: [The appropriate securities regulatory authorities]
FROM: [Name of participating dealer] (the ‘Distributor’)
RE: Compliance Report on National Instrument 81-102
For the year ended [insert date]

We hereby confirm that we have sold mutual fund securities to which National Instrument 81-102 is applicable. In connection with our activities in distributing these securities, we have complied with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102 for the year ended [insert date] [except as follows:] [list exceptions, if any].

[NAME of Distributor]

Signature

Name and office of the person executing this report

Date

“NATIONAL INSTRUMENT 81-102**APPENDIX B-3****Audit Report**

TO: [The appropriate securities regulatory authorities]
RE: Compliance Report on National Instrument 81-102
For the year ended [insert date]

We have audited [name of participating dealer]’s report made under section 12.1 of National Instrument 81-102 regarding its compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of that National Instrument in respect of sales of mutual fund securities. Compliance with these requirements is the responsibility of the management of [name of participating dealer] (the ‘Company’). Our responsibility is to express an opinion on management’s compliance report based on our audit.

We conducted our audit in accordance with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance as a basis for our opinion. Such an audit includes examining, on a test basis, evidence supporting the assertions in management’s compliance report.

In our opinion, the Company's report presents fairly, in all material respects, the Company's compliance for the year ended [insert date] with the applicable requirements of Parts 9, 10 and 11 of National Instrument 81-102 in respect of sales of mutual fund securities.

This report is provided solely for the purpose of assisting the securities regulatory authority [ies] to which it is addressed in discharging its [their] responsibilities and should not be used for any other purpose.

City

Date

Chartered Accountants

(2) The following Part is added after Part XVI of the Appendix:

**“Part XVII
“[clause 2(q)]
“NATIONAL INSTRUMENT 55-101
“EXEMPTION FROM CERTAIN INSIDER**

REPORTING REQUIREMENTS

“PART 1 DEFINITIONS

“1.1 Definitions - In this Instrument:

‘automatic securities purchase plan’ means a dividend or interest reinvestment plan, a stock dividend plan or any other plan of a reporting issuer or of a subsidiary of a reporting issuer to facilitate the acquisition of securities of the reporting issuer if the timing of acquisitions of securities, the number of securities which may be acquired under the plan by a director or senior officer of the reporting issuer or of the subsidiary of the reporting issuer and the price payable for the securities are established by written formula or criteria set out in a plan document;

‘cash payment option’ means a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the issuer, securities of the issuer's own issue, in addition to the securities:

- (a) purchased using the amount of the dividend or interest payable to or for the account of the participant; or
- (b) acquired as a stock dividend or other distribution out of earnings or surplus;

‘dividend or interest reinvestment plan’ means an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends or interest paid on the securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer's own issue;

‘issuer event’ means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

‘lump-sum provision’ means a provision of an automatic securities purchase plan which allows a director or senior officer to acquire securities in consideration of an additional lump-sum payment, including, in the case of a dividend or interest reinvestment plan which is an automatic securities purchase plan, a cash payment option;

‘major subsidiary’ means a subsidiary of a reporting issuer if:

- (a) the assets of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited balance sheet of the reporting issuer that the reporting issuer has filed, are 10 percent or more of the consolidated assets of the reporting issuer reported on that balance sheet, or
- (b) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited income statement of the reporting issuer that the reporting issuer has filed, are 10 percent or more of the consolidated revenues of the reporting issuer reported on that statement;

‘normal course issuer bid’ means:

- (a) an issuer bid which is made in reliance on the exemption contained in securities legislation from certain requirements relating to issuer bids which is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 percent of the securities of that class issued and outstanding at the commencement of the period, or
- (b) a normal course issuer bid as defined in the policies of The Montreal Exchange, The Canadian Venture Exchange or The Toronto Stock Exchange, conducted in accordance with the policies of that exchange; and

‘stock dividend plan’ means an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings or surplus.

“PART 2 EXEMPTION FROM INSIDER REPORTING FOR DIRECTORS AND SENIOR OFFICERS OF CERTAIN SUBSIDIARIES

“2.1 Reporting Exemption - Subject to section 2.2, the insider reporting requirement does not apply to a director or senior officer of a subsidiary of a reporting issuer in respect of securities of the reporting issuer.

“2.2 Limitation - The exemption in section 2.1 is not available if the director or senior officer:

- (a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;
- (b) is a director or senior officer of a major subsidiary; or
- (c) is an insider of the reporting issuer in a capacity other than as a director or senior officer of the subsidiary.

“PART 3 EXEMPTION FROM INSIDER REPORTING FOR DIRECTORS AND SENIOR OFFICERS OF AFFILIATES OF INSIDERS OF A REPORTING ISSUER

“3.1 Québec - This Part does not apply in Québec.

“3.2 Reporting Exemption - Subject to section 3.3, the insider reporting requirement does not apply to a director or senior officer of an affiliate of an insider of a reporting issuer in respect of securities of the reporting issuer.

“3.3 Limitation - The exemption in section 3.2 is not available if the director or senior officer:

- (a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;
- (b) is an insider of the reporting issuer in a capacity other than as a director or senior officer of an affiliate of an insider of the reporting issuer; or
- (c) is a director or senior officer of a company that supplies goods or services to the reporting issuer or to a subsidiary of the reporting issuer or has contractual arrangements with the reporting issuer or a subsidiary of the reporting issuer, and the nature and scale of the supply or the contractual arrangements could reasonably be expected to have a significant effect on the market price or value of the securities of the reporting issuer.

“PART 4 LISTS OF EXEMPTED INSIDERS

“4.1 Lists of Exempted Insiders - A reporting issuer shall maintain a list of all insiders of the reporting issuer exempted from the insider reporting requirement by section 2.1 and shall maintain a list of all insiders of the reporting issuer exempted from the insider reporting requirement by section 3.2.

“PART 5 REPORTING OF ACQUISITIONS UNDER AUTOMATIC SECURITIES PURCHASE PLANS

“5.1 Reporting Exemption - Subject to section 5.2, the insider reporting requirement does not apply to a director or senior officer of a reporting issuer or of a subsidiary of the reporting issuer for the acquisition of securities of the reporting issuer pursuant to an automatic securities purchase plan, other than the acquisition of securities pursuant to a lump-sum provision of the plan.

“5.2 Limitation

- (1) The exemption in section 5.1 is not available to an insider that beneficially owns, directly or indirectly, voting securities of the reporting issuer, or exercises control or direction over voting securities of the reporting issuer, or a combination of both, carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer.
- (2) In Québec, subsection (1) does not apply.
- (3) In Québec, the exemption in section 5.1 is not available to a person who exercises control over more than 10 percent of a class of shares of a reporting issuer to which are attached voting rights or an unlimited right to a share of the profits of the reporting issuer and in its assets in case of winding-up.

“5.3 Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 5.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider:

(a) for any securities acquired under the automatic securities purchase plan which have been disposed of or transferred, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and

(b) for any securities acquired under the automatic securities purchase plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.

“PART 6 REPORTING FOR NORMAL COURSE ISSUER BIDS

“6.1 Reporting Exemption - The insider reporting requirement does not apply to an issuer for acquisitions of securities of its own issue by the issuer under a normal course issuer bid.

“6.2 Reporting Requirement - An issuer who relies on the exemption from the insider reporting requirement contained in section 6.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred.

“PART 7 REPORTING FOR CERTAIN ISSUER EVENTS

“7.1 Reporting Exemption - The insider reporting requirement does not apply to an insider of a reporting issuer whose direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer changes as a result of an issuer event of the issuer.

“7.2 Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 7.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing all changes in direct or indirect beneficial ownership of, or control or direction over securities by, the insider for securities of the reporting issuer pursuant to an issuer event that have not previously been reported by or on behalf of the insider, within the time required by securities legislation for the insider to report any other subsequent change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer”.

Coming into force

5 These regulations come into force on the day on which they are filed with the Registrar of Regulations.

SASKATCHEWAN REGULATIONS 38/2001

The Urban Municipality Act, 1984

Clause 333(1)(b)

Minister's Order dated May 29, 2001

(Filed June 13, 2001)

Title

1 These regulations may be cited as *The Urban Municipality (No. 2) Amendment Regulations, 2001*.

R.R.S. c.U-11 Reg 2 amended

2 *The Urban Municipality Regulations (No. 2)* are amended in the manner set forth in these regulations.

Section 14 repealed

3 Section 14 is repealed.

Section 16 repealed

4 Section 16 is repealed.

Appendix amended

5(1) The Appendix is amended in the manner set forth in this section.

(2) Form J is repealed.

(3) Form K is amended by striking out

“(B) Business _____”.

Coming into force

6 These regulations come into force on the day on which they are filed with the Registrar of Regulations.

REGINA, SASKATCHEWAN
Printed by the authority of
THE QUEEN'S PRINTER
Copyright©2001