

Note: [01 Feb 2000] – The following is NI 81-101 as it was initially implemented. This version of NI 81-101 is no longer current.

NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

1.1 Definitions - In this Instrument

"commodity pool" means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use

- (a) specified derivatives other than as permitted by National Instrument 81-102 Mutual Funds, or
- (b) physical commodities other than as permitted by National Instrument 81-102;

"educational material" means material containing general information about one or more of investing in general, mutual funds, portfolio management, capital markets, retirement savings, income or education saving plans and financial planning, if the material does not promote a particular mutual fund or mutual fund family or the products or services offered by a particular mutual fund or mutual fund family;

"financial year" includes the first completed financial period of a mutual fund beginning with the inception of the mutual fund and ending on the date of its first financial year end;

"material contract" means a contract listed in an annual information form in response to Item 16 of Form 81-101F2 Contents of Annual Information Form;

"multiple AIF" means a document containing two or more annual information forms that have been consolidated in accordance with section 5.4;

"multiple SP" means a document containing two or more simplified prospectuses that have been consolidated in accordance with subsection 5.1(1);

"Part A section" means the section of a simplified prospectus that contains the disclosure required by Part A of Form 81-101F1 Contents of Simplified Prospectus;

"Part B section" means the section of a simplified prospectus that contains the disclosure required by Part B of Form 81-101F1;

"plain language" means language that can be understood by a reasonable person, applying a reasonable effort;

"precious metals fund" means a mutual fund that has adopted fundamental investment

objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102;

"single AIF" means an annual information form that has not been consolidated with another annual information form under section 5.4; and

"single SP" means a simplified prospectus that has not been consolidated with another simplified prospectus under subsection 5.1(1).

1.2 Interpretation - Terms defined in National Instrument 81-102 or National Instrument 81-105 Mutual Fund Sales Practices and used in this Instrument have the respective meanings ascribed to them in those Instruments.

1.3 Application - This Instrument does not apply to mutual funds that are

- (a) labour-sponsored venture capital corporations;
- (b) commodity pools; or
- (c) listed and posted for trading on a stock exchange or quoted on an over-the-counter market.

PART 2 DISCLOSURE DOCUMENTS

2.1 Filing of Disclosure Documents - A mutual fund

- (a) that files a preliminary prospectus shall file the preliminary prospectus in the form of a preliminary simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a preliminary annual information form prepared and certified in accordance with Form 81-101F2;
- (b) that files a *pro forma* prospectus shall file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a *pro forma* annual information form prepared in accordance with Form 81-101F2;
- (c) that files a prospectus shall file the prospectus in the form of a simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently

file an annual information form prepared and certified in accordance with Form 81-101F2; and

- (d) that files an amendment to a prospectus
 - (i) shall file an amendment to a simplified prospectus and shall concurrently file an amendment to the related annual information form, or
 - (ii) in circumstances in which changes are made only to an annual information form, shall file an amendment to the annual information form.

2.2 Amendments to Disclosure Documents

- (1) An amendment to a simplified prospectus or to an annual information form may consist of either
 - (a) an amendment that does not fully restate the text of the simplified prospectus or annual information form; or
 - (b) an amended and restated simplified prospectus or annual information form.
- (2) Despite subsection (1), an amendment to the Part B section that is separately bound from the Part A section of a simplified prospectus shall be effected only by way of an amended and restated Part B section.
- (3) An amendment to a simplified prospectus or to an annual information form shall be identified and dated as follows:
 - 1. For an amendment that does not restate the text of a simplified prospectus or annual information form:

"Amendment No. [insert amendment number] dated [insert date of amendment] to [identify document] dated [insert date of document being amended]."
 - 2. For an amended and restated simplified prospectus, other than an amendment to which subsection (2) applies, or annual information form:

"Amended and Restated [identify document] dated [insert date of amendment], amending and restating [identify document] dated [insert date of document being amended]."

2.3 Supporting Documents

- (1) A mutual fund shall
 - (a) file with a preliminary simplified prospectus and a preliminary annual information form any other supporting documents required to be filed under securities legislation; and
 - (b) at the time a preliminary simplified prospectus and preliminary annual information form are filed, deliver or send to the securities regulatory authority
 - (i) a copy of all material contracts made by, and drafts of all material contracts intended to be made by, the mutual fund,
 - (ii) for
 - (A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund, and
 - (B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund, and
 - (iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.
- (2) A mutual fund shall
 - (a) file with a *pro forma* simplified prospectus and a *pro forma* annual information form
 - (i) a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and
 - (ii) any other supporting documents required to be filed under securities legislation; and

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- (b) at the time a *pro forma* simplified prospectus and *pro forma* annual information form are filed, deliver or send to the securities regulatory authority
 - (i) a copy of the *pro forma* simplified prospectus, blacklined to show changes and the text of deletions from the latest simplified prospectus previously filed,
 - (ii) a copy of the *pro forma* annual information form, blacklined to show changes and the text of deletions from the latest annual information form previously filed,
 - (iii) a copy of a draft of each material contract of the mutual fund, and a copy of each draft amendment to a material contract of the mutual fund, in either case not yet executed but proposed to be executed by the time of filing of the simplified prospectus, and
 - (iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

- (3) A mutual fund shall
 - (a) file with a simplified prospectus and an annual information form
 - (i) a copy of any material contract, and a copy of any amendment to a material contract, made by the mutual fund and not previously filed,
 - (ii) for a new mutual fund, a copy of the audited balance sheet of the mutual fund, and
 - (iii) any other supporting documents required to be filed under securities legislation; and

 - (b) at the time a simplified prospectus is filed, deliver or send to the securities regulatory authority
 - (i) a copy of the simplified prospectus, blacklined to show changes and the text of deletions from the preliminary or *pro forma* simplified prospectus,

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- (ii) a copy of the annual information form, blacklined to show changes and the text of deletions from the preliminary or *pro forma* annual information form, and
 - (iii) any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.

- (4) A mutual fund shall
 - (a) file with an amendment to a simplified prospectus and an amendment to the annual information form
 - (i) a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and
 - (ii) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to a simplified prospectus is filed, deliver or send to the securities regulatory authority
 - (i) if the amendment to the simplified prospectus is in the form of an amended and restated simplified prospectus, a copy of that document blacklined to show changes and the text of deletions from the simplified prospectus,
 - (ii) if the amendment to the annual information form is in the form of an amended and restated annual information form, a copy of the amended annual information form, blacklined to show changes and the text of deletions from the annual information form, and
 - (iii) any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.

- (5) A mutual fund shall
 - (a) file with an amendment to an annual information form in circumstances in which the corresponding simplified prospectus is not amended
 - (i) a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and
 - (ii) any other supporting documents required to be filed under securities legislation; and
 - (b) at the time an amendment to an annual information form is filed, if the amendment is in the form of an amended and restated annual information form, deliver or send to the securities regulatory authority
 - (i) a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form, and
 - (ii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

2.4 **Simplified Prospectus** - A simplified prospectus is a prospectus for the purposes of securities legislation.

PART 3 DOCUMENTS INCORPORATED BY REFERENCE AND DELIVERY TO SECURITYHOLDERS

3.1 **Documents Incorporated by Reference** - The following documents shall, by means of a statement to that effect, be incorporated by reference into, and shall form part of, a simplified prospectus:

1. The annual information form that is filed concurrently with the simplified prospectus.
2. The most recently filed comparative annual financial statements of the mutual fund, together with the accompanying report of the auditor, filed either before or after the date of the simplified prospectus.

3. The most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the simplified prospectus pertain.

3.2 Delivery of Preliminary Simplified Prospectus and Simplified Prospectus

- (1) The requirement under securities legislation to deliver or send a preliminary prospectus of a mutual fund to a person or company is satisfied by delivering or sending a preliminary simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.
- (2) The requirement under securities legislation to deliver or send a prospectus of a mutual fund to a person or company is satisfied by delivering or sending a simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

3.3 Documents to be Delivered or Sent upon Request

- (1) A mutual fund shall deliver or send to any person or company that requests the simplified prospectus of the mutual fund or any of the documents incorporated by reference into the simplified prospectus, a copy of the simplified prospectus or requested document.
- (2) A mutual fund shall deliver or send, to any person or company that requests the annual information form of the mutual fund, the current simplified prospectus of the mutual fund with the annual information form, unless the mutual fund has previously delivered or sent that simplified prospectus to that person or company.
- (3) A mutual fund shall deliver or send all documents requested under this section within three business days of receipt of the request and free of charge.

3.4 Toll-Free Telephone Number or Collect Telephone Calls - A mutual fund shall have a toll-free telephone number for, or accept collect telephone calls from, persons or companies that want to receive a copy of the simplified prospectus of the mutual fund and any or all documents incorporated by reference into the simplified prospectus.

- 3.5 Soliciting Expressions of Interest Prohibited** - Neither a multiple SP that includes both a *pro forma* simplified prospectus and a preliminary simplified prospectus nor a multiple AIF that includes both a *pro forma* annual information form and a preliminary annual information form shall be used to solicit expressions of interest.

PART 4 PLAIN LANGUAGE AND PRESENTATION

4.1 Plain Language and Presentation

- (1) A simplified prospectus and annual information form shall be prepared using plain language and in a format that assists in readability and comprehension.
- (2) A simplified prospectus
 - (a) shall present all information briefly and concisely;
 - (b) shall present the items listed in the Part A section of Form 81-101F1 and the items listed in the Part B section of Form 81-101F1 in the order stipulated in those parts;
 - (c) may, unless the Part B section is being bound separately from the Part A section as permitted by subsection 5.3(1), place the Part B section of the simplified prospectus in any location in the simplified prospectus;
 - (d) shall use the headings and sub-headings stipulated in Form 81-101F1, and may use sub-headings in items for which no sub-headings are stipulated;
 - (e) shall contain only educational material or the information that is specifically mandated or permitted by Form 81-101F1; and
 - (f) shall not incorporate by reference into the simplified prospectus, from any other document, information that is required to be included in a simplified prospectus.

- 4.2 Preparation in the Required Form** - Despite provisions in securities legislation relating to the presentation of the content of a prospectus, the simplified prospectus and annual information form shall be prepared in accordance with this Instrument.

PART 5 PACKAGING

5.1 Combinations of Documents

- (1) A simplified prospectus shall not be consolidated with one or more other simplified prospectuses to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar.
- (2) A multiple SP shall be prepared in accordance with the applicable requirements of Form 81-101F1.
- (3) A simplified prospectus or a multiple SP may only be attached to, or bound with, one or more of the following documents:
 1. Documents incorporated by reference.
 2. Educational material.
 3. Account application documents.
 4. Registered tax plan applications and documents.
 5. Any point of sale disclosure documents required by securities legislation.

5.2 Order of Contents of Bound Documents

- (1) If the material or documents referred to in paragraphs 1 to 5 of subsection 5.1(3) are attached to, or bound with, a single SP or multiple SP
 - (a) the single SP or multiple SP shall be the first document contained in the package; and
 - (b) no pages shall come before the single SP or multiple SP in the package other than, at the option of the mutual fund, a general front cover and a table of contents pertaining to the entire package.
- (2) The general front cover referred to in paragraph 1(b) may contain only the names of the mutual funds to which the package relates, trademark or tradenames identifying those mutual funds or other members of the organization of those mutual funds, and artwork.

5.3 Separate Binding of Part B Sections of a Multiple SP

- (1) The Part B sections of a multiple SP may be bound separately from the Part A section of that document.
- (2) If a Part B section of a multiple SP is bound separately from the Part A section of the multiple SP
 - (a) all of the Part B sections of the multiple SP shall be bound separately from the Part A section; and
 - (b) all or some of the Part B sections may be bound together with each other or separately.

5.4 Annual Information Forms

- (1) An annual information form shall be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP.
- (2) A multiple AIF shall be prepared in accordance with the applicable requirements of Form 81-101F2.

PART 6 EXEMPTION

6.1 Grant of Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

6.2 Evidence of Exemption by Securities Regulatory Authority - Without limiting the manner in which an exemption under section 6.1 may be evidenced, the issuance by the regulator of a receipt for a simplified prospectus and annual information form, or an amendment to a simplified prospectus and annual information form, is evidence of the granting of the exemption from any form or content requirements relating to a simplified prospectus or annual information form if

- (a) the person or company that sought the exemption sent to the regulator, with the *pro forma* or preliminary simplified prospectus and annual information form, or at least 10 days before the issuance of the receipt in the case of an amendment, a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption; and
- (b) the regulator has not sent written notice to the contrary to the person or company that sought the exemption before, or concurrent with, the issuance of the receipt.

PART 7 TRANSITIONAL

7.1 Effective Date - This Instrument comes into force on February 1, 2000.

7.2 Prospectus Disclosure - The simplified prospectus of a mutual fund for which a preliminary or *pro forma* simplified prospectus is filed, or for which a receipt is obtained, before the date that this Instrument comes into force is not required to comply with this Instrument if the simplified prospectus complies with National Policy Statement No. 36 as if that policy statement or a rule based on that policy statement were in force in the local jurisdiction.

7.3 Blacklined Copies - Despite Part 2, a mutual fund need not file a blacklined copy of a document prepared under this Instrument that compares the document with a document prepared under National Policy Statement No. 36.

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