

APPENDIX B

NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE AMENDMENT INSTRUMENT

1. Section 1.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by 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 of the investment fund, as at a specific date, determined in accordance with Part 14;”
2. Section 2.9 of NI 81-106 *Investment Fund Continuous Disclosure* is amended
 - (a) in subparagraph (4)(a)(i) by striking out “and a statement of investment portfolio”; and
 - (b) in subparagraph (4)(b)(i) by striking out “and a statement of investment portfolio”.
3. Section 2.10 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing paragraph (a) and substituting the following:

“(a) the investment fund terminating or ceasing to be a reporting issuer,”; and
 - (b) repealing paragraph (h) and substituting the following:

“(h) if applicable, the names of each party that terminated or ceased to be a reporting issuer following the transaction and of each continuing entity;”.
4. Section 3.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended in item 15 by striking out “net asset value” and substituting “net assets”.
5. Section 3.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) adding the following after item 4:

“4.1 revenue from repurchase and reverse repurchase transactions.”; and
 - (b) adding the following after item 10:

“10.1 commissions and other portfolio transaction costs.”.

6. Section 3.5 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by adding the following after subsection (8):

“(8.1) If an investment fund invests substantially all of its assets directly, or indirectly through the use of derivatives, in securities of one other investment fund, the investment fund must disclose in the statement of investment portfolio or the notes to that statement the holdings of the other investment fund.”
7. Section 3.6 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing subparagraph 3.6(1)3. and substituting the following:

“3. to the extent the amount is ascertainable, the soft dollar portion of the total commissions and other portfolio transaction costs paid or payable to dealers by the investment fund, where the soft dollar portion is the amount paid or payable for goods and services other than order execution.”; and
 - (b) adding the following after subparagraph 3.6(1)4.:

“5. a reconciliation of the net assets and net assets per security in the financial statements to the net asset value and net asset value per security, as at the date of the financial statements, and an explanation of the differences between these amounts.”.
8. Subsection 3.11(2) of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “ “net asset value per security” ” and substituting “ “net assets per security” ”.
9. Subsection 8.2(c) of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “net asset value” and substituting “net assets”.
10. Section 8.4 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “net asset value” and substituting “net assets”.
11. Section 9.2 of NI 81-106 *Investment Fund Continuous Disclosure* is repealed and the following is substituted:

“9.2 Requirement to File Annual Information Form – An investment fund must file an annual information form if the investment fund has not filed a prospectus during the last 12 months preceding its financial year end.”

12. Section 10.3 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “reporting issuer” and substituting “reporting issuer or the equivalent of a reporting issuer in a foreign jurisdiction”.
13. Section 14.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended
 - (a) by repealing subsection (1) and substituting the following:

“(1) The net asset value of an investment fund must be calculated using the fair value of the investment fund’s assets and liabilities.
 - (b) by adding the following after subsection (1):
 - “(1.1) The net asset value of an investment fund must include income and expenses of the investment fund accrued up to the date of calculation of the net asset value.
 - (1.2) For the purposes of subsection (1), fair value means
 - (a) the market value based on reported prices and quotations in an active market, or
 - (b) if the market value is not available, or the manager of the investment fund believes that it is unreliable, a value that is fair and reasonable in all the relevant circumstances.
 - (1.3) The manager of an investment fund must
 - (a) establish and maintain appropriate written policies and procedures for determining the fair value of the investment fund’s assets and liabilities; and
 - (b) consistently follow those policies and procedures.
 - (1.4) The manager of an investment fund must maintain a record of every determination of fair value and the reasons supporting that determination.”;
 - (c) in subsection (2) by striking out “Despite subsection (1), for” and substituting “For”; and
 - (d) in subsection (5) by striking out “Despite subsection (3)” and substituting “Despite paragraph (3)(a)”.

14. Section 15.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by repealing clause (1)(a)(i)(A) and substituting the following:
 - “(A) total expenses of the investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, as shown on its statement of operations; and”.

15. Section 15.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing subparagraph (1)(a)(i) and substituting the following:
 - “(i) multiplying the total expenses of each underlying investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, by”; and
 - (b) repealing paragraph (1)(b) and substituting the following:
 - “(b) the total expenses of the investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the period.”.

16. Sections 18.2, 18.3, 18.4 and 18.5 of NI 81-106 *Investment Fund Continuous Disclosure* are repealed.

17. This Instrument comes into force on _____.