

**NOVA SCOTIA SECURITIES COMMISSION**

**RULE 81-102 (AMENDMENT)  
MUTUAL FUNDS**

**-AND-**

**RELATED AMENDMENTS  
TO RULES 41-101, 81-101, 81-106 and 81-107**

**-AND-**

**AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*, AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*, AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*, AMENDMENTS TO NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS* AND CHANGES TO COMMENTARY IN NATIONAL INSTRUMENT 81-107 *INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS***

**(collectively, the Rule Amendments)**

**-AND-**

**CHANGE TO COMPANION POLICY 81-106CP TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE***

**(collectively, the Policy Amendments)**

**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. The Rule Amendments and the Policy Amendments, 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 Amendments 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 Amendments as a policy statement of the Commission; and

(c) declares that the rule approved and made pursuant to clause (a) and the issuance of the policy statement pursuant to clause (b) shall both take effect on **September 22, 2014**, 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 and the policy statement shall not be effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and 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 25th day of June, 2014.

  
\_\_\_\_\_  
Sarah P. Bradley, Chair

  
\_\_\_\_\_  
Paul Radford Q.C., Vice-chair

Attachments

**AMENDMENTS TO  
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS**

1. ***National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.***
2. ***Section 1.1 is amended by replacing the definition of “NI 81-102” with the following:***  
***“NI 81-102” means National Instrument 81-102 Investment Funds;.***
3. ***Subsection 14.8.1(1) is amended by deleting “except that each reference in that definition to “a mutual fund” must be read as “an investment fund””.***
4. ***General Instruction (8) of Form 41-101F2 is amended***  
***(a) by deleting “subsidiaries and” wherever it occurs; and***  
***(b) by replacing “a subsidiary or investee” with “an investee”.***
5. ***Item 1.3(1) of Form 41-101F2 is amended by deleting “, including any options or warrants,”.***
6. ***Item 3.4(1) of Form 41-101F2 is amended by replacing “auditor and principal distributor” with “auditor, principal distributor and securities lending agent”.***
7. ***Item 14.1 of Form 41-101F2 is amended by replacing subsection (2) with the following:***  
***(2) Describe how the issue price of the securities of the investment fund is determined..***
8. ***(1) Item 15.1 of Form 41-101F2 is amended by renumbering it as subsection 15.1(1).***  
***(2) Item 15.1 of Form 41-101F2, as amended by subsection (1), is amended by adding the following paragraphs immediately after paragraph (a):***  
***(a.1) the dates on which securities of the investment fund will be redeemed,***  
***(a.2) the dates on which payment of the proceeds of redemption will be made by the investment fund, .***  
***(3) Item 15.1 of Form 41-101F2, as amended by subsection (1), is amended by adding the following subsection:***  
***(2) If the proceeds of redemption are computed by reference to the net asset value per security and amounts may be deducted from the net asset value per security, describe each amount that may be deducted and the entity to which each amount is paid. If there is a maximum amount or percentage that may be deducted from the net asset value per security, disclose that amount or percentage..***

**AMENDMENTS TO  
NATIONAL INSTRUMENT 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE**

- 1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.**
- 2. Section 1.1 is amended**
  - (a) in the definition of “commodity pool” by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”, and**
  - (b) in the definition of “precious metals fund” by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 3. Section 1.2 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 4. General Instruction (2) of Form 81-101F1 is amended**
  - (a) by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”, and**
  - (b) by deleting “However, subsection 1.3(3) of National Instrument 81-102 does not apply to this Form”.**
- 5. Item 5(1) of Part A of Form 81-101F1 is amended by replacing “registrar and auditor” with “registrar, auditor and securities lending agent”.**
- 6. Item 5(4.1) of Part A of Form 81-101F1 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 7. Item 4(1) of Part B of Form 81-101F1 is amended by replacing “registrar and auditor” with “registrar, auditor and securities lending agent”.**
- 8. Item 4(4.1) of Part B of Form 81-101F1 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 9. Item 7(10) of Part B of Form 81-101F1 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 10. Item 9(1.2) of Part B of Form 81-101F1 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 11. General Instruction (2) of Form 81-101F2 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 12. Form 81-101F2 is amended by adding the following immediately after Item 10.9:**

**AMENDMENTS TO  
NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE**

- 1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.**
- 2. Subsection 1.2(3) is repealed.**
- 3. Section 1.3 is amended**
  - (a) by replacing subsection (2) with the following:**

(2) Terms defined in National Instrument 81-102 *Investment Funds* and used in this Instrument have the respective meanings ascribed to them in that Instrument., **and**
  - (b) by adding the following subsection:**

(3) Terms defined in National Instrument 81-104 *Commodity Pools* or National Instrument 81-105 *Mutual Fund Sales Practices* and used in this Instrument have the respective meanings ascribed to them in those Instruments except that references in those definitions to “mutual fund” must be read as references to “investment fund”.
- 4. Paragraph 3.5(1)2(c) is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 5. Section 3.8 is amended by adding the following subsections:**
  - (4) An investment fund must include, in the notes to the financial statements, a reconciliation of the gross amount generated from the securities lending transactions of the investment fund to the revenue from securities lending disclosed in the statement of comprehensive income of the investment fund under item 4 of section 3.2.
  - (5) The disclosure referred to in subsection (4) must include each of the following:
    - (a) the name of each person or company who was entitled to receive payments out of the gross amount generated from the securities lending transactions of the investment fund;
    - (b) the amount each recipient named under paragraph (a) was entitled to receive;
    - (c) the aggregate of the amounts disclosed under paragraph (b) as a percentage of the gross amount generated from the securities lending transactions of the investment fund.
- 6. Subsection 14.2(2) is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.**
- 7. The Instrument is amended by adding the following section:**

**7. *The Instrument is amended by adding the following section:***

**18.5.2 Securities Lending** – For financial years beginning before January 1, 2016, an investment fund is not required to comply with subsections 3.8(4) and (5)..

**8. *Subsection 18.6(1) is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.***

**9. *Item 4.1(1) of Form 81-106F1 is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.***

**10. *Item 4.3(5) of Form 81-106F1 is amended by replacing “National Instrument 81-102” with “National Instrument 81-102 Investment Funds”.***

**11. This Instrument comes into force on September 22, 2014.**

**AMENDMENTS TO  
NATIONAL INSTRUMENT 81-107 INDEPENDENT REVIEW COMMITTEE FOR  
INVESTMENT FUNDS**

1. ***National Instrument 81-107 Independent Review Committee for Investment Funds is amended by this Instrument.***
2. ***In the following provisions “National Instrument 81-102 Mutual Funds” is replaced with “National Instrument 81-102 Investment Funds”:***
  - (a) subsection 3.10(6);***
  - (b) paragraph 5.2(1)(a);***
  - (c) paragraph 5.2(1)(c).***
3. ***Subsection 6.2(2) is amended***
  - (a) by replacing “mutual fund conflict of interest investment restrictions” with “investment fund conflict of interest investment restrictions”, and***
  - (b) by replacing “a mutual fund” with “an investment fund”.***
4. ***Subsection 6.2(3) is amended***
  - (a) by replacing “mutual fund conflict of interest investment restrictions” with “investment fund conflict of interest investment restrictions”, and***
  - (b) by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.***
5. ***Appendix A – Conflict of Interest or Self-Dealing Provisions is amended by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.***
6. This Instrument comes into force on September 22, 2014.

**CHANGES TO  
COMMENTARY IN NATIONAL INSTRUMENT 81-107 INDEPENDENT REVIEW  
COMMITTEE FOR INVESTMENT FUNDS**

*Note: This Schedule applies to the commentary interspersed with National Instrument 81-107 Independent Review Committee for Investment Funds in most jurisdictions.*

- 1. The changes to Commentary in National Instrument 81-107 Independent Review Committee for Investment Funds are set out in this Schedule.***
- 2. Commentary 1 to section 1.1 is changed by replacing “National Instrument 81-102 Mutual Funds” with “National Instrument 81-102 Investment Funds”.***
- 3. Commentary 4 to section 5.1 is changed by replacing “National Instrument 81-102 Mutual Funds” with “NI 81-102”.***
- 4. These changes become effective on September 22, 2014.**



**CHANGE TO  
COMPANION POLICY 81-106CP TO NATIONAL INSTRUMENT 81-106  
INVESTMENT FUND CONTINUOUS DISCLOSURE**

- 1. *The change to Companion Policy 81-106CP to National Instrument 81-106 Investment Fund Continuous Disclosure is set out in this Schedule.***
  
- 2. *Section 2.7 is changed by adding the following subsection:***
  - (3) The Canadian securities regulatory authorities consider that, for the purposes of disclosing the gross amount generated from securities lending transactions in the notes to the financial statements of an investment fund pursuant to subsection 3.8(4) of the Instrument, all amounts generated in relation to the securities lending transactions of the investment fund must be disclosed, prior to the deduction of any amounts paid to securities lending agents or other service providers pursuant to any revenue sharing arrangement. Furthermore, for the purposes of subsection 3.8(4) of the Instrument, the Canadian securities regulatory authorities are of the view that any proceeds generated as a result of investing the collateral delivered to the investment fund in connection with a securities lending transaction form part of the gross amount from the securities lending transaction and must be included in the amount disclosed in the notes to the financial statements under subsection 3.8(4) of the Instrument..
  
- 3. This change becomes effective on September 22, 2014.**