



BY ELECTRONIC MAIL

May 27, 2019

Mr. Robert Day
 Senior Specialist, Business Planning
 Ontario Securities Commission
 20 Queen Street West, 22nd Floor
 Toronto ON, M5H 3S8
 Email: rday@osc.gov.on.ca

Dear Mr. Day:

Re: Ontario Securities Commission Statement of Priorities for Financial Year To End March 31, 2020

Introduction

We are writing to provide comments with respect to the draft of the Ontario Securities Commission's (the "**OSC**") Statement of Priorities (the "**Statement**") for the financial year ending March 31, 2020.

Fidelity Investments Canada ULC ("**Fidelity**") is the 4th largest mutual fund company in Canada. Fidelity manages over \$136 billion in retail mutual funds and institutional assets.

We hope that you will find our comments in the pages that follow constructive. We look forward seeing some of them reflected in the final statement of priorities for the ultimate benefit of investors.

Comments

Engage with Stakeholders on Burden Reduction Opportunities

We are very pleased to see that the OSC has identified the reduction of regulatory burden as a priority. We support initiatives that achieve the best outcomes for investors and believe that regulation should be evaluated based on its ability to enhance one or more of the fundamental principles of Canadian securities regulation, as outlined in the *Securities Act* (Ontario) (the "**Act**"): (i) providing protection to investors from unfair, improper or fraudulent practices; (ii) fostering fair and efficient capital markets and confidence in the capital markets system; and (iii) contributing to the stability of the financial system and the reduction of systemic risk.

Fidelity recently provided comments with respect to the OSC Staff Notice 11-784 – Burden Reduction (the "**Notice**"), which we believe will reduce regulatory burden without negatively impacting the principles of the Act. We look forward to seeing some or all of them adopted by the OSC for the ultimate benefit of investors. Below is a summary of our significant proposals detailed in our comment letter:

- permit a mutual fund to prepare a consolidated fund facts document that would include all series of that fund;
- permit a fund manager to deliver interim financial reports and annual financial statements as well as the interim and annual management reports of fund performance (“**MRFPs**”) of an investment fund by making them publicly available on their website;
- eliminate the requirement for an investment fund to prepare and file the interim financial report and MRFP;
- modify the annual prospectus renewal requirement such that the prospectus and annual information form are required to be renewed every three years; and
- eliminate the requirement to deliver an annual reminder letter under National Instrument 81-106 *Investment Fund Continuous Disclosure*.

For ease of reference, Appendix A includes our comment letter in respect of the Notice.

We also believe it is time for the Canadian Securities Administrators (“**CSA**”) to reconsider the existing record-keeping requirements for social media content. The use of social media by registrants has increased substantially since CSA Staff Notice 31-325 – Marketing Practices of Portfolio Managers was published. However, registrants are faced with unique challenges when it comes to record-keeping. Social media usually involves interactive and dynamic content posted to web pages, which often changes continuously. Since social media sites are usually sponsored by third parties, there is an important issue as to what content on these sites must be record kept by registrants.

We are supportive of an approach to record-keeping that serves to protect investors and that is reasonable in light of the medium. Fidelity encourages the OSC to work with the rest of the CSA to examine the existing regulatory framework for record-keeping, with an eye towards fresh ideas that address investor protection concerns, existing and emerging technologies and the need for rationalization of storage of massive amounts of interactive electronic content and data.

Continue CSA Policy Work on Mutual Funds Embedded Commissions

Fidelity is very pleased with the CSA’s decision not to ban embedded commissions. We believe that now, more than ever, it is incumbent upon the regulators and the industry to find ways to preserve choice and protect access to financial advice. In keeping with our belief in choice for investors, Fidelity believes that the deferred sales charge option (“**DSC**”) can be a viable and legitimate purchase option, if used and regulated appropriately.

While we recognize that the use of DSC may not be appropriate in all cases, we encourage the OSC to continue to work with the rest of the CSA to consider alternatives rather than an outright ban. First, this could include implementing additional standards for the use of the DSC option. We are supportive of targeted controls on the sale of DSC to seniors, which will ensure that their retirement income will be protected. We are also supportive of placing limits on the use of DSC for investors with larger accounts. We believe that the use of DSC is most appropriate for investors with smaller amounts to invest. Second, we believe that enhancing fee disclosure requirements will better inform investors and empower them to make informed choices for themselves.

Timely and Impactful Enforcement Actions

In the Statement, the OSC commits to promoting "...confidence in Ontario's capital markets by increasing the deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and consequential enforcement cases to address serious securities laws violations."

We are currently in an environment of regulation by enforcement. Recently, there have been a number of settlements coming out of the Enforcement branch at the OSC. While the settlement agreements are instructive, we think it would be more helpful for the OSC to continue to give specific guidance to the industry by way of staff notice or bulletins and in the annual compliance report. Although OSC Staff have provided guidance regularly in the past, we would greatly appreciate ongoing regulatory guidance in notices or bulletins as issues continue to emerge. As well, it is important that the OSC monitor and assess compliance issues on an ongoing basis and not several years after a rule has been established. We want to comply and having clear guidance at the outset creates a clear understanding for us and for the industry.

Continue Developing and Consulting on Client Focused Reforms

In October 2018, Fidelity provided comments to the CSA on the Proposed Amendments to National Instrument 31-103 ("**NI 31-103**") and Companion Policy 31-103CP relating to reforms to enhance the client-registrant relationship (the "**Client Focused Reforms**"). We believe that the Client Focused Reforms strike the right balance. We would like to take this opportunity to reiterate some of our more significant comments detailed in that comment letter.

Emphasis on Costs

Fidelity supports the philosophy that investors should understand the costs of the investments that they are buying and the impact of those costs on potential returns. However, we think the most important driver of investment success is performance, inclusive of costs. An over emphasis on costs without the context of performance or a consideration of a number of other factors may not result in the best investor outcomes. We urge the OSC to work with the rest of the CSA to be clearer that the suitability analysis should include the consideration of a number of factors and that cost should be considered as an important factor for strong investor outcomes.

Proprietary Products

Fidelity strongly supports the guidance provided in the proposed amendments to NI 31-103 for the sale of proprietary products. We have seen a dramatic rise in the sale of proprietary products. In some cases, some dealers who hold themselves out as open-architecture have platforms that are upwards of 90% proprietary. There should be a strong incentive for those platforms to offer the best product for the investor, not the one that drives the most profits to their related parties or the firm itself.

Sales Practices

NI 31-103 with its draft amendments now explicitly applies to sales practices. National Instrument 81-105 ("**NI 81-105**") gives more specific and concrete guidance around sales practices. It is unclear how these two will intersect and how the CSA will audit relative to NI 81-105. It would be unhelpful if the CSA saw NI 31-103 as creating additional rules or a higher standard than NI 81-105 in the future. We would appreciate an explicit statement that NI 31-103 intends to identify sales practices as a conflict of interest which is mitigated by complying with NI 81-105.

Conclusion

Fidelity is committed to protecting the interest of investors. We are pleased that the OSC's Statement shares our commitment, and we support many of the OSC's priorities. We believe in working closely with regulators and policymakers to put investors first and strengthen protections.

Once again, we would like to thank the OSC for the opportunity to comment on the Statement and we would be pleased to discuss any of our comments.

Yours sincerely,

“W. Sian Burgess”

W. Sian Burgess
Senior Vice President, Fund Oversight
Fidelity Investments Canada ULC

c.c. Rob Strickland, President



BY ELECTRONIC MAIL: comments@osc.gov.on.ca

March 1, 2019

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

Dear Sirs / Madames:

RE: OSC Staff Notice 11-784 – Burden Reduction (the “Notice”)

Thank you for the opportunity to provide comments to the Ontario Securities Commission (the “OSC”) on the Notice.

Fidelity Investments Canada ULC (“Fidelity”) is Canada’s 4th largest mutual fund company. Fidelity manages approximately \$133 billion in mutual fund and institutional assets.

For over 70 years, including 31 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals. We recognize that the OSC is also committed to improving outcomes for investors and we are pleased to work collaboratively with the OSC toward our shared commitment.

INTRODUCTION

We are very pleased to see that the OSC has identified the reduction of regulatory burden as a priority. We strongly believe that now, more than ever, it is necessary for the OSC to take a step back and work to streamline and rationalize existing regulation before layering on further regulation. We support initiatives that achieve the best outcomes for investors and believe that regulation should be evaluated based on its ability to enhance one or more of the fundamental principles of Canadian securities regulation, as outlined in the *Securities Act* (Ontario) (the “Act”): (i) providing protection to investors from unfair, improper or fraudulent practices; (ii) fostering fair and efficient capital markets and confidence in the capital markets system; and (iii) contributing to the stability of the financial system and the reduction of systemic risk.

It is with this lens that we present our comments in the pages that follow, which we believe will reduce regulatory burden without negatively impacting the principles above. We hope that you will find our comments constructive, and we look forward to seeing some or all of them adopted by the OSC for the ultimate benefit of investors.

Our responses are presented in order of the questions in the Notice and the items addressed in response to each question are presented in order of materiality. In particular, some of our more significant burden reduction proposals are as follows:

- permit an investment fund to prepare a consolidated fund facts or ETF facts document that would include all series of that fund;
- permit the electronic delivery of the interim financial reports and annual financial statements (together, the “**financial statements**”) as well as the interim and annual management reports of fund performance (“**MRFPs**”) of an investment fund;
- eliminate the requirement for an investment fund to prepare and file the interim financial report and MRFP (together, the “**Interim Reports**”);
- modify the annual prospectus renewal requirement such that the prospectus and annual information form are required to be renewed every three years; and
- eliminate the requirement to deliver an annual reminder letter under National Instrument 81-106 *Investment Fund Continuous Disclosure* (“**NI 81-106**”).

For ease of reference, Appendix A includes our previous comment letter in respect of the OSC’s Statement of Priorities for the financial year ended March 31, 2018, which is discussed in our response to question four.

COMMENTS

1. **Are there operational or procedural changes that would make market participants’ day-to-day interaction with the OSC easier or less costly?**

Electronic Delivery for Financial Statements

In Ontario, section 79 of the Act requires that fund managers deliver to securityholders hard copies of the financial statements of an investment fund. The internet is accessible to and widely used by investors, and it should be embraced as the method through which financial statements are delivered to securityholders. We believe this will significantly alleviate the time and cost of delivery without restricting an investor’s access to this information. Any investor that is not comfortable using the internet would be able to obtain this information through their dealing representative. Accordingly, we urge the OSC to amend the Act to permit a fund manager to deliver financial statements by making them publicly available on their website. We expect the same would apply to the delivery of the interim and annual MRFPs.

In the alternative, we believe that financial statements may be effectively delivered through a notice-and-access regime. The OSC considers notice-and-access to be an acceptable means through which to deliver other material information to securityholders – including proxy-related materials under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* – and the approach to financial statements should be no different. We note that a similar approach has been adopted by the Securities and Exchange Commission in the United States; Rule 30e-3 under the Investment Company Act of 1940 provides registered investment companies with the ability to make financial statements, among other documents, available online if a paper notice is sent to securityholders.

Improvements to the System for Electronic Delivery of Documents (SEDAR)

Fidelity relies heavily on SEDAR to provide investors with access to material documents. In our experience as a SEDAR filer, we have found the system outdated, cumbersome and unreliable. We frequently experience system issues that impede our ability to file. As a user of SEDAR, we have also found it difficult to search and locate documents. We urge the OSC to work with the other members of the Canadian Securities Administrators (the “CSA”) to improve the functionality and user-experience of SEDAR and, in particular, suggest moving towards a web-based platform.

Assign a Relationship Manager to each Registered Firm

We recommend that the Investment Funds & Structured Products branch of the OSC assign a relationship manager to each registered firm that this branch oversees. We understand that this structure is being successfully used by the British Columbia Securities Commission, Toronto Stock Exchange, NEO Exchange Inc. and the Compliance & Registrant Regulation branch of the OSC. We believe that this structure will be beneficial to registered firms, as it will reduce the time and expense associated with resolving regulatory issues and ensure consistency in the direction provided by the OSC.

OSC Staffing Generally

Generally, we are very pleased with our interactions with the OSC and appreciate Staff’s efforts to deliver high quality service. As a minor improvement, we suggest that the OSC consider a more systematic approach to assigning files to Staff members with a view to better aligning the experience of a Staff member with the complexity and subject-matter of a file.

Reliance on Publicly Disclosed Documents

In engaging with firms, we encourage the OSC to rely upon documents that have already been provided to the OSC by a firm or are otherwise publicly available. Responding to requests for these documents can be time-consuming and is an inefficient use of firm resources.

- 2. Are there ways in which we can provide greater certainty regarding regulatory requirements or outcomes to market participants?**

Regulation by Enforcement

We are currently in an environment of regulation by enforcement. Recently, there have been a number of settlements coming out of the Enforcement branch at the OSC. While the settlement agreements are instructive, we think it would be more helpful for the OSC to continue to give specific guidance to the industry by way of staff notice or bulletins and in the annual compliance report. Although OSC Staff have provided guidance regularly in the past, we would greatly appreciate ongoing regulatory guidance in notices or bulletins as issues continue to emerge. As well, it is important that the OSC monitor and assess

compliance issues on an ongoing basis and not several years after a rule has been established. We want to comply and having clear guidance at the outset creates a clear understanding for us and for the industry.

- 3. Are there forms and filings that issuers, registrants or other market participants are required to submit that should be streamlined or required less frequently?**

Consolidated Fund Facts and ETF Facts

Since the fund facts regime came into force in 2011, the variety of series offered by investment funds and the number of fund facts and ETF facts documents have grown significantly. As well, the industry has not established consistent naming standards for series. Therefore, it can be very difficult for an investor to compare series across fund companies.

We commend the OSC for granting fund facts relief to consolidate certain series into one fund facts document in the context of an automatic switching program. We recommend that the OSC take the next step and work with the other CSA members to amend Form 81-101F3 *Contents of Fund Facts Document* and Form 41-101F4 *Information Required in an ETF Facts Document* to permit an investment fund to prepare a consolidated fund facts or ETF facts document that would include all series of that fund. Not only will this change reduce the burden of preparing and filing these documents on a series level – from 3,164 to 526 (in English and French) – but, more importantly, it will also make it substantially easier for investors to compare different funds, which is consistent with the regulatory objective these documents were designed to achieve.

Exemptive Relief Applications

We encourage the OSC to codify routine exemptive relief on a more frequent basis and grant omnibus or blanket orders that can be relied upon by the industry as a whole (like the “no-action letter” process used by the Securities and Exchange Commission). We believe these changes will lessen the time and expense associated with routine exemptive relief applications, allow more firms to benefit from the interpretive guidance of the OSC and ensure industry participants are subject to similar conditions, where appropriate.

We also urge the OSC to reduce the number of conditions in exemptive relief orders that require ongoing action by a firm. By way of example:

- **ETF relief:** The relief granted to Fidelity from the underwriter’s certificate requirement and the take-over bid requirements, which requires that Fidelity file with the OSC a certificate signed by its ultimate designated person certifying that Fidelity has complied with the terms and conditions of the decision during the previous calendar year;
- **automatic switching relief:** The relief granted to Fidelity from the requirement for a dealer to deliver the most recently filed fund facts documents in respect of purchases made pursuant to certain automatic switches, which requires that Fidelity provide the following on an annual basis:

- to the OSC, a list of all dealers relying on the relief and any changes to that list; and
- to investors, an annual reminder notice advising that they will not receive fund facts upon an automatic switch transaction; and
- **automatic rebalancing relief:** The relief granted to Fidelity, among others, from the fund facts delivery requirement for purchases of securities made pursuant to automatic rebalancing services, which requires that Fidelity provide to the OSC, on an annual basis, a list of all dealers relying on the relief and any changes to that list.

Generally, it is becoming increasingly difficult to track these conditions, the burden of which we believe is disproportionate to the value of the information to either investors or the OSC.

Reporting Requirements for Outside Business Activities (“OBAs”)

The reporting requirements for OBAs are unclear, ever-changing and inconsistent across the CSA jurisdictions. We encourage the OSC to work with the other CSA members to adopt a consistent approach to OBA reporting.

In the interests of burden reduction, we also suggest that the CSA:

- lengthen the reporting period for OBAs and, for OBAs that are not conflict of interest matters, lengthen the reporting period to once annually;
- eliminate (or significantly reduce to align with other jurisdictions) OSC fees for late OBA reporting. These fees only act as a deterrence to reporting and are not commensurate with the potential harm of late reporting; and
- offer an amnesty period to permit firms to disclose unreported OBAs up to a certain date.

Risk Assessment Questionnaire (“RAQ”)

We acknowledge that the RAQ is a useful compliance tool. However, we suggest that the OSC adopt a risk-based approach to disseminating the RAQ to lessen the burden on firms that present relatively limited risk of non-compliance. In particular, we suggest lengthening the reporting period from two to three years and adopting an abbreviated questionnaire for registrants that have completed a full books and records review with no significant deficiencies during the twelve months prior. We also urge the OSC to, where possible, minimize changes to the form of questionnaire to reduce the time spent deciphering and responding to questions and to allow for comparability of responses to prior periods.

4. Are there particular filings with the OSC that are unnecessary or unduly burdensome?

Prospectus Renewal Process

Each year, fund managers spend significant resources (both internal and external) on the preparation and filing of the renewal prospectus and related documents. In our experience, the material information in the prospectus and annual information form does not change significantly from year-to-year. As well, investors rely primarily on the fund facts and ETF facts as a source of material information about a fund. For these reasons, we recommend that the OSC work with the other CSA members to eliminate the requirement to prepare and file the prospectus and related documents (not including the fund facts and ETF facts) on an annual basis and adopt a renewal period of three years. We suggest that the renewal period for the fund facts and ETF facts remain at one year. Investors would continue to stay apprised of material changes impacting a fund through the regime set out in NI 81-106.

In the alternative, we recommend streamlining the current disclosure requirements to eliminate duplicative requirements. Please see our comments in respect of the OSC's Statement of Priorities for the financial year ended March 31, 2018 reattached at Appendix A, which highlights the overlap in disclosure requirements across various documents.

The Interim Reports

Historically we have seen a very low percentage of securityholders opt-in to receive the Interim Reports, which are costly and labour intensive to prepare, review and mail. As well, the Interim Reports are unaudited. For example, in 2018, approximately 2% of all our securityholders requested the interim financial reports. Anecdotally, during the same period, approximately 4% of all our securityholders requested the annual financial statements. Accordingly, we recommend that the OSC consider working with the other CSA members to amend NI 81-106 to eliminate the requirement for an investment fund to prepare and file the Interim Reports. In the alternative, we suggest that the Act be amended to permit these reports to be delivered via the fund manager's website, as described under the subheading "Electronic Delivery for Financial Statements" above.

Know Your Client ("KYC") for Permitted Clients

We recommend that the exemptions for KYC and suitability that apply to permitted clients that are not in a managed account should apply to all permitted clients without distinction for the investment vehicle used. The rationale for the extensive KYC and suitability requirements does not apply to sophisticated institutional clients. Institutional clients generally conduct a high level of due diligence before making an investment, employ both internal and external highly trained experts, understand the risk associated with investments, negotiate their own investment management agreements and are in a better position than registrants to understand their suitability needs. Alternatively, if all institutional investors cannot be exempt from the KYC and suitability requirements, then we respectfully submit that their KYC forms only need to be updated every five years unless there is a material change. Unlike individual investors, institutional clients do not experience major life changes like a marriage, divorce, birth, change in employment, etc.

Personal Information Form

Currently, the directors and executive officers of a fund manager are required to provide personal information to the OSC by way of a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (“**Form 33-109F4**”) as well as a Personal Information Form (“**PIF**”). These multiple filings can be time-consuming and require the individual to provide the same information to the OSC using different forms. We recommend that the OSC work with the other CSA members to eliminate the requirement to file a PIF and instead rely on the background check performed when that individual filed their Form 33-109F4.

SEDAR Form 6

Pursuant to section 4.3(3) of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, each person or company that has signed a certificate in a prospectus or annual information form, including an amendment to either document, which document is filed electronically, must deliver an originally signed SEDAR Form 6 to the CSA. We encourage the OSC to work with the other members of the CSA to either eliminate or modify the SEDAR Form 6 filing requirement. Electronic signatures are increasingly prevalent, and we believe they can be a valid and enforceable means of signature. If the CSA does not want to eliminate this requirement entirely, we suggest that the requirement be modified such that a SEDAR Form 6 need only be filed once for each signatory.

Pre-Filing of Fund Facts and ETF Facts

We are often requested by the OSC, in the context of a new fund launch or fund renewal, to pre-file the fund facts or ETF facts documents prior to being cleared for final. This practice is not mandated by regulation, is inconsistently enforced and can create unexpected time pressures, particularly if the requirement has not been communicated in advance. In addition, in the context of an amendment filing, we are often asked to re-file fund facts documents once the OSC has cleared for final and prior to the receipt being issued, despite there being no changes to these documents since they were initially filed with the other amendment documents. We suggest that the OSC discontinue these practices.

5. Is there information that the OSC provides to market participants that could be provided more efficiently?

OSC Website

We encourage the OSC to publish the following resources on its website (and keep these resources up-to-date):

- official consolidations of legislation. Currently, updates to legislation are published in piece-meal form on the OSC website and, from time to time, unofficial consolidations are published for certain instruments. As a result, many industry professionals rely on the consolidations published by other securities regulators. Maintaining an official consolidation of each instrument would ensure that regulatory requirements in Ontario are clear and accessible to market participants; and

- list of contact information for OSC Staff. This is basic information that market participants require in order to effectively communicate with the OSC.

Annual Prospectus Renewal Checklist

During the annual renewal process, we often receive comments from the OSC on new expectations with respect to prospectus disclosure. These items are communicated without explanation and can cause delays in the filing process. We encourage the OSC to publish an annual renewal checklist to highlight any such disclosure items.

Precedent Exemptive Relief

Under the current regulatory regime, firms that apply for exemptive relief are required to prepare a draft order and to locate the most recent precedent orders on which this draft is based. We encourage the OSC to publish and maintain an index of commonly requested exemptive relief, including the most recent precedent orders. We believe that the OSC is better positioned to provide this information, which we hope will expedite the drafting of precedent orders and simplify the exemptive relief process.

6. Are there requirements under OSC rules that are inconsistent with the rules of other jurisdictions and that could be harmonized?

Form 45-106F1 – Report of Exempt Distribution (“Form 45-106F1”)

Annual reports of exempt distribution must be filed using three different channels, as follows: (i) in Ontario, using the OSC’s Electronic Filing Portal; (ii) in British Columbia, in paper format to the British Columbia Securities Commission; and (iii) in each other province and territory, using SEDAR. These three channels create additional regulatory burden for fund managers that are required to make these filings – they are time-consuming, repetitive and costly. We urge the OSC to assist in reducing this burden by allowing these filings to be made on SEDAR in Ontario.

Recently, the CSA published CSA Staff Notice 45-325 – *Filing Requirement and Fee Payable for Exempt Distributions Involving Fully Managed Accounts*. As outlined in the notice, the requirements to file and pay fees in respect of a Form 45-106F1 for exempt distributions involving fully managed accounts vary across jurisdictions: (i) in Manitoba and Québec, the requirement to file and pay fees is based on the location of the beneficial owner of the managed account; and (ii) in most other jurisdictions including Ontario, the requirement to file and pay fees is based on the location of the trust company, trust corporation or registered adviser deemed to be purchasing the securities as principal. These jurisdictional inconsistencies create regulatory uncertainty, which burden is borne by market participants. As well, firms that are located in, for example, Ontario that have managed account investors that reside in Manitoba or Québec may be subject to duplicate filing fees. We urge the OSC to work with the other CSA members to harmonize the Form 45-106F1 requirements.

7. Are there specific requirements that no longer serve a valid purpose?

Annual Reminder Letter

Under section 5.2(5) of NI 81-106, an investment fund that relies upon standing instructions in respect of the delivery of financial statements and MRFPs to securityholders must send an annual letter reminding those securityholders of their right to receive these documents. Often, other annual reminders are contained in this letter, including the annual redemption reminder required by section 10.1(3) of National Instrument 81-102 *Investment Funds* and the annual reminder required by the automatic switching relief described under the subheading “Exemptive Relief Applications” above. We believe this information could be effectively communicated via a fund manager’s website and suggest that the OSC work with other CSA members to remove the requirement to deliver this letter.

Conflicts of Interest Reporting under Section 117 of the Act

Section 117 of the Act requires that certain conflicts of interest matters be reported to the OSC on a monthly basis. These matters are now taken before an investment fund’s independent review committee pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*, rendering the reporting requirements of section 117 of the Act duplicative and without value. We suggest that the OSC repeal this section of the Act.

CONCLUSION

We support the OSC’s commitment to reduce regulatory burden and believe that our comments, if adopted, will achieve this aim while upholding the fundamental principles of Canadian securities regulation outlined in the Act. When evaluating the efficacy of existing, new or proposed regulation, we encourage the OSC to consider its impact on industry participants as well as its value to investors.

Thank you for allowing us to provide comments on the Notice. We also thank you for considering our comments. We are, of course, always available to discuss our comments.

Yours very truly,

Fidelity Investments Canada ULC

“Robert Sklar”

Robert Sklar
Manager, Legal Services and Senior Legal Counsel

c.c. Rob Strickland, President
Sian Burgess, SVP, Fund Oversight

APPENDIX "A"



BY ELECTRONIC MAIL: rday@osc.gov.on.ca

June 1, 2017

Mr. Robert Day
Senior Specialist, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 2200
Toronto ON, M5H 3S8

Dear Mr. Day:

**Re: Ontario Securities Commission Statement of Priorities for Financial Year
To End March 31, 2018**

Introduction

We are writing to provide comments with respect to the draft of the Ontario Securities Commission's (the "**OSC**") Statement of Priorities (the "**Statement**") for the financial year ending March 31, 2018.

Fidelity Investments Canada ULC ("Fidelity") is the 4th largest asset management company in Canada and part of the Fidelity Investments organization in Boston, one of the world's largest financial services providers. Fidelity manages over \$136 billion in retail mutual funds and institutional assets. Millions of Canadians entrust us with their savings and we take their trust very seriously.

At Fidelity, we are committed to protecting the interests of investors. We would like to thank the OSC for publishing the Statement, and providing the industry stakeholder community this opportunity to comment and shape the OSC's priorities going forward.

We hope that you will find our comments in the pages that follow constructive. We look forward to seeing some of them reflected in the final statement of priorities for the ultimate benefit of investors.

Comments

Protecting access to financial advice as an additional priority

Canadian investors today face many unique challenges to achieving their financial goals. These challenges range from a low interest rate environment to heightened global market volatility, from declining employer-sponsored defined benefit plans to a growing need for more savings due to rising life expectancy, and much more. Market participants, policy makers and regulators, individually and collectively, have the ability and the responsibility to help Canadian investors manage these common challenges.

The availability of sound financial advice is integral to addressing these challenges. This is especially the case given the growing body of independent research that has emerged, that shows that Canadian investors who work with financial advisors are better off financially than those that do not.¹ Therefore, it is our view that **the OSC should consider adding the protection of investors' access to financial advice as an additional priority as part of its broader investor protection mandate.** We believe that the inclusion of this priority will ensure that any proposed regulatory action, however well-intentioned, will need to be thoroughly examined so that it does not erode access to financial advice and unintentionally harm investors. This scrutiny is crucial to providing all Canadian investors a fair chance at meeting their financial goals.

Define regulatory actions needed to address embedded commissions

In the Statement, the OSC commits to, "...communicate a policy direction on embedded commissions and other types of compensation arrangements". In the coming weeks, we will be submitting our comment letter in response to the Canadian Securities Administrators' (the "**CSA**") Consultation Paper 81-408 *Consultation on the Option of Discontinuing Embedded Commissions*. As you indicated in the Statement, we trust that you will evaluate this feedback and consider reaching out to us for an in-person roundtable to be scheduled in the Fall of 2018, where we hope to provide further constructive comment.

Advance retail investor protection, engagement and education through the OSC's Investor Office

In the Statement, the OSC commits to engaging with investors in new and innovative ways to obtain a better understanding of investor issues and needs across various investor demographics, including seniors, millennials and new Canadians. We applaud the OSC on this initiative.

¹ Conference Board of Canada, *Boosting Retirement Readiness and the Economy Through Financial Advice*, 2014 | The School of Public Policy, University of Calgary, *A Major Setback for Retirement Savings: Changing How Financial Advisers are Compensated Could Hurt Less-Than-Wealthy Investors Most*, 2016 | Claude Montmarquette and Nathalie Viennot-Briot, "The Gamma Factor and the Value of Financial Advice", (Cirano: Montreal, August 2016) at 1.

At Fidelity, we believe that regulation should be designed to break down barriers to entry for would-be investors in order to encourage them to seek advice, and start saving and investing toward their financial goals. Additionally, we believe that regulations that currently empower various investor demographics to get advice and save and invest should be preserved and strengthened where possible.

To that end, it is our view that **the OSC should conduct and publish impact assessment studies on how the regulatory proposals currently under deliberation and going forward would affect various investor demographics.** These impact assessment studies would help the OSC obtain a deeper understanding of the impact of proposed regulation. This understanding would provide the OSC with an opportunity to align its future potential actions with the Ontario government's priority to assist all Ontarians in achieving income and retirement security. In fact, we believe that studies of this nature would be of immediate value to the OSC's consultations on a regulatory best interest standard, the proposed targeted reforms and mutual fund fees.

Identify opportunities to reduce regulatory burden while maintaining appropriate investor protections

We were very pleased to see that the OSC has identified the reduction of the regulatory burden as a priority. We strongly believe that now more than ever it is necessary for the OSC to take a step back and work to streamline and rationalize existing regulation before layering on further regulation. To assist the OSC in its review of investment fund disclosure, we attach to this Statement as **Appendix "A"** three charts that set out opportunities to streamline and rationalize current disclosure requirements by highlighting the overlap in disclosure requirements across various disclosure documents. In addition, below is a summary of what we believe are some examples of rationalization opportunities:

- 1) there are examples of disclosure requirements in the annual information form (AIF) that are redundant with disclosure requirements in the simplified prospectus:
 - the income tax considerations disclosure in the AIF can be removed and non-redundant information can be incorporated in the simplified prospectus; and
 - the exemptive relief disclosure in the AIF can be removed as this information must be summarily disclosed in the simplified prospectus. A simple statement can be added to the simplified prospectus that indicates that a copy of any exemptive relief decision is available from the fund manager.
- 2) there are examples of disclosure requirements in the annual information form (AIF) that are redundant with other regulatory disclosure requirements:

- the summary of the proxy voting guidelines in the AIF can be removed and, instead, the proxy voting guidelines can be posted on the fund manager’s website. This aligns with the current requirement for fund managers to post a proxy voting record on their website annually and to provide the proxy voting guidelines upon request; and
 - the Independent Review Committee (IRC) disclosure in the AIF can be removed since funds are already required to file and post their IRC report annually, which contains more comprehensive information;
- 3) the investment objectives, investment strategies and risk disclosure in the MRFP can be removed, as this information is already disclosed in the prospectus and fund facts documents;
 - 4) the requirement in the financial statements to include series level disclosure of the statement of changes in financial position should be changed to conform with the IFRS requirement to provide this information at the fund level;
 - 5) the valuation of portfolio securities disclosure in the AIF can be removed and a simple statement can be added to the simplified prospectus that indicates that the funds adhere to uniform valuation principles that are set out in their constating documents, which are available from the fund manager; and
 - 6) the principal holders of securities (series by series) disclosure in the AIF can be removed as we do not believe the same concerns apply in the mutual fund context as in a public company context (i.e., there are no takeover threats in the mutual fund context).

Conclusion

Fidelity is committed to protecting the interests of investors. We are pleased to see that the OSC’s Statement shares our commitment, and we support a number of OSC’s priorities identified in the Statement, including but not limited to: actively pursuing enforcement cases involving “serious securities laws violations” that harm investors; advancing retail investor education through the OSC’s Investor Office; identifying opportunities to reduce regulatory burden and promoting cybersecurity to keep investors safe. We would also like to applaud the OSC for committing to continuing to consult industry stakeholders on the statutory best interest duty, the proposed targeted reforms and the banning of embedded commissions.

As stated earlier, we believe in working collaboratively to tackle common challenges for the ultimate benefit of investors. In this spirit, we have recommended that the OSC consider: 1) adding the protection of investors’ access to financial advice as an additional priority; and 2) conducting and publishing impact assessment studies on the impact of regulatory policies on various investor demographics. We believe these recommendations will further the OSC’s mandate of investor protection and the fostering of fair and efficient capital markets.

We thank you for the opportunity to comment on the Statement and would be pleased to discuss any of our comments.

Yours sincerely,

“W. Sian Burgess”

W. Sian Burgess
Senior Vice President, Fund Oversight
Fidelity Investments Canada ULC

c.c. Rob Strickland, President

Appendix “A”

OUTLINE OF AIF AND SP COMPARISON					
AIF	Form Requirement	Disclosure Description	SP	Overlap / Compare	Recommendations
Front Cover Disclosure	81-101F2 Item 1	<ul style="list-style-type: none"> Indication of whether preliminary, <i>pro forma</i> or AIF Name all Funds offered, name of fund family Standard warning language Date of the document (coincide with date of certificates and to be w/i 3 days of filing) 	Front Cover Disclosure	81-101F1 Part A, Item 1	<ul style="list-style-type: none"> Remove redundant disclosure
Table of Contents	81-101F2 Item 2	Include a table of contents	Table of Contents	81-101F1 Item 2	<ul style="list-style-type: none"> Merge AIF content into SP
Name, Formation and History of the Mutual Fund	81-101F2 Item 3	<ul style="list-style-type: none"> State background information about the fund and any major events affecting it over last 10 years, including constating documents, changes in investment strategies and objectives, changes in portfolio adviser, former name(s), reorganization/transfer of assets or mergers/amalgamations with other funds 	<ul style="list-style-type: none"> Front Cover Disclosure Part B Introduction 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 1 81-101F1 Part A, Item 13 	<ul style="list-style-type: none"> Remove redundant disclosure Merge AIF content into SP
Investment Restrictions	81-101F2 Item 4	<ul style="list-style-type: none"> Discuss any approvals granted by the regulator to vary any investment restrictions and practices contained in securities legislation, such as short selling, dealer-managed funds and related party investments Discuss any IRC approvals to vary restrictions 	Part B Introduction	<ul style="list-style-type: none"> 81-101F1 Part A, Item 13 81-106F1 Part A, Item 2 	<ul style="list-style-type: none"> Remove redundant disclosure Delete “Registered Plans” section, duplication in 81-101F1 Part A – Item 10 Merge AIF content into SP
Description of Securities Offered by the Mutual Fund	81-101F2 Item 5	<ul style="list-style-type: none"> Explain the difference between trust units and shares in a fund corporation Vote at Meetings of Unitholders 	Part A > What is a mutual fund and what are the risks of investing in a mutual fund? > Sold in units	81-101F1 Part A, Item 4	<ul style="list-style-type: none"> Remove redundant disclosure
Calculation of Net Asset Value and	81-101F2 Items 6-7	<u>Calculation of Net Asset Value</u> All of the factors/information used in calculating the NAV per unit of the	Part B > Figuring out net asset value per unit	81-101F1 Part A, Item 6	<ul style="list-style-type: none"> Remove redundant disclosure in AIF

OUTLINE OF AIF AND SP COMPARISON

AIF	Form Requirement	Disclosure Description	SP	Overlap / Compare	Recommendations
Valuation of Portfolio Securities		fund (Item 7) <u>Valuation of Portfolio Securities</u> How various series of securities are valued (Item 6)		81-106 Part 14	<ul style="list-style-type: none"> • Merge AIF content into SP
Purchases and Switches	81-101F2 Item 8	<ul style="list-style-type: none"> • How investor can purchase, redeem, switch securities • How fund is valued and how often • Describe all available purchase options • Describe procedure for investors purchasing securities of the fund or switching them for securities of another fund • Describe purchase options and the applicable fees, expenses and compensation involved 	Part A >Purchases, Switches and Redemptions	81-101F1 Part A, Item 6	<ul style="list-style-type: none"> • Remove redundant disclosure in AIF • Merge AIF content into SP
Redemption of Securities	81-101F2 Item 9	Describe procedures for redeeming securities and how the redemption price is calculated including any fees, expenses or compensation owed	Part A >Purchases, Switches and Redemptions	81-101F1 Part A, Item 6	<ul style="list-style-type: none"> • Remove redundant disclosure in AIF • Merge AIF content into SP
Responsibility for Mutual Fund Operations	81-101F2 Item 10	<ul style="list-style-type: none"> • Identity of manager, trustee, portfolio manager, portfolio advisor, registrar, auditor, custodian, IRC and high-level outline of the functions of each • Holdings in securities of another fund managed by same manager • Describe the operations of the fund including management and administration, valuation services, fund accounting, management of assets, brokerage arrangements, distribution of the securities of the fund, oversight of the fund and oversight of manager by the IRC 	Part A > Organization and Management Details for a Multiple SP	81-101F1 Part A, Item 5	<ul style="list-style-type: none"> • Merge AIF content into SP
Conflicts of Interest	81-101F2 Item 11	<u>Principal Holders of Securities</u> Beneficial direct and indirect ownership of more than 10% of securities of	N/A	N/A	<ul style="list-style-type: none"> • Delete Principal Holders of Securities table in AIF

OUTLINE OF AIF AND SP COMPARISON

AIF	Form Requirement	Disclosure Description	SP	Overlap / Compare	Recommendations
		the fund <u>Affiliated Entities</u> List persons or companies that provide services to the fund or the manager that are affiliated entities of the manager			<ul style="list-style-type: none"> Merge AIF content into SP
Fund Governance	81-101F2 Item 12	<u>Independent Review Committee</u> <ul style="list-style-type: none"> Provide detailed information including the mandate and responsibilities of the IRC, and descriptions of policies, practices and procedures relating to business practices, risk management controls and internal conflicts of interest If applicable, describe: risk management for derivatives use; policies and procedures regarding proxy voting (state that the policies and procedures are available on request). Also state that proxy voting record available free of charge to any securityholder. 	Part A > Organization and Management Details for a Multiple SP	81-101F1 Part A, Item 5 81-107 Part 4.4	<ul style="list-style-type: none"> Delete IRC information in AIF; already captured in the IRC Report to Investors (updated more frequently)
Fees and Expenses	81-101F2 Item 13	<ul style="list-style-type: none"> Fees and expenses payable by the Fund including: <ul style="list-style-type: none"> Management Fees and Operating Expenses Fees and expenses payable by the investor including sales charges, switch fees, redemption fees, short-term trading fees, registered tax plan fees and any other fees and expenses Disclose any arrangements that will result in differential payments of management fees by securityholders 	Part A > Fees and Expenses	81-101F1 Part A, Item 8 81-106 Part 15	<ul style="list-style-type: none"> Remove redundant disclosure in AIF Merge AIF content into SP
Income Tax Considerations	81-101F2 Item 14	<ul style="list-style-type: none"> Describe the income tax consequences relating to distributions by the fund as well as gains and losses that occur when the investor sells the securities of the fund Basis on which the income and capital receipts of the fund are taxed 	Part A > Income Tax Considerations for Investors	81-101F1 Part A, Item 10	<ul style="list-style-type: none"> Remove redundant disclosure Merge AIF content into SP

OUTLINE OF AIF AND SP COMPARISON

AIF	Form Requirement	Disclosure Description	SP	Overlap / Compare	Recommendations
Remuneration of Directors, Officers and Trustee	81-101F2 Item 15	Disclose compensation paid to directors, board of governors or advisory board, IRC members and employees carrying out management functions	N/A	81-107 Part 4.4	<ul style="list-style-type: none"> Delete IRC information in AIF; already captured in the IRC Report to Investors (updated more frequently)
Material Contracts	81-101F2 Item 16	<ul style="list-style-type: none"> List and provide particulars of all contracts excluding those entered into in the ordinary course of business. State time and place when such contracts can be inspected by existing and prospective securityholders 	N/A	N/A	<ul style="list-style-type: none"> Merge AIF content into SP
Certificate of the Mutual Fund, Certificate of the Manager of the Mutual Fund, Certificate of Each Promoter of the Mutual Fund, Certificate of the Principal Distributor of the Mutual Fund	81-101F2 Items 19-22	–	N/A	N/A	<ul style="list-style-type: none"> Merge AIF content into SP
Exemptions and Approvals	81-101F2 Item 23	Describe all exemptions under NI 81-101, 81-102, 81-105 or NP Statement No. 39	N/A	N/A	<ul style="list-style-type: none"> Merge AIF content into SP
Back Cover	81-101F2 Item 24	How to obtain copies of SP, MRFP, FS, Fund Facts and other documents	Back Cover	81-101F1 Part A, Item 14	<ul style="list-style-type: none"> Merge AIF content into SP

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
Part I – Information about the Fund					
Introduction	81-101F3 Item 1	Document title and date	Front cover	81-101F1 Part A, Item 1	<ul style="list-style-type: none"> Remove redundant disclosure in SP
		Manager, fund and series name	Part A > Organization and management of the Funds Part B > Fund profiles	81-101F1 Part A, Item 5 81-101F1 Part B, Item 5	
		How to obtain SP	Part A > Introduction and Back Cover	81-101F1 Part A, Items 3 and 14 81-106F1 Part B, Item 1 (First Page Disclosure)	
		Short risk disclosure	<ul style="list-style-type: none"> Part A > What are the risks of investing in a mutual fund? Part B > Fund profiles 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 4 81-101F1 Part B, Item 9 	
Quick Facts	81-101F3 Item 2	Fund Code	N/A	N/A	<ul style="list-style-type: none"> Information disclosed in either SP, FS or MRFP Remove redundant disclosure
		Date [Class/Series] Started	Part B > Fund profiles	81-101F1 Part B, Item 5	
		Total Value of Fund	N/A	<ul style="list-style-type: none"> 81-106 Part 3, Item 3.1 (FS, Statement of Financial Position) 81-106F1 Part C, Item 5 (MRFP, Statement of 	

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
				Investment Portfolio)	
		MER	N/A	<ul style="list-style-type: none"> 81-106 Part 3, Items 3.1, 3.2 and 3.6 (FS, Statements of Financial Position, Statement of Comprehensive Income and Notes to FS, i.e. Expenses and Other Related Party Transactions, respectively) – information disclosed as % 81-106F1 Part C, Item 2.3 (MRFP, Related Party Transactions – Total management and advisory fee of Fund (for all series), disclosed as \$ amount) 81-106F1 Part C, Item 3 (MRFP, Financial Highlights – MER for each series, disclosed as %) 	
		Fund Manager	Part A > Organization and Management of the Funds	<ul style="list-style-type: none"> 81-101F1 Part A, Item 5 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Formation of the Fund – referred to as manager) 81-106F1 Part B, Item 2.5 (MRFP, Related Party Transactions – referred to as manager) 	
		Portfolio Manager	Part A > Organization and Management of the Funds	<ul style="list-style-type: none"> 81-101F1 Part A, Item 5 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Formation of the Fund – referred to as investment advisor) 81-106F1 Part B, Item 2.5 (MRFP, Related Party 	

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
				Transactions – referred to as portfolio adviser)	
		Distributions	<ul style="list-style-type: none"> Part B > Specific information about... > Fund Details >About the Series Part B > Fund profiles > Distribution policy 	<ul style="list-style-type: none"> 81-101F1 Part B, Items 2 and 12 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Formation of the Fund, and Taxation and Distributions) 	
		Minimum Investment	<ul style="list-style-type: none"> Part A > Purchases, switches and redemptions >Minimum account size (refers reader to fid.ca) Part B > Specific information about... > Fund Details >About the Series 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 6 81-101F1 Part B, Item 2 	
Investments of the Fund	81-101F3 Item 3	What does the fund invest in?	Part B > Fund profiles >Fund Details > Investment Objectives	<ul style="list-style-type: none"> 81-101F1 Part B, Item 6 81-106F1 Part B, Item 2.1 (MRFP, Investment Objectives and Strategies – annual report only) 	<ul style="list-style-type: none"> Information disclosed in either SP, FS or MRFP
		Top 10 Investments (within 60 days of date of FF)	N/A	<ul style="list-style-type: none"> 81-106 Part 3, Item 3.5 (FS, Statement of Investment Portfolio) 81-106F1 Part B, Item 5 (MRFP, i.e. Statement of Investment Portfolio) 	
		Investment Mix (within 60 days of date of FF)	N/A	<ul style="list-style-type: none"> 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Concentration Risk) 81-106F1 Part C, Item 5 (MRFP, Statement of Investment Portfolio) 	

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
Risks	81-101F3 Item 4	How risky is it?	Part A > What are the risks of investing in a mutual fund?	<ul style="list-style-type: none"> 81-101F1 Part A, Item 4 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Description of several risks similar to SP disclosure) 81-106F1 Part B, Item 2.2 (MRFP, Risk) 	<ul style="list-style-type: none"> Information disclosed in either SP, FS or MRFP
		Risk rating	<ul style="list-style-type: none"> Part A > What are the risks of investing in a mutual fund? Part B > Fund profiles > Who should invest in this fund? 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 4 81-101F1 Part B, Items 9 and 10 81-106F1 Part B, Item 2.2 (MRFP, Risk) 	
		No guarantees	Part A > What are the risks of investing in a mutual fund?	81-101F1 Part A, Item 4	
Past Performance	81-101F3 Item 5	How has the fund performed?	N/A	81-106F1 Part B, Item 4.1 (MRFP, General)	<ul style="list-style-type: none"> Information disclosed only in MRFP
		Year-by-year returns	N/A	81-106F1 Part B, Item 4.2 (MRFP, Year-by-Year Returns)	
		Best and worst 3-month returns	N/A	N/A	
		Average return	N/A	81-106F1 Part B, Item 4.3 (MRFP, Annual Compound Returns)	
Suitability	81-101F3 Item 7	Who is this fund for?	Part B > Fund profiles > Who should invest in this fund?	<ul style="list-style-type: none"> 81-101F1 Part B, Item 10 81-106F1 Part B, Item 2.2 (MRFP, Risk) 	<ul style="list-style-type: none"> Information disclosed in either SP or MRFP
Impact of Income Taxes on Investor	81-101F3 Item 8	A word about tax	<ul style="list-style-type: none"> Part A > Income Tax Considerations for Investors 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 10 81-101F1 Part B, Item 12 	<ul style="list-style-type: none"> Remove redundant disclosure in SP

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
Returns			<ul style="list-style-type: none"> Part B > Fund profiles > Distribution policy 	<ul style="list-style-type: none"> 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Taxation and Distributions) 	
Part II – Cost, Rights and Other Information					
Introduction	81-101F3 Item 1.1	How much does it cost?	Part A > Fees and expenses > Fees and expenses payable by the Fund	<ul style="list-style-type: none"> 81-101F1 Part A, Item 8.1 81-106 Part 3, Item 3.2 (FS, Statement of Comprehensive Income) 81-106F1 Part B, Items 2.5 and 3.1 (MRFP, Related Party Transactions and Financial Highlights, respectively) 	<ul style="list-style-type: none"> Information disclosed in either SP, FS or MRFP
Illustrations of Different Sales Charges Options	81-101F3 Item 1.2	Sales charges	<ul style="list-style-type: none"> Part A > What is a mutual fund and what are the risks of investing in a mutual fund? > Are there any costs > What investors pay Part A > Fees and expenses > Fees and expenses payable directly by you 	<ul style="list-style-type: none"> 81-101F1 Part A, Item 8.2 81-106 Part 3, Item 3.6 (FS, Notes to FS, i.e. Formation of the Fund) 	<ul style="list-style-type: none"> Information disclosed in either SP, FS or MRFP

OUTLINE OF FUND FACTS AND SP COMPARISON (FS and MRFP overlap, where relevant)

Fund Fact Content	Form Requirement	Disclosure Description	SP Content	Overlap / Compare	Recommendations
Fund expenses	81-101F3 Item 1.3	<ul style="list-style-type: none"> • MER • TER • Admin Fees (new funds, without MER) 	Part A > Fees and expenses > Fees and expenses payable by the Fund	<ul style="list-style-type: none"> • 81-101F1 Part A, Item 8.1 • 81-106 Part 3, Item 3.2 (FS, Statement of Comprehensive Income) • 81-106F1 Part B, Items 2.5, 3.1 and 3.3 (MRFP, Related Party Transactions, Financial Highlights and Management Fees, respectively) 	<ul style="list-style-type: none"> • Information disclosed in either SP, FS or MRFP
Other fees	81-101F3 Item 1.4	<ul style="list-style-type: none"> • Short-term trading fee • Switch fee • Fee-for-service • Advisor service fee • Fee for sizable redemptions 	Part A > Purchases, switches and redemptions Part A > Optional services Part A > Fees and expenses	<ul style="list-style-type: none"> • 81-101F1 Part A, Items 6-8 • 81-106 Part 3, Item 3.2 (FS, Statement of Comprehensive Income) • 81-106F1 Part B, Items 2.5 and 3.1 (MRFP, Related Party Transactions and Financial Highlights, respectively) 	<ul style="list-style-type: none"> • Information disclosed in either SP, FS or MRFP
Statement of Rights	81-101F3 Item 2	What if I change my mind?	Part A > What are your legal rights?	81-101F1 Part A, Item 11	<ul style="list-style-type: none"> • Information disclosed only in SP
More Information About the Fund	81-101F3 Item 3	For more information	Part A > Introduction and Back Cover	<ul style="list-style-type: none"> • 81-101F1 Part A, Items 3 and 14 • 81-106F1 Part B, Item 1 (MRFP, First Page Disclosure) 	<ul style="list-style-type: none"> • Information disclosed in either SP or MRFP

OUTLINE OF MRFP and FS COMPARISON (annual and interim filings, unless otherwise indicated)

MRFP	Form Requirement	Disclosure Description	FS (and form requirement)	Overlap / Compare	Recommendations
Front Cover	–	<ul style="list-style-type: none"> Fund Name Document title and date 	<ul style="list-style-type: none"> Fund Name Document title and date 	–	–
First Page Disclosure	81-106F1 Part B, Item 1	How to obtain copy of: <ul style="list-style-type: none"> MRFP FS Proxy voting policies and procedures Proxy voting disclosure record Quarterly portfolio disclosure 	N/A	<ul style="list-style-type: none"> SP: 81-101F1 Part A, Item 3 > Introduction, and Item 14 > Back cover FF: 81-101F3, Item 1 > How to obtain SP 	<ul style="list-style-type: none"> Remove redundant disclosure
Management Discussion of Fund Performance	81-106F1 Part B, Item 2	Investment Objective & Strategies (Item 2.1) – annual filing only	81-106 Part 3, Item 3.6 > Notes to FS > Financial Instruments Risk	<ul style="list-style-type: none"> SP: 81-101F1 Part B, Item 6 > Fund profiles FF: 81-101F3, Item 3 > Investments of the Fund 	<ul style="list-style-type: none"> Information disclosed in either SP, FF, FS or MRFP
		Risk (Item 2.2) – annual filing only	81-106 Part 3, Item 3.6 > Notes to FS > various disclosure	<ul style="list-style-type: none"> SP: 81-101F1 Part A, Item 4 > What are the risks of investing in a mutual fund? SP: 81-101F1 Part B > Fund profiles > Who should invest in this fund? FF: 81-101F3, Item 4 > Risks 	<ul style="list-style-type: none"> Information disclosed in either SP, FF, FS or MRFP
		Results of Operations (Item 2.3)	N/A	N/A	<ul style="list-style-type: none"> Information disclosed only in MRFP

OUTLINE OF MRFP and FS COMPARISON (annual and interim filings, unless otherwise indicated)

MRFP	Form Requirement	Disclosure Description	FS (and form requirement)	Overlap / Compare	Recommendations
		Recent Developments (Item 2.4)	N/A	N/A	<ul style="list-style-type: none"> Information disclosed only in MRFP
		Related Party Transactions (Item 2.5) <ul style="list-style-type: none"> Manager and Portfolio Adviser Administration Fee Brokerage Commissions 	<ul style="list-style-type: none"> 81-106 Part 3, Item 3.6 > Notes to FS > Formation of the Fund 81-106 Part 3, Item 3.6 > Notes to FS > Expenses and Other Related Party Transactions (text and data expressed in \$ amount and as a % of Fund NAV) 81-106 Part 3, Item 3.6 > Notes to FS > Commissions and Other Portfolio Costs (text and data) 	<ul style="list-style-type: none"> SP: 81-101F1 Part A, Item 5 > Organization and Management of the Funds SP: 81-101F1 Part A, Item 8.1 > Fees and expenses > Fees and expenses payable by the Fund > Management and Advisory Fees SP: 81-101F1 Part A, Item 8.1 – Part A > Fees and expenses > Fees and expenses payable by the Fund > Fund Costs FF: :81-101F3, Item 2 > Quick Facts FF: 81-101F3, Item 1.3 > Fund expenses (new funds only) 	<ul style="list-style-type: none"> Information disclosed in either SP, FF, FS or MRFP

OUTLINE OF MRFP and FS COMPARISON (annual and interim filings, unless otherwise indicated)

MRFP	Form Requirement	Disclosure Description	FS (and form requirement)	Overlap / Compare	Recommendations
Financial Highlights	81-106F1 Part B, Item 3	<p>Key financial Fund information on a per series basis</p> <ul style="list-style-type: none"> • Net Assets per unit/share & Ratios and Supplemental Data (Item 3.1) • Scholarship Plans (Item 3.2 – disclosure similar to Item 3.1) • Management Fees (Item 3.3) 	<ul style="list-style-type: none"> • 81-106 Part 3, Item 3.5 > Statement of Investment Portfolio (Net assets of the Fund, not on a per series basis) • N/A • 81-106 Part 3, Item 3.2 > Statement of Comprehensive Income, and Item 3.6 > Notes to FS > Expenses and Other Related Party Transactions (text and data) 	<ul style="list-style-type: none"> • SP: 81-101F1 Part A, Item 8.1 – Part A > Fees and expenses > Fees and expenses payable by the Fund 	<ul style="list-style-type: none"> • Information disclosed only in MRFP and FS
Past Performance	81-106F1 Part B, Item 4	<p>Performance information</p> <ul style="list-style-type: none"> • General (Item 4.1) • Year-by-Year Returns (Item 4.2) • Annual Compound Returns (Item 4.3 – includes description/discussion of broad-based indices) • Scholarship Plans (Item 4.4) 	N/A	<ul style="list-style-type: none"> • FF: 81-101F3, Item 5 > Past performance > Year-by-year returns • FF: 81-101F3, Item 5 > Past performance > Average return only over 10-year period 	<ul style="list-style-type: none"> • Information disclosed in either SP, FF, FS or MRFP

OUTLINE OF MRFP and FS COMPARISON (annual and interim filings, unless otherwise indicated)

MRFP	Form Requirement	Disclosure Description	FS (and form requirement)	Overlap / Compare	Recommendations
Summary of Investment Portfolio	81-106F1 Part B, Item 5	Portfolio Breakdown (as at date of report) into: <ul style="list-style-type: none"> • Subgroups (Sector, Geographic and Credit Mixes) • Positions (Top 25) • Long and short positions (presented separately) • Disclosure re: ongoing portfolio transactions and availability of quarterly update 	<ul style="list-style-type: none"> • 81-106 Part 3, Item 3.5 > Statement of Investment Portfolio (breakdown per geographic region, sector, security type) • 81-106 Part 3, Item 3.5 > Statement of Investment Portfolio (breakdown per security name and quantity, cost and market value) • 81-106 Part 3, Item 3.5 > Statement of Investment Portfolio (breakdown per long or short position name and quantity, number of options, underlying interest, strike price, expiration month/year, cost, current value) 	<ul style="list-style-type: none"> • FF: 81-101F3, Item 3 > Investments of the Fund > Investment Mix (within 60 days of date of FF) – as % of fund’s investments • FF: 81-101F3, Item 3 > Investments of the Fund > Top 10 Investments (within 60 days of date of FF) – as % of fund’s investments 	<ul style="list-style-type: none"> • Information disclosed in either SP, FF, FS or MRFP
Other Material Information	81-106F1 Part B, Item 6	Disclosure required pursuant to order or exemption	N/A	SP: 81-101F1 Part B > Specific information about each of the mutual funds described in this document > 3. What does the fund invest in? > Investment Strategies > Regulatory exemptions	<ul style="list-style-type: none"> • Information disclosed in either SP, FF, FS or MRFP

OUTLINE OF MRFP and FS COMPARISON (annual and interim filings, unless otherwise indicated)

MRFP	Form Requirement	Disclosure Description	FS (and form requirement)	Overlap / Compare	Recommendations
Back Cover	–	<ul style="list-style-type: none"> • Contact Information for: <ul style="list-style-type: none"> ○ Manager, Transfer Agent and Registrar ○ Portfolio Adviser ○ Custodian • Disclaimer 	<ul style="list-style-type: none"> • Contact Information for: <ul style="list-style-type: none"> ○ Manager, Transfer Agent and Registrar ○ Custodian ○ Portfolio Adviser ○ Auditor • Disclaimer 	<ul style="list-style-type: none"> • SP: 81-101F1 Part A > Item 5 > Organization and management of the Funds 	<ul style="list-style-type: none"> • Information disclosed in either SP, FF, FS or MRFP