

**Nova Scotia Securities Commission**

**Rule 81-106 (Amendment)**  
***Investment Fund Continuous Disclosure***

**-and-**

**Consequential Amendments to**  
**National Instrument 41-101 *General Prospectus Requirements*,**  
**National Instrument 81-101 *Mutual Fund Prospectus Disclosure*,**  
**National Instrument 81-102 *Mutual Funds* and**  
**National Instrument 81-104 *Commodity Pools***

**-and-**

**Consequential Amendments 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 41-101 *General Prospectus Requirements*, Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, Amendments to National Instrument 81-102 *Mutual Funds* and Amendments to National Instrument 81-104 *Commodity Pools* (collectively, the Rule) and Amendments to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (the Companion Policy), 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 Companion Policy 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 **January 1, 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 16th day of October, 2013.



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Sarah P. Bradley, Chair



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Paul Radford Q.C., Vice-chair

Attachments

**Amendments to  
National Instrument 41-101 *General Prospectus Requirements***

*Although this amendment instrument amends section headers in National Instrument 41-101, section headers do not form part of the instrument and are inserted for ease of reference only.*

1. ***National Instrument 41-101 General Prospectus Requirements is amended by this instrument.***
2. ***The general instructions of Form 41-101F2 Information Required in an Investment Fund Prospectus are amended in instruction (3) by striking out “This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.”***
3. ***Section 1.5 of Form 41-101F2 is amended by striking out “reporting”.***
4. ***Section 1.15 of Form 41-101F2 is amended by striking out “interim financial statements” and substituting “interim financial report”.***
5. ***Subsection 3.6(4) of Form 41-101F2 is amended by***
  - (a) ***striking out ““MER” means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.” and substituting ““MER” means management expense ratio based on management fees and operating expenses (excluding commissions and other portfolio transaction costs) expressed as an annualized percentage of daily average net asset value.”, and***
  - (b) ***striking out ““TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.” and substituting ““TER” means trading expense ratio and represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value.”.***
6. ***Section 11.1 of Form 41-101F2 is amended by***
  - (a) ***striking out ““MER” means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.” and substituting ““MER” means management expense ratio based on management fees and operating expenses (excluding commissions and other portfolio transaction costs) expressed as an annualized percentage of daily average net asset value.”, and***

(b) **striking out** ““TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.” **and substituting** ““TER” means trading expense ratio and represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value.”.

7. **Section 37.1 of Form 41-101F2 is amended by striking out** “interim financial statements” **and substituting** “interim financial report”.
8. **Subsection 38.1(4) of Form 41-101F2 is amended by striking out** “opening balance sheet” **and substituting** “opening statement of financial position”.
9. **Section 38.2 of Form 41-101F2 is amended by striking out** “Interim Financial Statements” **and substituting** “Interim Financial Reports” **in the section header**.
10. **This Instrument comes into force on January 1, 2014.**

**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 of National Instrument 81-101 is amended by adding the following after the definition of “executive officer”:*

“financial statements” includes interim financial reports;
3. *Clause 2.3(1)(b)(i)(A) of National Instrument 81-101 is amended by striking out “draft opening balance sheet” and substituting “draft opening statement of financial position”.*
4. *Subparagraph 2.3(3)(a)(ii) of National Instrument 81-101 is amended by striking out “audited balance sheet” and substituting “audited statement of financial position”.*
5. *Section 3.1 of National Instrument 81-101 is amended by*
  - (a) *striking out “interim financial statements” wherever it occurs and substituting “interim financial report”, and*
  - (b) *striking out “audited balance sheet” in paragraph 1.3 and substituting “audited statement of financial position”.*
6. *Section 3.1.1 of National Instrument 81-101 is amended by striking out “interim financial statements” and substituting “interim financial reports”.*
7. *Section 3.1 of Part A of Form 81-101F1 Contents of Simplified Prospectus is amended by striking out “interim financial statements” and substituting “interim financial report”.*
8. *Section 3.2 of Part A of Form 81-101F1 is amended by striking out “interim financial statements” and substituting “interim financial report”.*
9. *This Instrument comes into force on January 1, 2014.*

**Amendments to  
National Instrument 81-102 *Mutual Funds***

1. ***National Instrument 81-102 Mutual Funds is amended by this instrument.***
2. ***Section 1.1 of National Instrument 81-102 is amended by***
  - (a) ***repealing the definition of “net asset value” and substituting the following:***

*“net asset value” means the value of the total assets of the investment fund less the value of the total liabilities, other than net assets attributable to securityholders, of the investment fund, as at a specific date, determined in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure*; and*
  - (b) ***in the definition of “report to securityholders”, striking out “annual or interim financial statements” and substituting “annual financial statements or interim financial reports”.***
3. ***Subparagraph 5.6(1)(f)(iii) of National Instrument 81-102 is amended by striking out “annual and interim financial statements” and substituting “annual financial statements and interim financial reports”.***
4. ***Subsection 5.6(2) of National Instrument 81-102 is amended by striking out “contains a reservation” and substituting “contains a modified opinion”.***
5. ***Section 6.2 of National Instrument 81-102 is amended by striking out “shareholders’ equity” wherever it occurs and substituting “equity”.***
6. ***Section 6.3 of National Instrument 81-102 is amended by striking out “shareholders’ equity” wherever it occurs and substituting “equity”.***
7. ***Paragraph 15.8(3)(b) of National Instrument 81-102 is amended by striking out “balance sheet” and substituting “statement of financial position”.***
8. ***Appendix B-1 – Audit Report, Appendix B-2 – Audit Report, and Appendix B-3 – Audit Report of National Instrument 81-102 are amended by striking out “We conducted our audit in accordance with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants.” and substituting “We conducted our audit in accordance with standards for assurance engagements set out in the CICA Handbook – Assurance.”.***
9. ***Appendix B-1 – Audit Report of National Instrument 81-102 is amended by striking out “In our opinion, the Fund’s report presents fairly, in all material respects, the Fund’s***

compliance for the year ended [insert date]" **and substituting** "In our opinion, the Fund's statement of compliance for the year ended [insert date] complies, in all material respects,".

**10. Appendix B-2 – Audit Report and Appendix B-3 – Audit Report of National Instrument 81-102 are amended by striking out** "In our opinion, the Company's report presents fairly, in all material respects, the Company's compliance for the year ended [insert date]" **and substituting** "In our opinion, the Company's statement of compliance for the year ended [insert date] complies, in all material respects,".

**11. This instrument comes into force on January 1, 2014.**

**Amendments to  
National Instrument 81-104 *Commodity Pools***

- 1. *National Instrument 81-104 Commodity Pools is amended by this instrument.***
- 2. *Subsection 8.5(1) of National Instrument 81-104 is amended by striking out “interim financial statements” and substituting “interim financial reports”.***
- 3. *This Instrument comes into force on January 1, 2014.***



**Amendments 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 amended.**
- 2. Section 2.4 is amended by striking out “interim statements” and substituting “interim financial reports”.**
- 3. These amendments become effective on January 1, 2014.**