

**Nova Scotia Securities Commission**

**Rule 81-105 (Amendment)**  
***Mutual Fund Sales Practices***

**- and -**

**Amendments to National Instrument 81-105**  
***Mutual Fund Sales Practices***

**- and -**

**Changes to Companion Policy 81-105CP to National Instrument 81-105**  
***Mutual Fund Sales Practices and***  
**Changes to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund***  
***Prospectus Disclosure***

**WHEREAS:**

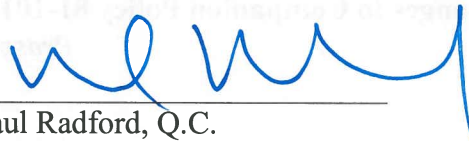
1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to National Instrument 81-105 *Mutual Fund Sales Practices* (the Rule) and Changes to Companion Policy 81-105CP to National Instrument 81-105 *Mutual Fund Sales Practices* and Changes to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (the Policy Changes), copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

**NOW THEREFORE the Commission hereby:**

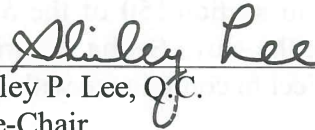
- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Policy Changes as policies of the Commission; and

- (c) declares that the rule approved and made pursuant to clause (a) and the policies issued pursuant to clause (b) shall take effect on June 1, 2022, unless the Minister disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule shall not become effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and the Vice-Chair of the Commission, being the members of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 5<sup>th</sup> day of March, 2020.



Paul Radford, Q.C.  
Chair



Shirley P. Lee, Q.C.  
Vice-Chair

**Attachments**

**AMENDMENTS TO  
NATIONAL INSTRUMENT 81-105 MUTUAL FUND SALES PRACTICES**

- 1. *National Instrument 81-105 Mutual Fund Sales Practices is amended by this Instrument.***
- 2. *Section 1.1 is amended in paragraph (d) of the definition of “member of the organization” by adding “associate or” before “affiliate”.***
- 3. *Section 3.1 is amended***
  - (a) by renumbering section 3.1 as subsection 3.1(1), and***
  - (b) by adding the following subsection:***
    - (2) Subsection (1) does not apply to a distribution of a security of a mutual fund to a client resident in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon..**
- 4. This Instrument comes into force on June 1, 2022.**

**CHANGES TO  
COMPANION POLICY 81-105CP TO NATIONAL INSTRUMENT 81-105  
MUTUAL FUND SALES PRACTICES**

1. *Companion Policy 81-105CP to National Instrument 81-105 Mutual Fund Sales Practices is changed by this Document.*

2. *Part 4 of the Companion Policy is changed by adding the following sections:*

**4.1.1 Front-end load sales option** – The Canadian securities regulatory authorities are of the view that the Instrument does not preclude members of the organization of a mutual fund from facilitating the payment by a mutual fund investor to a participating dealer of a sales commission in connection with the purchase of mutual fund securities that is negotiated and agreed to exclusively between those two parties. For example, the participating dealer may remit to the member the gross proceeds of an investor's purchase of mutual fund securities from which the member may then deduct and remit the sales commission to the participating dealer on the investor's behalf pursuant to instructions received from the dealer.

**4.1.2 Disclosure of deferred sales charge option** – Some investment fund managers offer the deferred sales charge option as one of multiple purchase options available under a single series or class of mutual fund securities. As the deferred sales charge option is prohibited in certain jurisdictions, the simplified prospectus and the fund facts document should provide disclosure to clearly indicate the jurisdictions where the deferred sales charge option is prohibited and where it is available. Investment fund managers may opt to provide a separate series or class of mutual fund securities for the sale of the deferred sales charge option in the jurisdictions where it is available..

3. These changes become effective on June 1, 2022.

**CHANGES TO  
COMPANION POLICY 81-101CP TO NATIONAL INSTRUMENT 81-101  
MUTUAL FUND PROSPECTUS DISCLOSURE**

1. *Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure is changed by this Document.*

2. *Part 4.1 of the Companion Policy is changed by adding the following section:*

**4.1.6 Disclosure of Deferred Sales Charge Option** – Some investment fund managers offer the deferred sales charge option as one of multiple purchase options available under a single series or class of mutual fund securities. As the deferred sales charge option is prohibited in certain jurisdictions, the fund facts document should provide disclosure to clearly indicate the jurisdictions where the deferred sales charge option is prohibited and where it is available..

3. *Part 5 of the Companion Policy is changed by adding the following section:*

**5.6 Disclosure of Deferred Sales Charge Option** – Some investment fund managers offer the deferred sales charge option as one of multiple purchase options available under a single series or class of mutual fund securities. As the deferred sales charge option is prohibited in certain jurisdictions, the simplified prospectus should provide disclosure to clearly indicate the jurisdictions where the deferred sales charge option is prohibited and where it is available. Investment fund managers may opt to provide a separate series or class of mutual fund securities for the sale of the deferred sales charge option in the jurisdiction where it is available..

4. These changes become effective on June 1, 2022.