

For Immediate Release

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Canadian securities regulators publish amendments to finalize Alternative Mutual Funds Framework

Toronto – The Canadian Securities Administrators (CSA) today published amendments that establish a comprehensive framework for alternative mutual funds (currently called commodity pools) and streamline the regulation of non-redeemable investment funds.

“These amendments mark a new phase in the CSA’s efforts to modernize the regulation of publicly offered investment funds, while maintaining appropriate investor protection measures,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers.

The amendments rename “commodity pools” as “alternative mutual funds” and streamline the regulatory regime governing these products by moving most of the regulatory framework in National Instrument 81-104 *Commodity Pools* into National Instrument 81-102 *Investment Funds*.

The amendments also update the investment restrictions for alternative mutual funds to allow greater flexibility with investing strategies, with a focus on strategies typically associated with “liquid alternatives”. These include increased concentration limits, more flexibility for fund-of-fund investing, an increased ability to borrow cash for investing purposes, and increased flexibility to short-sell and around the use of derivatives, amongst others. The changes also simplify the prospectus requirements for alternative mutual funds by fully bringing them within the prospectus disclosure regime applicable to other mutual funds. Similar investment restrictions are also being introduced for non-redeemable investment funds.

The amendments also include changes that will codify certain routine exemptive relief granted to mutual funds.

Subject to Ministerial approvals, the amendments and related changes are expected to come into effect on January 3, 2019.

These amendments are part of a multi-year initiative by the CSA to streamline regulation that applies to publicly offered investment funds.

The notice can be found on CSA members’ websites.

The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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