

December 23, 2022

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission, New Brunswick  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Service NL  
Northwest Territories Office of the Superintendent of Securities  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Nunavut

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor, Box 55  
Toronto, Ontario  
M5H 3S8

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
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Via Email: [comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca) and [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Messrs and Mesdames;

**RE: Alternative to delivering financial statements, which include interim financial reports, and interim and annual management reports of fund performance (MRFPs, and with financial statements, designated documents) for investment fund reporting issuers.**

The Investment Industry Association of Canada (the “IIAC”) is the leading national association representing investment firms that provide products and services to Canadian retail and institutional investors. The IIAC represents financial services firms, and registration categories, of every size and type, operating in Canadian and global capital markets. The IIAC represents members that manufacture and distribute a variety of securities including mutual funds and other managed equity and fixed income funds and provide a diverse array of portfolio management, advisory and non-advisory services. IIAC members trade in debt and equity on all marketplaces, provide carrying broker services and underwrite issuers in public and private markets.

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The IIAC appreciates the opportunity to comment on the above noted proposal, comprising proposed amendments to National Instrument 81-106 Investment Fund Continuous Disclosure (NI 81-106), proposed changes to Companion Policy 81-106CP Continuous Disclosure Obligations (81-106CP), and proposed consequential amendments to National Instrument 41-101 General Prospectus Requirements (NI 41-101), and National Instrument 81-101 Mutual Fund Prospectus Disclosure (NI 81-101) (collectively, the “Proposals”).

Overall, the IIAC agrees that the Proposals are a positive step forward in recognizing the broad-based accessibility and availability of electronic media as a valid conduit to host and make documents available to investors.

However, we would like to address certain elements of the Proposals, that will impact the feasibility of adoption and effectiveness of ability to meet the intended purposes.

## **I. Standing Instructions to Receive Electronic Copies**

Under subsections 5.3 (3) and (4) of the proposed amendment, an investment fund must send an electronic copy of a designated document to a registered holder or beneficial owner of securities issued by an investment fund if the registered holder or beneficial owner requests an electronic copy of the designated document, either one time or as part of standing instructions to the investment fund.

In 2021, the CSA adopted a notice-and-access system for the solicitation of proxies for investment funds which permits the delivery of proxy-related materials by sending a notice providing Securityholders with summary information about the proxy-related materials and instructions on how to access them. We believe that an iteration of this model should be adopted as part of the Proposals. The option to send the electronic documents **or a link to the website url where the documents may be accessed** should be included. The provision of a link will ensure that the document provided is the most current; and more importantly, it reduces the likelihood of transmission failures that may arise due to file space limitations and/or firewalls, both of which could prohibit delivery of these critical communications.

The IIAC appreciates the maintenance of provisions for non-reporting mutual funds to obtain annual instructions from a registered holder or beneficial owner of securities issued by the mutual fund (Part 5A.4), and ask that, in the spirit of burden reduction, the same be provided for reporting issuers. Since the current regulation allows for both annual and standing instructions, certain firms do not currently have the system to store standing instructions. We submit that if standing instructions will be mandated without the option to continue annual instructions, they should only be required for receipt of paper copies, since electronic documents are already accessible online, per the objective of the rule. We furthermore propose a 2-year transition to afford investment fund managers the time to build the infrastructure to store and maintain standing instructions.

## **II. Notification Methods**

Under subsection 5.4(1) of the proposed amendments to NI 81-106, an investment fund would be required to file a news release and to post that news release on its designated website, indicating that the designated document is available electronically and that a paper or electronic copy can be obtained upon request.

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We believe that the requirement, as presented, is an ineffective way to notify Securityholders that designated documents are available. While an investment fund website would be accessed regularly by the Securityholders of a fund, in general, Securityholders would not seek to obtain information about their investments from press releases nor from SEDAR, and neither method ensures that the applicable investors are appropriately notified, therefore rendering them useless for the intended purpose.

Furthermore, the proposed requirement mandating that press releases be issued at the investment fund level is inefficient and would have a significant impact on a Securityholder's ability to easily find and obtain material information about their specific investments. This problem would also extend to Advisors who would have their ability to obtain material information about their clients' investments adversely impacted due to the sheer volume of news releases they would have to review.

We recommend that the requirement to issue a news release be removed entirely. Or, at a minimum, the requirement for a news release should be imposed at a fund family level.

### **III. Further Broadening of Access-Based Model**

If the CSA is truly intent on modernizing the current delivery of continuous disclosure document requirements and reducing the regulatory burden on investment fund reporting issuers, the IIAC believes there is value to the CSA reconsidering its position on extending the Proposals beyond financial statements and MRFPs.

Our industry has moved forward in its technological advancements in part thanks to Canadian Electronic Commerce legislation (the *Electronic Commerce Act, 2000*), National Policy 11-201 *Electronic Delivery of Documents*, and National Policy 47-201 *Trading Securities Using the Internet and Other Electronic Means*. At the time of their finalization, there was a recognition of the increased use of electronic means of communication to offer and sell securities and to facilitate distribution of securities. There was, and continues to be, an acknowledgement of the benefits of using technology to offer timely, cost-effective, and user-friendly means to Securityholder communication.

The IIAC would be pleased to be involved in further discussions on extending the Proposals beyond financial statements.

The IIAC appreciates the opportunity to comment on the Proposals. Should the CSA have any questions regarding this submission, please feel free to direct to us.

Sincerely,

The Investment Industry Association of Canada