

The Ontario Securities Commission

# CSA NOTICE AND 2nd REQUEST FOR COMMENTS

## SCHOLARSHIP PLAN PROSPECTUS FORM

### Supplement to the OSC Bulletin

November 25, 2011

Volume 34, Issue 47 (Supp-6)

(2011), 34 OSCB

The Ontario Securities Commission administers the  
*Securities Act* of Ontario (R.S.O. 1990, c. S.5) and the  
*Commodity Futures Act* of Ontario (R.S.O. 1990, c. C.20)

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Published under the authority of the Commission by:

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**CSA NOTICE AND 2nd REQUEST FOR COMMENT**  
**MODERNIZATION OF SCHOLARSHIP PLAN REGULATION**  
**PHASE 1**

**A NEW PROSPECTUS FORM FOR SCHOLARSHIP PLANS**

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# SCHOLARSHIP PLAN PROSPECTUS FORM (2ND REQUEST FOR COMMENTS)

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## CSA NOTICE AND REQUEST FOR COMMENTS

### SCHOLARSHIP PLAN PROSPECTUS FORM

### CHANGES TO PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS* AND FORM 41-101F2 *INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS*, PROPOSED FORM 41-101F3 *INFORMATION REQUIRED IN A SCHOLARSHIP PLAN PROSPECTUS* AND RELATED AMENDMENTS (SECOND PUBLICATION)

### AND

### NOTICE OF AMENDMENTS TO COMPANION POLICY 41-101CP *COMPANION POLICY TO NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS*

#### Introduction

We, the members of the Canadian Securities Administrators (the CSA), are publishing for a 60-day comment period a revised version of proposed amendments (the Proposed Amendments) to National Instrument 41-101 *General Prospectus Requirements* (the Rule), Form 41-101F2 *Information Required in an Investment Fund Prospectus* (Form 41-101F2), and proposed Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* (the Form). We are also proposing amendments to Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements* (the Proposed CP Amendments). We refer to the Proposed Amendments and the Proposed CP Amendments as the Instrument.

The Instrument aims to improve the prospectus disclosure provided by scholarship plans by introducing a prospectus form tailored to reflect the unique features of scholarship plans. This is an important investor-focused initiative. We know that many investors have trouble understanding the unique features and complexity of scholarship plans. The Form will require scholarship plans to provide investors with key information in a simple, accessible and comparable format to assist them in making a more informed investment decision.

The amendments were first published for comment on March 24, 2010 (the 2010 Proposal). We received 13 comment letters on the 2010 Proposal. After reviewing the comments received and further considering the Instrument, we are proposing a number of amendments to the 2010 Proposal.

The Instrument and related documents are contained in the following Appendices to this Notice. Certain jurisdictions may include additional local information in Annex I.

**Appendix A:** Sample Plan Summary

**Appendix B:** Summary of Changes to the 2010 Proposal

**Appendix C:** Summary of Comments on the 2010 Proposal

- Appendix D:** Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*
- Schedule 1:** Proposed Consequential Amendments to National Instrument 41-101 *General Prospectus Requirements* and Form 41-101F2 *Information Required in a Scholarship Plan Prospectus*
- Schedule 2:** Proposed Form 41-101F3 *Information Required in a Scholarship Plan Prospectus*
- Appendix E:** Proposed Changes to Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements*
- Annex I:** Local Information

## Background

The disclosure requirements for scholarship plan prospectuses are currently found in the Rule and in Form 41-101F2. The Rule came into force in March 2008 and introduced Form 41-101F2, a new prospectus disclosure form for all investment funds other than those that file a simplified prospectus under National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

While Form 41-101F2 was an improvement over the predecessor prospectus forms for scholarship plans, it nonetheless contained many aspects that are not applicable to scholarship plans. As a result, scholarship plans were given flexibility to modify the disclosure items in Form 41-101F2 in order to reflect their unique product features.<sup>1</sup>

Consequently, while scholarship plans today disclose their features in their prospectuses, the information is not disclosed in a consistent manner. Many investors have trouble finding and understanding key information about the unique features of scholarship plans and have difficulty comparing information about different scholarship plans. These shortcomings result in less meaningful and effective disclosure for investors, and make it difficult for some investors to understand the possible outcomes and risks associated with scholarship plans.

By implementing a prospectus form tailored to scholarship plans, we expect the Instrument will lead to more understandable and effective disclosure for investors, enabling them to make more informed investment decisions. Additional background information on the Instrument and the substance and purpose of the Instrument is in the notice published on March 24, 2010 with the 2010 Proposal, which is available on the websites of members of the CSA.

## Summary of the Instrument

The Instrument requires scholarship plans to prepare their prospectuses in accordance with the Form. The Form consists of four parts:

- Part A: the Plan Summary;
- Part B: a general description of scholarship plans and features common to all the scholarship plans offered under the prospectus;
- Part C: a description of the specific features of each plan offered under the prospectus; and
- Part D: a description of the organization and management of the scholarship plan.

The Form requires scholarship plans to use prescribed headings and sub-headings to help ensure that the information in the prospectus is presented in a meaningful order for investors and to make it easier for them to compare information about different scholarship plans.

A central feature of the Form is the Plan Summary. It is written in plain language and uses a question-and-answer format to help investors more easily find key information about the potential benefits, risks and costs of investing in the scholarship plan. To make the Plan Summary easily accessible for investors, it is required to be bound separately from, and placed in front of, the rest of the prospectus. See Appendix A for a sample of the Plan Summary prepared in accordance with the Instrument.

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<sup>1</sup> See General Instruction (7) to Form 41-101F2.

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## Summary of Written Comments Received by the CSA

The 2010 Proposal elicited comments from industry participants and investor groups. Many commenters expressed support for the overall aim of the 2010 Proposal of providing more meaningful and effective information to investors. Several commenters, in particular, scholarship plan issuers, provided detailed comments regarding the Form. We have considered all comments received and thank everyone who took the time to comment.

A summary of the comments we received and our responses to those comments are in Appendix C.

## Summary of Changes to the Original Proposal

After considering the comments received, we are proposing a number of amendments to the Instrument, and in particular, to the Form. In light of the number of changes to the Form, the CSA is publishing the Instrument for a second comment period. See Appendix B for a description of the key changes made to the 2010 Proposal.

## Local Amendments

If necessary, we propose to amend elements of local securities legislation in conjunction with the implementation of the Instrument. These amendments may be to rules or to statutes in a jurisdiction. The provincial or territorial securities regulatory authority will publish these proposed local amendments separately in its jurisdiction. If statutory amendments are necessary, they will be initiated and published by the local provincial or territorial government.

Any proposed consequential amendments to rules or regulations specific to a jurisdiction can be found in the version of Annex I of this Notice published in that jurisdiction. Annex I also contains any publication requirements required by the jurisdiction.

Some jurisdictions may need to implement the Instrument using a local implementing rule. Jurisdictions that must do so will separately publish the implementing rule.

## Request for Comments

We welcome your comments on the Instrument.

All comments will be posted on the OSC website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Your comments must be submitted in writing by **January 24, 2012**. Please send your comments electronically in Word, Windows format. We thank you in advance for your comments.

## Where to Send Your Comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

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Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

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**November 25, 2011**

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## APPENDIX A

### SAMPLE PLAN SUMMARY

#### Plan summary ABC Group Scholarship Plan

Investment Fund Manager: ABC Education Savings Plans Inc.

June 30, 201X

This summary tells you some key things about investing in the plan. It may not contain all the information you want. You should read the entire prospectus carefully before you decide to invest.

#### **If you change your mind**

You have up to 60 days after signing your contract to withdraw from your plan and get back all of your money.

If you (or we) cancel your plan after 60 days, you'll get back your contributions, less sales charges and fees. You will lose the earnings on your money. Your grants will be returned to the government. **Keep in mind that you pay sales charges up front. If you cancel your plan in the first few years, you'll end up with much less than you put in.**

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#### **What is a group scholarship plan?**

A group scholarship plan is designed to help you save for a child's education. The plan is registered as a Registered Education Savings Plan (RESP). That allows your savings to grow tax-free until the child named in the plan enrolls in their studies. The Government of Canada and some provincial governments offer grants to help you save even more. To open an RESP, you need social insurance numbers for yourself and the child you name in the plan.

In a group scholarship plan, you are part of a group of investors. Everyone's contributions are invested together. When the plan matures, each child in the group shares in the earnings on that money. Your share of those earnings plus your grant money are paid to your child as educational assistance payments (EAPs).

There are two main exceptions. Your child will not receive EAPs, and you will lose your earnings and grants if:

- your child does not enrol in a school or program that qualifies under the plan, or
- you leave the plan before it matures

**If you leave the plan, your earnings go to the remaining members of the group. However, if you stay in the plan until it matures, you may share in the earnings of those who left early.**

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#### **Who is this plan for?**

A group scholarship plan can be a long-term commitment. It is for investors who are fairly sure that:

- they can make all of their contributions on time
- they will stay in the plan until it matures
- their child will attend a qualifying school and program

If this doesn't describe you, you should consider another type of plan. For example, an individual or family plan has fewer restrictions. See pages • for details.

<b>What does the plan invest in?</b>	The plan invests mainly in fixed income securities, such as government treasury bills, guaranteed investment certificates (GICs), mortgages and bonds. The plan's investments have some risk. Returns will vary from year to year.
<b>How do I make contributions?</b>	<p>You buy one or more "units" of the plan. These units represent your share of the plan. You can pay for them all at once, or you can make annual or monthly contributions.</p> <p>You can change the amount of your contribution as long as you make the minimum contribution. You can also change your contribution schedule. A fee applies.</p>
<b>How do the payments work?</b>	<p>In your child's first year of college or university, you'll get back your contributions, less fees. You can have this money paid to you or your child.</p> <p>Your child will be eligible for EAPs in their second, third and fourth years. Your child must show proof they are enrolled in a qualifying school or program to get an EAP.</p> <p>EAPs are taxed in the child's hands. As a student, your child may pay little or no tax on their EAPs.</p>
<b>What are the risks?</b>	<p>If you do not meet the terms of the plan, you could lose some or all of your investment. Your child may not receive all of their EAPs.</p> <p>You should be aware of five things that could result in a loss:</p>
<p><b>Plans that did not reach maturity</b></p> <p>Over the past five maturity dates, an average of ●% of the plans in the ABC Group Scholarship Plan did not reach maturity.</p>	<ol style="list-style-type: none"> <li>1. <b>You leave the plan before the maturity date.</b> People leave the plan for many reasons. For example, if their financial situation changes and they can't afford the contributions. If you or we cancel your plan more than 60 days after signing your contract, you'll lose part of your contributions to sales charges and fees. You'll also lose the earnings on your investment. Your grants will be returned to the government.</li> <li>2. <b>You miss contributions.</b> If you want to stay in the plan, you'll have to make up the contributions. You'll also have to make up what the contributions would have earned if you had made them on time. This can be costly. <ul style="list-style-type: none"> <li>If you have difficulty making contributions, you have options. You can reduce or suspend your contributions, transfer to another RESP or close your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants. If you miss a contribution and don't take any action within 24 months, we may cancel your plan.</li> </ul> </li> <li>3. <b>You or your child misses a deadline.</b> This can limit your options later on. You could also lose the earnings on your investment. The two key deadlines for this plan are: <ul style="list-style-type: none"> <li>• <b>Maturity date for making changes</b> You have until the maturity date to make changes to your plan. This includes switching a child, changing the maturity date if your child wants to start their program sooner or later than expected, and transferring to another RESP. Restrictions and fees apply.</li> <li>• <b>August 1 for EAPs</b> If your child qualifies for an EAP, they must apply by August 1 before their second, third and fourth years of eligible studies to receive a payment for that year. Otherwise, your child may lose this money.</li> </ul> </li> <li>4. <b>Your child doesn't go to a qualifying school or program.</b> For example, apprenticeships, part-time studies and co-operative studies don't qualify under this plan. You can name another child, transfer to another RESP or close your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants.</li> <li>5. <b>Your child doesn't complete their program.</b> Your child may lose some or all of their EAPs if they take time off from their studies, don't complete all required courses in a year or change programs. Your child may be able to defer an EAP for a year. Deferrals are at our discretion.</li> </ol>

**How much does it cost?**

There are costs for joining and participating in the plan. The following tables show the fees and expenses of the plan.

**Fees you pay**

These fees are deducted from the money you put in the plan. They reduce the amount invested in your plan.

**Other fees**

Other fees apply if you make changes to your plan. See page ● for details.

<b>Fee</b>	<b>What you pay</b>	<b>What the fee is for</b>
Sales charge	<ul style="list-style-type: none"> <li>• \$100 per unit</li> <li>• All of your contributions go toward this fee until half of it has been paid off</li> <li>• Half of each contribution goes toward this fee until it has been paid in full</li> </ul>	<ul style="list-style-type: none"> <li>• This is a commission for selling you the plan. It is paid to your sales representative and the company they work for.</li> <li>• Because the fee is applied against your contributions until it's paid off, less of your money is invested in the early years of your plan.</li> </ul>
Processing fee	<ul style="list-style-type: none"> <li>• \$3.50 each year for a one-time contribution</li> <li>• \$6.50 each year for annual contributions</li> <li>• \$10 each year for monthly contributions</li> </ul>	<ul style="list-style-type: none"> <li>• This is for processing your contributions.</li> </ul>
Insurance premium	<ul style="list-style-type: none"> <li>• 15 cents for every \$10 you contribute until you turn 65</li> <li>• Not charged on one-time contributions</li> </ul>	<ul style="list-style-type: none"> <li>• This is for insurance that makes sure your contributions continue if you die or become totally disabled.</li> <li>• You are covered if you are 18 to 64 years old and make monthly or annual contributions.</li> <li>• We require investors in each province and territory except Quebec to buy this insurance.</li> </ul>

**Fees the plan pays**

You don't pay these fees directly. They're paid from the plan's earnings. These fees affect you because they reduce the plan's returns.

<b>Fee</b>	<b>What the plan pays</b>	<b>What the fee is for</b>
Administrative fee	0.5% per year (plus applicable taxes)	<ul style="list-style-type: none"> <li>• This is for operating your plan.</li> </ul>
Portfolio management fee	0.02 to 0.315 of 1% per year	<ul style="list-style-type: none"> <li>• This is for managing the plan's investments.</li> </ul>
Custodian fee	0.015 of 1% per year for the first \$300 million in assets, 0.010 of 1% on assets over \$300 million	<ul style="list-style-type: none"> <li>• This is for holding the plan's investments in trust.</li> </ul>
Independent review committee	\$68,500 for 201X	This is for the services of the independent review committee. The committee reviews conflict of interest matters presented by the investment fund manager.

**Are there any guarantees?**

We cannot tell you in advance if your child will qualify to receive any payments from the plan or how much your child will receive. We do not guarantee the amount of any payments or that the payments will cover the full cost of your child's post-secondary education.

Unlike bank accounts or GICs, investments in scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

**For more information**

Contact ABC Education Savings Plans or your sales representative for more information:

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## APPENDIX B

### SUMMARY OF CHANGES TO THE 2010 PROPOSAL

This appendix describes the key changes we made to the 2010 Proposal. Many of the amendments outlined below were made in response to comments about duplicative disclosure requirements in the Form. In particular, we revised the Form to more clearly focus Part B on requiring general information about scholarship plans and disclosure applicable to the scholarship plans distributed under the prospectus, and Part C on requiring disclosure that is specific to a scholarship plan, as contemplated by the overall structuring of the Form into separate parts.

Some scholarship plan issuers also commented that certain disclosure items included in the 2010 Proposal would result in lengthy disclosures in their prospectuses without corresponding benefits for investors. We have reviewed these items and where appropriate, we have replaced them with new items aimed at simplifying the disclosure required in the 2010 Proposal.

#### Proposed amendments to the Rule and new Proposed CP Amendments

##### Section 3A.3(3) of the Rule

- We removed the requirement in section 3A.3(3)(f) of the Rule for the Plan Summary to be written at a grade level of 6.0 or less on the Flesch-Kincaid grade level scale. However, the Rule still requires the Plan Summary to be prepared using plain language and in a format that assists in readability and comprehension. We are proposing additional guidance in Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements* about the use of tools to assess readability, similar to the guidance with respect to the Fund Facts document for conventional mutual funds in Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.
- We increased the page limit for the Plan Summary in section 3A.3(3)(g) from three pages to four pages.

##### New section 3A.5 of the Rule

- We added a requirement for scholarship plans to deliver a scholarship plan prospectus and any documents incorporated by reference in the prospectus free of charge upon request, within three business days of receipt of the request. This is similar to the requirement applicable to documents incorporated by reference by mutual funds in National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101).

#### Proposed amendments to the Form

##### New General Instruction to the Form

- We added new General Instruction (10) to clarify that if prescribed wording in the Form is not applicable, a scholarship plan may modify the wording to reflect its features. For example, if the wording applies only to a group plan and is not accurate for an individual or a family plan, the wording may be modified as necessary to make it accurate for the individual or family plan.

##### Part A – Plan Summary for a Scholarship Plan

##### Item 1.3 – *Plan Summary for a [insert type of scholarship plan or name] Scholarship Plan* (now Items 1-11 of Part A)

- We revised elements of the prescribed wording in Item 1.3(8) (now Item 8(1)) to make it more commensurate with the risks.
- We replaced the requirement to disclose the “drop-out rate” in Item 1.3(9) with new Item 8(2). Item 1.3(9) required a group scholarship plan to present the average “drop-out rate” for all subscribers in the group scholarship plan over the past 10 years. It would have been used to determine the percentage of subscribers who would have left the plan within the typical length of an investment in the scholarship plan.

Instead of a “drop-out rate”, we introduced a requirement to present the average percentage of plans that did not reach maturity at the maturity date, based on the maturity rate of the beneficiary groups that reached maturity in the five most recent years. We think that this measure is more easily determined because it would simply require a group scholarship plan to determine the “non-matured rate” on the date of maturity for each of the five most recent beneficiary

groups to have reached maturity. We think that this information will give investors an indication of the proportion of plans that did not succeed in reaching maturity at the maturity date.

- We removed the requirement in Item 1.3(10) to disclose the percentage of plans where beneficiaries did not collect all of their EAPs.
- We amended the table in Item 1.3(11) (now Item 9) to permit the presentation of the costs of insurance coverage if subscribers are required to pay insurance premiums from the amount they invest in a scholarship plan.
- We removed the requirement in Item 1.3(11) to disclose the dollar amount of fees that would have been borne by a specified amount invested in the scholarship plan.
- We added prescribed wording in Item 1.3(12) (now Item 10) to inform investors that investments in scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government issuer, similar to the disclosure required of mutual funds under NI 81-101.

## Part B – General Disclosure

### *Item 6.1 – Common Features of the Plans and new Item 5.3 – List of Scholarship Plans Offered*

- We eliminated the table in Item 6.1 that required the disclosure of the key features of each of the plans offered under a multiple prospectus because the specific details of each plan will be provided in Part C.
- We replaced the table required in Item 6.1 with a requirement in new Item 5.3 to state that there are differences in certain key features of scholarship plans managed by the investment fund manager (e.g. enrolment criteria and contribution requirements).

### *New Item 6.1 – Overview of Scholarship Plan Life Cycle*

- We introduced a requirement to provide a description of the key stages in the life cycle of the scholarship plan(s) offered under the prospectus, starting from enrolment to the payout of EAPs. The description must be no more than one page in length.

### *New Item 6.4 – Grants*

- We replaced Item 13.1(3) with this new Item to permit the disclosure of specified information about government grants. This information must be no more than two pages in length.
- We removed the requirement to provide information about government grants in the form of a table, although a scholarship plan may use a table to present this information if it wants to do so.

### *New Item 6.6 – Additional Services*

- We modified Item 11 (now new Item 6.6) to require disclosure of additional services available in connection with an investment in a scholarship plan, such as insurance coverage for contributions.

### *New Item 6.7 – Fees and Expenses*

- We added prescribed wording to provide general information about the fees and expenses associated with subscribing to a scholarship plan.

### *New Item 7 – Scholarship Plans with Same Investment Objectives (Multiple Prospectus), Item 8 – Scholarship Plans with Same Investment Strategies (Multiple Prospectus) and Item 9 – Scholarship Plans with Same Investment Restrictions (Multiple Prospectus)*

- To reduce duplicative disclosure, we added items to permit scholarship plans that have the same investment objectives, investment strategies and investment restrictions to disclose this information in Part B of a multiple prospectus. Scholarship plans that do not have the same investment objectives, investment strategies and investment restrictions must continue to disclose this information in Part C.



- We clarified that disclosure relating to guarantees in the investment objectives of a scholarship plan is only applicable if the investment objectives of the scholarship plan include a guarantee of all or some of the principal amount of investments made by a subscriber.

#### Item 9.2 – *Subscriber*

- We deleted the table setting out a list of decisions subscribers are required to make at the time of enrolment.

#### Item 12 – *Risks (now Item 10 – Risks of Investing in a Scholarship Plan)*

- We revised Item 12 (now Item 10) to permit the presentation of investment risks applicable to more than one scholarship plan in Part B. Since we expect that scholarship plans offered under a multiple prospectus that have the same investment objectives, investment strategies and investment restrictions will have the same investment risks, we expect that this revision will result in all investment risks being disclosed in Part B and thereby avoid duplicative risk disclosure in Part C. Scholarship plans that do not have all the same investment risks are required to disclose investment risks they have in common in Part B and to disclose investment risks specific to the plan in Part C, with cross-references to the common investment risks in Part B. This is similar to the format for risk disclosure in a multiple simplified prospectus for mutual funds under NI 81-101.
- We added prescribed wording to remind investors that investments in a scholarship plan are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.
- The requirement to disclose plan risks arising from the structure, terms and rules of the scholarship plan was moved to Part C because we expect these risks to differ by type of plan.

#### Item 13.1 – *Making Contributions*

- We eliminated the requirement to describe available purchase options. Instead, the methods for making contributions are now only required to be described in Item 12 – *Contributions* in Part C.

#### Item 15 – *Changes*

- We deleted the requirement to disclose how to make changes. This disclosure is now required only in Part C.

#### Item 16 – *Withdrawals*

- We deleted the requirement to disclose how to withdraw contributions and the consequences of withdrawals. This disclosure is now required only in Part C.

#### Item 17 – *Transfers*

- We deleted the requirement to disclose how to transfer a plan and the consequences of each type of transfer because the consequences of each transfer differ by type of plan. This disclosure is now required only in Part C.

#### Item 18 – *Cancellations*

- We deleted the requirement to disclose how a subscriber may cancel a plan and the circumstances under which a plan may be cancelled by the investment fund manager, as well as the consequences of a cancellation because the consequences of a cancellation differ by type of plan. This disclosure is now required only in Part C.

#### Item 19 – *Income Tax Considerations (now Item 11 – Income Tax Considerations)*

- We added requirements to disclose the income tax treatment of other payments that are made or received by subscribers, including a return of contributions at the maturity date, a withdrawal of contributions before the maturity date, a refund of sales charges or other fees, an additional contribution made to cure defaults under a scholarship plan, and a contribution beyond the limit set by the *Income Tax Act (Canada)*.

#### New Item 12 – *Organization and Management Details of the Scholarship Plan*

- We moved the organization and management details table in Item 2.1 of Part D to this new Item in Part B. We think that this key information, which is common to all scholarship plans in a multiple prospectus, should be disclosed earlier in the prospectus. The disclosure format is similar to the disclosure of fund organization and management details

required for mutual funds under NI 81-101. More detailed information about the organization of the scholarship plan will still be provided in Part D of the Form.

### Part C — Plan-Specific Information

#### Item 3 – *General Information*

- We deleted this Item because general information applicable to all scholarship plans is expected to be disclosed in Part B, rather than Part C.

#### Item 5 – Cohort Description (now Item 5 - *Beneficiary Group*)

- We clarified this Item by specifying that it is only applicable for group scholarship plans and requiring specific disclosure about the significance of belonging to a beneficiary group.

#### Item 6 – *Eligibility and Suitability* (Now Item 4.1 – *Eligibility and Suitability*)

- We modified the disclosure requirement about the suitability of an investment in a scholarship plan to align with the suitability disclosure requirement in Item 4 of Part A.

#### Item 7 – *Summary of Eligible Studies* (now Item 6 – *Eligible Studies*)

- We modified the disclosure requirement for studies that qualify for educational assistance payments (EAPs) under a scholarship plan. Instead of a prescribed table setting out specific types of institutions and programs, scholarship plans are now only required to describe the types of programs that are and are not eligible for EAPs, based on characteristics such as the type of educational institutions offering the programs, the length of the programs and the location of the educational institutions.
- Scholarship plans are now required to disclose if they have more restrictions on the types of educational programs that qualify for EAPs than the restrictions imposed under the *Income Tax Act* (Canada), and to make investors aware that programs that may not qualify for EAPs under the scholarship plan's rules may qualify under another type of plan, such as an individual or family plan. This disclosure simplifies the requirement in Item 17.2(3) to disclose differences between the eligibility criteria for receiving EAPs under the scholarship plan and the eligibility criteria for receiving payments of government grants.

#### Item 8 – *Deadlines*

- We eliminated the table with deadlines for taking actions or making decisions relating to the scholarship plan investment. The deadlines that were in the table are now incorporated into the items in the Form that describe the matters relating to the deadlines.

#### Item 12.2 – *Plan Risks* (now Item 10.1 – *Plan Risks*)

- We modified the disclosure of plan risks by deleting elements relating to losses that may arise from a subscriber or beneficiary failing to meet the requirements specified in their contract. The plan risk disclosure requirements now focus on disclosure of risks that may arise from the structure or funding mechanisms of the scholarship plan that could affect the payouts from the plan.

#### Item 13 – *Making Contributions* (now Item 12 – *Contributions*)

- We clarified the disclosure required under the sub-heading "What is a unit?" in Item 13.1(3) (now Item 12.1(2)). Scholarship plans that use units no longer have to compare the value of their units to the units of other scholarship plans. Instead, they are required to explain the purpose of using units and the factors on which the value of a unit is based.
- We removed the table in Item 13.1(5), which required the presentation of the amounts that would need to be contributed to purchase a unit for a beneficiary using the lump sum and monthly payment options. Instead, scholarship plans that have a contribution schedule are required to use a prescribed table to show the amounts that have to be contributed to pay for a unit under each available contribution option, for each age of the beneficiaries who may join the plan.

- We replaced the requirement in Item 13.1(6)(a) to disclose the price per unit less sales charges, fees and any insurance with a cross-reference to the fees payable by subscribers now required under Item 14.2.
- We replaced the requirement to state whether the contribution schedule has been certified by an actuary with a requirement to disclose the entities that prepared the contribution table and the date the contribution schedule was prepared.
- We introduced a new requirement to provide two examples to assist investors in understanding how to read the contribution schedule.

#### Item 14 – Fees (now Item 14 – Fees and Expenses)

- We removed the requirement in Item 14.1(3) to disclose the allocation of the sales charge between the sales representative, the dealer and other parties.
- We simplified the disclosure regarding how fees affect contributions by replacing the table in Item 14.2 with a sidebar in the margin to the left of the table of fees and expenses deducted from contributions. Instead of discussing the impact of fees deducted from contributions on a year-by-year basis for three amounts invested, the sidebar presents one example of how long it would take to pay off sales charges deducted from contributions. The example is also intended to show the impact of a higher rate of fees deducted from earlier contributions.
- We removed the requirement in Item 14.4 to disclose the share of ongoing plan expenses for an annual investment of \$2,500.
- We added a new table to present the fees charged for additional services (such as insurance coverage for contributions) described in Part B.

#### Item 15.1 — Refund of Sales Charges and Other Fees (now Item 14.6 - Refund of Sales Charges and Other Fees)

- We revised the disclosure requirements for refunds of sales charges and other fees to more closely align with the disclosure for discretionary payments, now found in Item 21.

#### Item 16 – Changes (now Item 15 – Making Changes to a Subscriber's Plan)

- We deleted the requirement to describe the circumstances that may prompt a subscriber to make each change set out in this Item. We also clarified that disclosure of the losses that may be incurred by the subscriber or the beneficiary if a change is made must include a description of any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount by the subscriber or beneficiary.

#### New Item 16 – Transfer of Scholarship Plan

- We grouped the former Items 16.6 to 16.9 under this new Item. We deleted the requirement to describe the circumstances that may prompt a subscriber to effect each type of transfer set out in this Item. We also clarified that disclosure of the losses that may be incurred by the subscriber or the beneficiary if a transfer is made must include a description of any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount by the subscriber or beneficiary.

#### New Item 17 – Default, Withdrawal or Cancellation

- This new Item groups what was previously Item 18 – Cancellations in Part B, Item 20 – Cancellations and Re-registration of a Plan in Part C and Item 21 – Specific Plan Risks Attributable to/Resulting from Subscriber and Beneficiary Actions in Failing to Meet the Terms of the Plan in Part C. Scholarship plans are now required to disclose how plan cancellations may be effected and the defaults that lead to plan cancellation, as well as the losses that may result from a cancellation, under one heading in Part C.

#### New Item 18 – Plan Maturity

- We introduced Item 18 to require scholarship plans to describe the treatment of accumulated investments at plan maturity.
- We moved the requirement in Item 17.2(4) to disclose the options for subscribers whose beneficiaries do not enrol in studies that qualify for EAPs when the plan reaches maturity to this Item.

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**Item 17.2 – Payments to Beneficiaries (now Item 19.2 – Payments to Beneficiaries)**

- This item has been revised as follows:
  - we modified the requirement in Item 17.2(3) to disclose differences between the eligibility criteria for receiving EAPs under the scholarship plan and for receiving payments of government grants. Scholarship plans are now simply required to state if they have more restrictions on the types of educational programs that qualify for EAPs than the restrictions imposed under the *Income Tax Act* (Canada) (see “Item 7 – Summary of Eligible Studies (now Item 6 – Summary of Eligible Studies)” above);
  - because recent EAP collection information is required to be presented in Item 22, we eliminated the requirement in Item 17.2(5) to disclose the percentage of plans for which beneficiaries did not collect some or all of their EAPs;
  - we reorganized the disclosure about EAP payment options. For each EAP payment option offered, scholarship plans are now required to disclose the number of payments, the timing of each payment, the percentage of the maximum EAP payout that may be received at each payment date and the number of years of eligible studies that would qualify for the maximum EAP payout. Scholarship plans are no longer required to use the payment schedule in Item 17.2(9), although they may use a table to present information about their payment options if they want to do so. The revised disclosure is intended to set out the EAP amounts that beneficiaries would receive under each payment option and to clearly convey to investors that beneficiaries may not receive the maximum EAP payout if they do not enrol in a program of sufficient duration;
  - we clarified the type of payment option that would constitute an “EAP payment option tailored to reduced programs”; and
  - we moved the disclosure required under Item 17.2(8) about the options available for beneficiaries who do not complete their studies so that it appears after the descriptions of EAP payment options and the historical payment amounts.

**Item 17.4 – Historical Payments of EAPs (now Item 19.4 – Payments from the EAP Account)**

- We amended Item 17.4(1) (now Item 19.4(2)) in response to comments that income earned on contributions and income from cancelled plans do not comprise 100% of EAPs. This Item now more clearly reflects our intent of providing the breakdown between income earned on contributions and income from cancelled plans in EAP accounts.
- We also revised Item 17.4(2) (now Item 19.4(3)) to clarify that scholarship plans must present the historical per unit amounts paid from the EAP account to each of the five beneficiary groups that most recently reached their year of eligibility.

**Item 18 – Discretionary Payments to Subscribers and Beneficiaries (now Item 21 – Discretionary Payments to Beneficiaries)**

- We added prescribed warning language about the discretionary nature of these payments, which is currently found in the prospectuses of scholarship plans.
- We modified the table in Item 18.2(2) to clarify that the amount of historical payments must be presented on a per unit basis for each year of studies for the five beneficiary groups that most recently reached their year of eligibility. This is similar to the presentation of historical payments from the EAP account under proposed Item 19.4(3).

**Item 19 – Payment of Accumulated Income (now Item 20 – Accumulated Income Payment)**

- This Item has been moved so that it appears immediately after the disclosure of the options available if a beneficiary does not complete studies that qualify for EAP payments.

**Item 22 – Attrition Disclosure for a [Type of Scholarship Plan or Name] [if applicable] (now Item 22 – Attrition)**

- This Item has been modified to apply only to group scholarship plans. We understand that only group scholarship plans use an attrition feature to increase payouts to beneficiaries who are eligible to receive EAPs.

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*Item 22.2 – Pre-Maturity Attrition and Payments to Beneficiaries (now Item 22.2 – Pre-Maturity Attrition)*

- We simplified the table required in Item 22.2(2) for presenting the income from cancelled units allocated to beneficiary groups which are available for enrolment under the prospectus.
- We removed the statement in Item 22.2(3) about the payment of sales charges out of contributions in the early years of participating in a group scholarship plan. Instead, simplified disclosure conveying this information is now in Item 14.2(2).
- We deleted Item 22.2(4), which required a description of the effects of cancelling or withdrawing from a plan prior to maturity of the scholarship plan, because this disclosure is now required under Item 17 – *Default, Withdrawal or Cancellation*.
- We replaced the requirement in Item 22.2(5) to disclose the “drop-out rate” and the breakdown of the reasons for dropping out of the scholarship plan with a requirement to disclose the percentage of plans that did not reach maturity at the maturity date for each of the beneficiary groups that most recently reached maturity. We are also requiring the average of the rate for these five beneficiary groups to be disclosed. This is the same average “non-matured rate” for the most recent five beneficiary groups to have reached their maturity date now required to be disclosed in the Plan Summary under Item 8(2) of Part A.

*Item 22.3 – Post-Maturity Attrition and Payments to Beneficiaries*

- We simplified the tables under Items 22.3(2) and (3) that present the post-maturity history of a group scholarship plan as follows:
  - the revised tables now only require the presentation of the percentage of beneficiaries who collected the number of EAPs set out in the rows in the table, with no requirement to present the corresponding number of beneficiaries;
  - we deleted the requirement to provide “life to date” data on post-maturity attrition rates; and
  - we deleted the “Deferred and unclaimed plans” row in the tables.

In order to provide the disclosure now required under these tables, scholarship plans will only have to review the EAP collection history at their most recent financial year-end for each of the five beneficiary groups that would have most recently completed their eligible studies and disclose the percentage of beneficiaries who received the maximum number of EAPs and the percentage of beneficiaries who received less than the maximum number of EAPs. A beneficiary who has deferred and not claimed EAPs at the most recent financial year-end of the scholarship plan would be counted as a beneficiary who received zero EAPs.

*Item 23 – Annual Returns (now Item 11 – Annual Returns)*

- The annual returns disclosure has been moved so that it appears immediately after the disclosure of the risks of investing in a scholarship plan.
- We revised the annual returns disclosure requirements so that the annual returns disclosed in the prospectus mirror the annual returns presented in the most recently filed annual management report of fund performance of the scholarship plan.
- The requirement to present management expense ratios and trading expense ratios has been deleted because scholarship plans are not required to present them under the continuous disclosure rule for investment funds (see National Instrument 81-106 *Investment Fund Continuous Disclosure*).

*Item 24 – Management Discussion of Fund Performance*

- We deleted this Item in response to comments received.

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Part D — Information about the OrganizationItem 2.1 – *Organization and Management Details* and new Item 2.3 – *The Foundation*

- We added a requirement to disclose the oversight of the scholarship plan by the foundation, including its mandate and responsibilities.

New Item 2.14 – *Ownership of the Investment Fund Manager and other Service Providers* and new Item 2.15 – *Affiliates of the Investment Fund Manager*

- We added a requirement to disclose ownership interests in, and affiliate relationships between, the investment fund manager and other service providers, similar to the disclosure required in NI 81-101 for mutual funds and in proposed amendments to the Rule for other investment funds.

New Item 5.2 – *Brokerage Arrangements*

- We added a new item to require disclosure of the brokerage arrangements of the scholarship plan. This is similar to the disclosure of such arrangements required of all investment funds under the Rule and NI 81-101.

Item 6.1 – *Remuneration of Directors, Officers and Trustees* (now Item 2.6 – *Remuneration of Directors, Officers, Trustees and Independent Review Committee Members*)

- We removed the requirement to disclose the remuneration paid to employees of the investment fund manager or employees of an affiliated entity in respect of management functions carried out by these individuals.

Item 18.3 – *Legal and Administrative Proceedings* (now Item 8.2 – *Legal and Administrative Proceedings*)

- Given the foundation's oversight role over the scholarship plan, we added a requirement to include disclosure of any ongoing legal and administrative proceedings to which the foundation is a party.

Item 19 – *Contribution Schedule*

- This Item has been deleted as the contribution schedule for a scholarship plan is now required to be presented in Part C (see "Item 13 – *Making Contributions*" above).

Item 20 – *Certificates* (now Item 9 – *Certificates*)

- We revised the certificates in this Item to conform with the certificates for long form prospectuses filed using Form 41-101F2.

## APPENDIX C

## SUMMARY OF COMMENTS ON THE 2010 PROPOSAL

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Part I – Background
<b>Summary of Comments</b>
<p>On March 24, 2010, the Canadian Securities Administrators (CSA) published a notice (the Notice) seeking comment on <i>Modernization of Scholarship Plan Regulation Phase 1 – A New Prospectus for Scholarship Plans</i>, which proposed Form 41-101F3 (the Form), and amendments to <i>National Instrument 41-101 General Prospectus Requirements</i> (NI 41-101) and <i>Form 41-101F2 Information Required in an Investment Fund Prospectus</i> (Form 41-101F2). The comment period expired June 22, 2010. We received submissions from 13 commenters, which are listed in Part VI. We have considered all comments received and thank all the commenters. The comments we received and the CSA's responses are summarized below.</p>

Part II – General Comments on Proposals			
Issue	Sub-Issue	Comments	Responses
Support for the initiative	<i>Improved disclosure for investors</i>	<p>Most commenters expressed support for the overall aim of the CSA initiative, which is to provide more meaningful and effective information to investors in a clear, more concise format to assist them in making more informed decisions.</p> <p>One investor advocate commenter added that the Plan Summary in particular has the potential to greatly improve the accessibility of RESPs to lower-income and newcomer groups by making it easier for families to compare and identify RESP products that suit their needs and budgets.</p> <p>However, another commenter said that</p>	<p>We appreciate the support for this initiative. We also believe the changes we have made will result in an improved disclosure document for investors.</p>

		the purpose of the new Form appears to be less about providing more meaningful and effective disclosure and more about providing investors with information on the issues and concerns about the industry.	
<b>CSA focus on scholarship plans</b>		<p>One commenter stated it feels as though the CSA has gone to extraordinary lengths to dictate not just disclosure, but the operation and administration of scholarship plans and that the degree of prescription is unprecedented relative to competing financial services products. The commenter also feels as though the CSA is creating barriers that apply to scholarship plans and not to other types of issuers, and that this will lead to greater costs and administrative burden for existing issuers.</p> <p>Three commenters stated that aspects of the Form far exceed disclosure requirements imposed on other types of investment products. They said that this creates an uneven playing field with other investment funds, particularly mutual funds.</p>	We disagree. Although the specific disclosure requirements of this Form might differ from those of other investment funds, due largely to the unique features of scholarship plans, they are no more onerous than those required of other investment funds, including mutual funds.
<b>Plan Summary document versus Fund Facts</b>		One commenter told us that the Plan Summary should be reviewed against the proposed Fund Facts for mutual funds to ensure that the Plan Summary does not put scholarship plans at an unfair disadvantage against mutual funds or other investment funds. The commenter noted that the Plan Summary is organized inconsistently from the Fund Facts document. We were told it should be similar to what is proposed for the mutual fund Fund Facts document.	The Plan Summary, though similar in concept to the Fund Facts for mutual funds, is not intended to be a copy of that document. Instead, the Plan Summary is designed to focus on those items that are of greater importance to investors in scholarship plans, such as the various rules for contributing to or receiving payments from a plan.
<b>Background information informing the initiative</b>	<b><i>Reliance on findings of HRSDC Report/National Compliance Review</i></b>	Two commenters told us that there has been undue reliance on the Federal Report from 2008 and industry reports by the CSA in formulating this policy initiative. They said that the conclusions in the reports no longer reflect the industry and that the CSA has failed to take into account the industry's response to the findings of the Federal Report.	As stated in the Notice, the Federal Report helped inform this project, but was not the sole basis for our policy-making. We have also relied on our experience in reviewing scholarship plan prospectuses as well as complaints that have been received by CSA members.
	<b><i>Complaints received</i></b>	Two commenters challenged the CSA's statement in the Notice about complaints received from investors about scholarship plans, particularly group scholarship plans, which they said contradicts their own experiences.	We confirm that CSA members and other government agencies have received, and continue to receive, complaints about scholarship plans, particularly group



			scholarship plans.
<b>Use of the term “scholarship plan”</b>		One commenter asked that we reconsider the use of the term “scholarship plan” to refer to the securities provided to subscribers. The commenter feels that the term is no longer applicable as it is not widely used by providers in their current promotional materials and that providers do not pay “scholarships”, which have a different meaning under tax law than “educational assistance payments”. The commenter would like us to use the term RESP to refer to the plans.	We do not propose to make this change. We note that investments other than scholarship plans are eligible to be held in registered education savings plans and wish to avoid creating a perception that a scholarship plan is in itself a registered education savings plan, rather than a product that is eligible to be registered as such.
<b>Harmonization with other CSA requirements</b>		<p>One commenter stated that the proposals duplicate certain aspects of the relationship disclosure document introduced under National Instrument 31-103 <i>Registration Requirements</i> (NI 31-103) and said the Plan Summary should be better harmonized with NI 31-103.</p> <p>Another commenter expressed concern that the Form requirements, combined with those in NI 31-103, could make the volume of documents in the sales process overwhelming and intimidating for investors.</p> <p>One commenter suggested removing information in the Form that is also required in other disclosure documents, to eliminate duplication and repetition. The commenter also suggested eliminating superfluous information that does not assist investor decision-making.</p>	<p>We did not specifically seek to harmonize the requirements of this Form with the requirements of NI 31-103, because in the latter case, the requirements are generally tied to account opening, whereas a prospectus will not necessarily only be delivered at account opening. Accordingly, the information in the prospectus must stand on its own. This approach is similar to the approach taken with other investment funds, such as mutual funds.</p> <p>Except as noted above with respect to account opening documentation under NI 31-103, we believe we have substantially eliminated duplication and repetition with other disclosure requirements and that the Form does focus on information that assists investor decision-making.</p>
<b>Delivery requirements</b>	<b><i>Point of sale</i></b>	<p>Two investor advocate commenters urged us to require physical delivery of the Plan Summary and prospectus before or at the point of sale, especially given the complex nature and multi-year investing commitment inherent in these plans.</p> <p>One commenter encouraged us to explore point of sale disclosure and delivery options for all investment funds as part of the point of sale initiative for mutual funds.</p>	We are not proposing to mandate point of sale delivery at this time because changing the existing prospectus delivery requirements is outside the scope of this project. We have also been informed by industry participants that they currently deliver the prospectus before or at the point of sale.
	<b><i>Electronic delivery of</i></b>	An investor advocate commenter	Mandating electronic

	<b><i>financial data</i></b>	suggested making all financial data in the prospectus available for download via the World Wide Web in XBRL format, as this would allow prospective investors to use sophisticated tools to help them make decisions based on standardized reported information.	delivery of financial data is beyond the scope of this project.
<b>Transition period</b>		One commenter told us that the proposals do not appear to provide for a transition period to adopt the new prospectus Form. Given the dramatic changes to the disclosure requirements involved in this rule, we should allow for a reasonable transition period prior to implementing the proposals.	We recognize that the various plan providers will require time to implement the required changes when the Form and other amendments to the Instrument take effect. Accordingly, we intend to allow for a transition period when the Form and other amendments to the Instrument are implemented.
<b>Phase 2 of the Modernization Project</b>	<b><i>Implementation of Phase 2</i></b>	<p>Two investor advocate commenters made the following suggestions with respect to the second phase of the CSA's initiative to modernize scholarship plan regulation:</p> <ul style="list-style-type: none"> <li>• the first commenter encouraged us in Phase 2 to try to reduce the negative consequences for investors who may miss a deadline and to reduce the restrictions imposed on delays in completion of studies. The commenter also recommended bringing in Phase 2 of the project as quickly as possible, to reduce the chance of investor harm.</li> <li>• the second commenter recommended that for Phase 2, the CSA require all salespersons to provide written confirmation that they have explained all of the information in the Plan Summary to the investor and that the investor confirms their understanding of this information, either by signing an acknowledgement at the end of the Plan Summary or elsewhere. The commenter also recommended that as part of Phase 2, the CSA require salespersons to make specific representations to investors about the potential unsuitability of scholarship plans for some investors, including discussion of alternatives.</li> <li>• The second commenter also suggested that we consider</li> </ul>	We thank the commenters for their suggestions.

		<p>regulating fees as part of Phase 2 of the project and in particular look at restructuring the manner in which sales or enrolment fees are charged by scholarship plans. The commenter noted that the Federal Report highlights that enrolment fees charged by plans create incentives for sales representatives that are not aligned with consumers.</p>	
<p><b>Phase 3 of the Modernization Project</b></p>	<p><b><i>Proficiency of salespersons</i></b></p>	<p>One commenter asked for clarification on the CSA's statement about possibly considering SRO membership for scholarship plan dealers. The commenter remarked that scholarship plans would not fit well within the MFDA or IIROC structures, and is concerned that any such initiative be in the best interests of investors.</p> <p>However, an investor advocate commenter strongly agreed with requiring SRO membership for scholarship plan dealers. The commenter recommended that the CSA adopt a strengthened suitability standard for salespersons that would require that they act in their client's best interest when offering such products.</p> <p>Another investor advocate commenter suggested that the CSA review the salesperson licensing program to ensure it is adequate to protect investors, is updated to reflect new CSA regulations and is effectively administered by an unbiased third party.</p>	<p>These matters are beyond the scope of this phase of the project.</p>
<p><b>Investor education</b></p>	<p><b><i>More CSA materials about scholarship plans</i></b></p>	<p>An investor advocate commenter recommended that the CSA improve its educational materials on scholarship plans for investors. The commenter noted that these products appear to be aggressively marketed, and investors would benefit from more information from an independent, unbiased perspective.</p> <p>The commenter also suggested that the CSA request that the Ombudsman for Banking Services and Investments (OBSI) issue a scholarship plan case study on its website based on complaints it has received.</p>	<p>We note that there are online resources through CSA member websites that do provide general information and education about various investment products, including scholarship plans. We always appreciate feedback that can assist us in improving the tools provided to investors.</p> <p>As OBSI is beyond the jurisdiction of securities regulators, we do not have the authority to require that it issue such a study.</p>

**Part III – Comments on Consequential Amendments to NI 41-101**

<u>Issue</u>	<u>Sub-Issue</u>	<u>Comments</u>	<u>Responses</u>
<b>Part 3A – Scholarship plan prospectus requirements</b>	<b><i>Section 3A.1(3)(g) – Plan Summary not to exceed 3 pages</i></b>	<p>One commenter told us that, in preparing a mock-up of the Plan Summary, it was difficult to keep the Plan Summary under three pages.</p> <p>Another commenter noted that the French version of the sample Plan Summary document in the Notice was longer than 3 pages, which suggests that the page limit is not realistic and should be adjusted.</p>	We recognize that with the Form requirements for the Plan Summary, the 3-page limit could pose some challenges for plan providers and now propose to permit a Plan Summary to be up to 4 pages long (or 2 pages double-sided).

<b>Part IV – Comments on Form 41-101F3</b>			
<u>Issue</u>	<u>Sub-Issue</u>	<u>Comments</u>	<u>Responses</u>
<b>General comments</b>	<b><i>References to multi-class plans</i></b>	One commenter remarked that references in the Form to multi-class scholarship plans make the Form unduly complicated. As this commenter is not aware of any multi-class plans, it recommended this concept be dropped from the Form.	We have removed references to “multi-class scholarship plans” from the Form.
	<b><i>Use of text in the Plan Summary versus Fund Facts</i></b>	One commenter told us that the Plan Summary appears to make more extensive use of text compared to the Fund Facts document for mutual funds, which contains more visual representations. The commenter noted that the more extensive use of text would create a greater demand on a reader’s language proficiency.	<p>The Plan Summary is designed to focus on the items that we understand to be of importance to investors in scholarship plans, such as the various rules for contributing to or receiving payments from a plan. Information other than fees does not easily lend itself to a visual representation in the form of tables, charts and graphs.</p> <p>However, plan providers may include graphics and visual representations as long as they comply with the Form requirements.</p> <p>The prescribed text in the Plan Summary is written at a similar level as the prescribed text in the Fund Facts for mutual funds. Techniques such as clear and easy-to-read headings, short sentences and paragraphs, and numbered and bulleted lists have been used to assist in readability.</p>
	<b><i>Length of prospectus</i></b>	A few commenters expressed concern about the length and complexity of the	In response to these comments, we have made

		prospectus resulting from the proposed Form requirements, noting that many items in Parts B and C in particular were unnecessarily lengthy, complex and repetitive. They estimated that to comply with Form requirements, a prospectus would be over 100 pages long, on average.	changes to the Form that maintain important disclosure requirements but enable the disclosure to be presented in a more streamlined manner that we believe will greatly reduce the length of the prospectus.
<b>Organization of the prospectus</b>	<i>Use of a three-part prospectus form</i>	One commenter disagreed with the concept of a three-part prospectus document. The commenter noted that most providers distribute only three types of plans, and that some offer them under separate prospectuses, unlike mutual funds, which may offer 100+ funds in the same document and therefore necessitates some form of mandatory structural organization. We were also told that many sections of Parts B and C are repetitive and duplicative and there are not sufficient differences between types of plans (for instance, family and individual plans) to justify a separate Part C for each plan. It was further remarked that the information in Part D will likely sit on its own without any integration into the body of the document.	We are not proposing any change to the format of the prospectus, although we have amended the Form to reduce duplication, particularly between Parts B and C, and to more clearly delineate the different parts of the prospectus.
<b>Overall tone of the prospectus</b>		A number of commenters remarked that they considered the overall tone of the mandatory wording in the Form, and in particular the Plan Summary, to be unduly negative, and too focused on the potential downside of a scholarship plan investment.	We have reviewed the prescribed wording throughout the Form and have made amendments where appropriate.
<b>Emphasis on risks</b>		<p>These same commenters said that the Form as drafted has an excessive focus on risks associated with scholarship plans and the mandated disclosure does not afford enough opportunity to provide information on the benefits of scholarship plans.</p> <p>One of the commenters added that they felt the discussion of risk is far more extensive than that required of mutual funds, even though the investment risk of scholarship plans is considerably less than for mutual funds generally. It viewed the Form as suggesting that scholarship plans are more risky than mutual funds. We were asked not to hold scholarship plans to a higher standard.</p> <p>Yet, we received congratulations from a commenter for demanding disclosure of the nature and magnitude of the primary risks of group plans: risk of not</p>	We have reviewed and amended the risk disclosure requirements so that they are more focused on the disclosure of the key risks associated with an investment in scholarship plans, and not a recitation of every possible risk, regardless of how significant or remote it might be. We believe this will make it easier for investors to understand and use this information.

		<p>fulfilling their contribution schedule and qualifying for Educational Assistance Payments (EAPs), and the risk that after maturity a beneficiary does not receive the full EAP entitlement or any EAP at all. We were told that the Plan Summary in particular, provides the information potential subscribers need.</p> <p>An investor advocate commenter suggested that certain key cautions be printed in bold red type to draw more attention to them and cited the disclosure on the impact of failing to qualify for an EAP as an example where this may be appropriate.</p>	
<b>Fees disclosure</b>		<p>An investor advocate commenter told us that we should also require that any disclosure of fees in the prospectus be accompanied by clear disclosure of circumstances where subscribers withdraw from a plan. This commenter added that this should include a table that shows the results of withdrawal from a plan at an early stage, a late stage and at maturity, and should include adjustments for inflation for any refunded amounts, and a comparison of these amounts to the investment of similar amounts for the same time period at an appropriate benchmark rate of return. The commenter suggested mandating this table in the Plan Summary and in the main prospectus.</p>	<p>We are concerned that such a table could be unduly complicated for investors and decided not to propose this change. However, there is ample disclosure in the Plan Summary and the rest of the prospectus about the upfront nature of sales charges and other fees, including the impact of sales charges in the early years of an investment in a scholarship plan.</p>
<b>Information versus disclosure</b>		<p>One commenter told us that the proposed disclosure requirements lack context, and that many of the requirements are focused on providing information rather than full, true and plain disclosure of all material facts. We were asked to reconsider the mandatory items with this comment in mind. Notwithstanding the extensive information required under the Form, the commenter remarked that investors will not have a proper understanding of their plans from reading the Plan Summary and the rest of the prospectus.</p>	<p>We have made changes to the Form to eliminate certain of the disclosure requirements to remove duplicative disclosure where appropriate, and to simplify the presentation of information.</p> <p>We believe that the Form, with the proposed changes, will ensure that investors have the material information they need to make an informed investment decision.</p>
<b>Level of language</b>		<p>Two commenters stated that the mandated text in the Form may be less accessible to some investors who do not have English or French as a first language or have limited financial literacy.</p>	<p>We note that the Instrument requires that the prospectus (which includes the Plan Summary) be prepared in accordance with plain language principles. We have worked with experts to ensure that the prescribed</p>

			<p>wording used in the Form is written in accordance with plain language principles as well.</p> <p>Please also see our response to the comments received on Item 1.1 of Part A of the Form below.</p>
<p><b>Prescriptive nature of disclosure in the Form</b></p>		<p>One commenter supported the move to more prescribed wording in the Form, particularly because it promotes comparability for investors and clarity for issuers.</p> <p>However, other commenters told us that prescriptive wording can create challenges, particularly when plan features or structures do not fit within the prescribed language, or when the language is otherwise not applicable. The commenters suggest permitting greater flexibility and less prescription to permit issuers to more accurately reflect product offerings.</p> <p>Another commenter expressed concern that the standardized and prescriptive nature of the Plan Summary omits important information about the plan. For example, one plan may have a lower sales charge per unit than another, but without knowing the relative unit sizes, it would be difficult to fairly compare costs and charges between plans. It might appear that one plan is costlier than the other, when in fact, the cost relative to the total investment is roughly the same. They recommended that we include more information about sales charges and unit sizes to allow for more meaningful comparisons between plans.</p>	<p>The prescribed wording and mandatory headings are intended to facilitate greater comparability between plans for investors. The instructions to the Form have been revised to make it clearer that modifications can be made where certain disclosure is not applicable or accurate in respect of a particular plan.</p>
<p><b>General instructions to Form 41-101F3</b></p>	<p><b><i>Instruction (2) – Terms defined in other National Instruments</i></b></p>	<p>One commenter suggested deleting the reference to National Instrument 81-105 <i>Mutual Fund Sales Practices</i> (NI 81-105), which is not applicable to scholarship plans.</p>	<p>The reference to NI 81-105 is in respect of terms defined in that national instrument that are used in the Form, and is intended only to ensure consistent interpretation.</p>
	<p><b><i>Instruction (4) – Use of terms common in the industry</i></b></p>	<p>One commenter suggested deleting references to “child” or “your child” and instead use the defined term “beneficiary” consistently throughout the Form.</p>	<p>We have avoided technical terms where possible in the Plan Summary and think that the use of “child” is appropriate and meaningful for investors in that document. However, we have amended the disclosure requirements in</p>

			the rest of the Form to use the term “beneficiary” as that term is defined in Part B of the Form.
	<b><i>Instruction (6) – Use of prescribed headings and sub-headings in the prospectus</i></b>	One commenter asked for greater flexibility to use their terms for headings and subheadings.	The use of prescribed headings and sub-heading fosters greater comparability between prospectuses for scholarship plans. We have added a general instruction to the Form to clarify that modification of the prescribed disclosure (including prescribed headings and subheadings) is permitted if the prescribed disclosure is inapplicable or inaccurate in respect of a plan. We believe this provides sufficient flexibility for scholarship plans.
	<b><i>Instruction (8) and (9) – Use of photographs and artwork and other design elements</i></b>	One commenter told us that photographs could brighten up the prospectus and make it more attractive for a subscriber, who may be more inclined to read it.	The general instructions to the Form support the use of photographs, artwork and other design elements as long as they are relevant and do not detract from the substance of the disclosure in the prospectus.
	<b><i>Instruction (12) – Use of past performance data</i></b>	We were told that scholarship plans are similar to insurance products and accordingly, should be permitted to provide projections of future values of a plan, based on reasonable and documented assumptions. The commenter said that this would give subscribers an idea of the amounts that could be generated by their plans.	We do not propose to permit scholarship plans to include projections of future plan benefits in the prospectus. We do not believe this is appropriate disclosure for a prospectus. We note that no investment fund is currently permitted to provide projections of future value in its prospectus.
	<b><i>Instruction (23)(a) – Use of separate Part A for each Plan offered</i></b>	An investor advocate commenter agreed with the CSA’s proposal that the Plan Summary be bound separately from the prospectus, stating that a short document is more likely to be read by investors.  However, another commenter told us that because many plans allow subscribers to transfer to a different type of plan under certain conditions, it may be appropriate to permit a Plan Summary to be bound with other Plan Summaries.  Another commenter suggested that a	The Instrument permits different Plan Summaries to be bound together for delivery and requires that Plan Summaries be bound separately from the rest of the prospectus.  We are not proposing to change the requirement to prepare one Plan Summary for each plan, as we do not believe that one Plan Summary for multiple plans is consistent with the goals of this document.



		combined Plan Summary for multiple plans should be permitted, especially when the information is similar.	
	<b><i>Additional instruction regarding flexibility in disclosure where the mandatory wording is not appropriate</i></b>	Two commenters requested that a general instruction be added, explicitly acknowledging that certain mandated disclosure does not have to be included where the plan provider is of the view that it does not apply or is not relevant to the specific plan. They also suggested revising the instruction to allow plans to modify the disclosure to accommodate unique features of the plans.	We agree and have added such a general instruction to the Form, as noted above.
<b>Comments on Part A – Plan Summary</b>			
<b>General comments</b>	<b><i>No reference to SIN requirement</i></b>	One commenter suggested including a reference to the requirement to have a SIN for the beneficiary in order for the plan to be registered as an RESP.	We agree and have amended the Form to include this in the Plan Summary.
	<b><i>No cover page</i></b>	An investor advocate commenter recommended that we not require or allow a cover page on the Plan Summary. They told us that this would allow the information to be prominently displayed without the investor having to open the document.	The Form does not presently permit a cover page for the Plan Summary.
	<b><i>Order of topics in the Plan Summary</i></b>	<p>One commenter told us it would be more logical to explain what a group scholarship plan is before giving information about how to cancel a plan in the Plan Summary. The commenter said that the disclosure, as presented, implies that the most important information about group plans for a subscriber is knowing how to cancel one.</p> <p>Another commenter suggested reorganizing the Plan Summary to more clearly lay out information critical for investors, similar to the Fund Facts, including a “Quick Facts” section, a list of top investments and investment mix, a clear statement of past performance and a clear statement of risk. The commenter noted that much of this information is already in the document, but is either less specific than the Fund Facts or is collectively found in different parts of the document. The commenter also suggested that we use a similar level of language as in the Fund Facts for mutual funds document.</p>	<p>The Plan Summary, though similar in concept to the Fund Facts for mutual funds, was never intended to be a copy of that document.</p> <p>Instead, the Plan Summary is designed to focus on those items that we understand to be of greater importance to investors in scholarship plans, such as the various rules for contributing to or receiving payments from a plan.</p> <p>Please also see our response to the comments received on Item 1.1 of Part A of the Form below.</p>
	<b><i>Disclosure of financial performance in the Plan Summary</i></b>	The same commenter also recommended including in the Plan Summary additional information about the financial performance of the plan, current up to the most recent year or	We do not propose to make this change. The goal in designing the Plan Summary was to keep the disclosure in a format that

		<p>quarter so that the quantitative aspects of the plan are described.</p> <p>The commenter noted that this information should include historical financial results for investors who:</p> <ul style="list-style-type: none"> <li>• withdraw early (less than 20% of the time to maturity),</li> <li>• withdraw late (at 80% of the time to maturity)</li> <li>• stay to maturity, but whose beneficiary (a) does not attend a qualifying school or program at all, (b) drops out after one year, and (c) completes four years of a qualifying school or program.</li> </ul>	<p>is easier for investors to understand and to keep the document short. We are concerned that including these tables would not further this goal.</p>
	<b>Disclosure of Alternative Investments</b>	<p>An investor advocate suggested that we consider mandating disclosure regarding alternatives to scholarship plans in the Plan Summary. This discussion would recommend that investors discuss the plan with their banker, accountant, lawyer or other advisor, and would include a discussion of the option to set up an individual RESP through any bank, broker or financial institution.</p>	<p>We do not propose to make this change. We do not think it is appropriate to require a scholarship plan provider to include specific disclosure about other investment products in its prospectus.</p>
<b>Item 1.1 Reading level</b>			
	<b>Flesch-Kincaid level</b>	<p>Three commenters told us that while they are supportive of plain language disclosure, they believe it may be difficult to deliver the required information in the plan summary at a grade 6 reading level.</p> <p>Two of these commenters added that, to their knowledge, there is no French language equivalent of the Flesch-Kincaid scale. They suggested that the requirement be amended to require plain language in a format that assists readability and comprehension.</p>	<p>Although we remain confident that the Plan Summary can be delivered at a grade 6.0 reading level on the Flesch-Kincaid scale, we accept that there is no French language equivalent and have decided to no longer mandate the use of Flesch-Kincaid in the Form, consistent with the approach for the Fund Facts document for mutual funds. However, we have maintained the requirement in the Instrument that the prospectus, including the Plan Summary be prepared using plain language. We are also proposing to include guidance in Companion Policy NI 41-101CP to indicate that a Plan Summary that is drafted to a grade 6.0 reading level on the Flesch-Kincaid scale will generally be considered to be drafted in plain language. This is similar to the approach taken with the Fund Facts</p>

			document for mutual funds.
<b>Item 1.2 – Plan Summary</b>			
	<b><i>Instruction (1) – definition of investment fund manager</i></b>	One commenter told us this instruction was unnecessary because the term “investment fund manager” is defined.	We agree and have removed this instruction.
<b>Item 1.3 – Contents of a Plan Summary</b>			
	<b><i>Lack of discussion of product benefits</i></b>	One commenter told us that the Plan Summary limits an investor’s ability to weigh the costs and risks of a scholarship plan investment against the benefits because the prescribed Form does not include disclosure of key product benefits.	We believe that the Plan Summary includes appropriate disclosure of product benefits, in addition to disclosure of risks and other key information about a plan.
	<b><i>Use of “substantially the following wording” in Item 1.3</i></b>	The same commenter remarked that the prescribed wording in the Form will not always be applicable to a product. The commenter sought clarification that the phrase “using substantially the following wording” in the Form is flexible enough to account for this.	As noted above, we have added a new general instruction to the Form to clarify that modification of prescribed wording is permitted where it is inapplicable or inaccurate with respect to a plan.
<b>1.3(2) – Summary Introduction</b>	<b><i>“If you change your mind”</i></b>	<p>One investor advocate commenter remarked that they liked the clear articulation of the right to cancel a plan, as stated in this item.</p> <p>Other commenters told us that they think the Plan Summary should begin on a more positive note and that this section is unduly negative and provocative, particularly wording such as “you will lose your earnings” and “you could end up with much less than what you put in”.</p> <p>One of these commenters noted that this section should be moved to follow “How do I make contributions?”. The commenter also told us that the statement “you will lose your earnings” is not necessarily accurate for all plans, and is not applicable for family and individual plans.</p> <p>We were also asked why this section refers to government grants when the Form later prohibits a discussion of grants within the prospectus. The commenter suggested that the wording should make clear that returns of grants occur with the termination of any</p>	<p>We do not propose to move this disclosure. We continue to believe it is important for investors to understand their cancellation rights, particularly since the effect of cancelling within 60 days can be very different than cancelling after 60 days, especially in the early years of an investment in a plan.</p> <p>Accordingly, we believe this requires a prominent place in the Plan Summary where it will not be overlooked.</p> <p>We agree and have amended this statement to reflect that the impact is greatest in the early years of a plan, when sales charges are collected.</p> <p>We have made changes to the Form to permit disclosure of specified information regarding government grants (see new Item 6.4 of Part B of the Form).</p>

		RESP.	
	<b><i>“You’ll get back your contributions, less sales charges and fees”</i></b>	One commenter recommended using a defined term, such as “principal” instead of referring to “contributions, less sales charges and fees” as a more clearly understandable term.	One of the goals of the prospectus form is to limit the number of defined terms used in the prospectus, to assist readability and understanding. We do not believe including this term will assist readability and understanding and do not propose to make this change.
<b>1.3(3) – What is a scholarship Plan?</b>	<b><i>Opening paragraph</i></b>	<p>Three commenters told us that the opening sentence “A scholarship plan is one of many ways to save for a child’s education” seems more educational in nature and suggested modifying it to state that RESPs are designed to help save for education, without any indirect reference to competing products.</p> <p>One of the commenters also suggested amending the second sentence in the first paragraph to read “when you enter into a contract to invest in the [name of Plan], we will take the necessary steps to set up your contract as a registered education savings plan.”, to reflect that the Canada Revenue Agency (CRA) has asked scholarship plans to not promote the plans as “registered” education savings plans without explaining that a subscriber enters into a plan that subsequently is registered.</p>	<p>We have amended the wording to focus on scholarship plans without any indirect reference to other products.</p> <p>We agree and have amended that sentence to more clearly indicate that a plan has to be registered with the government as an RESP.</p>
	<b><i>Description of EAPs</i></b>	<p>One commenter indicated that the description of EAPs in this paragraph was incomplete because there is no reference to discretionary top up payments paid by group plans. The commenter said that these top-ups are a fundamental feature of group plans. The commenter suggested revising the wording to include all elements of an EAP, including discretionary top-ups.</p> <p>Another commenter suggested changing the wording in this paragraph to more clearly refer to earnings that are derived from contributions made by the subscribers, as earnings on grants can be used by the subscriber as an accumulated income payment (AIP) and therefore are not shared.</p>	<p>The description of EAPs used in the Plan Summary is consistent with the defined term included in the required glossary in Part B of the Form. In the glossary, EAPs do not include discretionary payments made by group plans.</p> <p>We have modified the wording in this paragraph to more clearly reflect that earnings on contributions are shared within a beneficiary group for EAPs, but that this is not necessarily the case with grant money (including earnings on grants).</p>

	<p><b>Failure to receive EAPs</b></p>	<p>One commenter asked us to also note in this paragraph the opportunities to avoid the outcome of not receiving EAPs.</p> <p>Another commenter told us the paragraph fails to account for the ability to transfer to an individual plan if the circumstances described occur.</p> <p>This commenter also indicated that they found the wording in this paragraph to be unduly negative, remarking that they did not think attrition is being presented in a balanced way. According to this commenter, attrition can be positive for subscribers, noting that in its experience, attrition income can increase the rate of return of a plan by 1.5% to 4%.</p> <p>Other commenters echoed this sentiment, and suggested revising the bolded wording at the end of this paragraph to state that “you <i>will</i> benefit from the earnings of those who left the group early”.</p> <p>One commenter suggested that we adopt the term “abandon” in place of “drop out” in reference to leaving or ending a plan. They suggested adding a third bullet point that would read, “or if you do not complete your contribution requirements within the required time before the plan matures”. The commenter also asked us to replace “stay in the plan” in bold in this section with “stay in the plan and meet the contribution requirements of the plan until it matures”.</p>	<p>We do not propose to make this change. The purpose of this paragraph is to highlight that there is a risk of not receiving EAPs under the plan. Detailed information on mitigating this risk is required to be presented elsewhere in the prospectus.</p> <p>We have made changes to the prescribed disclosure about attrition to make the disclosure more neutral with respect to attrition, although it continues to highlight that subscribers who stay in a group plan may benefit from attrition while those who leave early will not.</p> <p>We have replaced the term “drop out” with “leave”, which we believe to be a more neutral term.</p>
<p><b>1.3(4) – Who is this plan for?</b></p>	<p><b>Mandatory wording in this section</b></p>	<p>Two commenters told us that the mandatory wording in this section does not properly describe who should invest in a plan, nor does it allow for a more complete description of the suitability of the plans.</p> <p>An investor advocate commenter noted that this section should more clearly state that subscribers must be certain that they can meet each of the three points referenced. We were also asked to consider a cross-reference to</p>	<p>We are of the view that the prescribed wording clearly and succinctly describes the key characteristics of an investor for whom a group scholarship plan is suitable for. We note that this is intended to be a summary document, and therefore the information will not be as detailed as in the rest of the prospectus.</p> <p>We do not propose to make this change. We do not believe that any investor, at the time of purchase can be absolutely certain that they can meet the factors</p>

		<p>information on the qualifying schools and programs in the prospectus and to provide a brief explanation of the types of programs that do not qualify for EAPs.</p>	<p>listed, and therefore have amended the prior wording to state that investors must be “fairly sure” instead.</p> <p>We also note that the Plan Summary encourages investors to read the rest of the prospectus for more details about plan suitability.</p>
	<p><b><i>“This is a long term investment plan”</i></b></p>	<p>Two commenters noted that the expression “long-term investment” is not necessarily correct in all cases, as some plans can be open for as little as 4 or 5 years. Accordingly, they recommended removing the term.</p>	<p>We agree with this comment and have changed the wording in that part from “long-term investment plan” to “long-term commitment”. We think this better reflects the nature of the investment by the investor.</p>
	<p><b><i>Description of investors who are suitable for group plans</i></b></p>	<p>One commenter noted that the reference to making scheduled contributions “on time” in the first bullet was redundant and suggested deleting it.</p> <p>Two other commenters noted that the mandatory wording in the first bullet does not accurately reflect flexibility in some plans.</p> <p>One of these commenters also told us that the second bullet in this item simply repeats the first bullet.</p> <p>Two commenters said that the reference in the third bullet to beneficiaries who “will attend a qualifying school and program” could be misleading since this can’t be known for certain in advance. They suggested modifying the third bullet to refer to someone who is planning to save for their child’s post-secondary education or who is planning for their child to attend a qualifying post-secondary program.</p>	<p>We have amended the wording in this section to remove redundant language and to better reflect that investors cannot always be certain that they will always be able to meet the terms of the plan or that they will necessarily know the future education plans of their proposed beneficiary.</p> <p>We also note that the Form will permit plan providers some flexibility with the prescribed wording where it is necessary to make the disclosure accurate or factually correct in their particular case.</p>
<p><b><i>Item 1.3(5) – What does the Plan invest in?</i></b></p>	<p><b><i>Investments in equities</i></b></p>	<p>One commenter (which currently invests in equities) told us that the mandatory wording should include a reference to the portion of income from deposits that it can invest in equities.</p>	<p>We understand that there may be differences in this regard and note that the general instructions have been revised to permit modification of prescribed wording, where it is not applicable or accurate in respect of a plan.</p>
	<p><b><i>Description of risk</i></b></p>	<p>One commenter told us that the reference to a plan’s investments</p>	<p>The statement was only intended to convey that the</p>

		<p>having “some risk” was misleading and should be deleted since no context can be provided. The commenter remarked that scholarship plans have less inherent investment risk than equity mutual funds and it was misleading to suggest that plans have risk “like other investments” without further explanation.</p> <p>This was echoed by another commenter who told us that there is little investment risk in the plans.</p> <p>Another commenter suggested adding a scale of investment risk similar to that proposed for the Fund Facts document for mutual funds under National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i> (NI 81-101). Alternatively, the commenter suggested modifying the statement to say that investment risk is low.</p>	<p>portfolio of a scholarship is not without investment risk, even if that risk is relatively low. It was not intended as a statement comparing investment risk with other types of investments. We have amended the wording to make this clearer.</p> <p>We think that the investment risk section as amended is appropriate for scholarship plans.</p>
<b>1.3(6) – How do I make contributions?</b>	<b><i>Flexible wording</i></b>	<p>One commenter asked us to allow plans to adjust the wording according to specific internal policies.</p>	<p>The general instructions to the Form allow for some modification to prescribed wording where it is necessary to make the wording accurate or factually correct in a particular case.</p>
	<b><i>“You sign up for units”</i></b>	<p>An investor advocate commenter remarked that they do not consider the phrase “you sign up for one or more units of the plan” to be accurate. Instead, they suggested that the sentence state that a subscriber purchases units that represent their share of the plan.</p>	<p>We have also amended the prescribed wording to better explain how the investment in a scholarship plan is paid for. The use of the term “payments” reflects that an investor is purchasing their units (or the entitlements that the units represent) in a scholarship plan, and that this purchase is paid for by a subscriber’s contributions to the plan.</p>
	<b><i>Use of the term “payments”</i></b>	<p>We were asked by a commenter to clarify that contributions are not “payments”, but rather “contributions” to an investment savings plan.</p>	<p>We have also amended the item to require a statement that changes to contribution schedules will incur a fee, when applicable. If no fee is incurred, then this additional statement will not be required.</p>
	<b><i>Changes to contribution schedules</i></b>	<p>One investor advocate commenter recommended disclosing in this item any fees that apply to changing the amount of a contribution.</p> <p>Another commenter asked us to change the instruction in this section to take into account group plans that do not charge a fee for changing the contribution schedule.</p>	<p>We have also amended the item to require a statement that changes to contribution schedules will incur a fee, when applicable. If no fee is incurred, then this additional statement will not be required.</p>
<b>1.3(7) – How do the payments work?</b>	<b><i>Section title</i></b>	<p>One commenter suggested amending the title of this section to more clearly reflect that the payments are for a student’s education.</p>	<p>We do not propose to make this change. We believe that the purpose of the payments from a scholarship plan is clear.</p>

	<p><b><i>Inclusion of additional information</i></b></p>	<p>This commenter also suggested clarifying that:</p> <ul style="list-style-type: none"> <li>• there is a prescribed method for how and when EAPs are made,</li> <li>• beneficiaries cannot be changed after EAPs begin, and</li> <li>• the plan decides the precise amount the beneficiary will receive.</li> </ul> <p>Another commenter noted that the payment dates and number of EAPs paid varies depending on the plan and the foundation.</p>	<p>We note that these matters are addressed under the “What are the risks?” section of the Plan Summary, so we have not referred to them in this Item.</p> <p>We agree and note that the general instructions to the Form have been amended to permit modification to prescribed wording that is inaccurate or inapplicable to a particular plan.</p>
	<p><b><i>Taxation of payments made by the plan</i></b></p>	<p>One commenter told us that the information about taxes is incomplete and suggested adding a section on taxation in the Plan Summary.</p> <p>Another commenter suggested modifying the wording regarding the tax treatment of contributions to clarify that contributions returned on plan maturity are not taxed <i>when withdrawn</i> from the plan.</p> <p>An investor advocate commenter remarked that we should delete the reference to taxes altogether, since for many students EAPs will represent taxable marginal income.</p>	<p>We recognize that the Plan Summary does not have a complete description of tax issues concerning a plan. We made the decision to limit discussion of tax issues in the Plan Summary to focus on the information most directly relevant to a potential investor, in recognition of the summary nature of the document. We note that Part B of the prospectus will contain more detailed tax disclosure.</p>
<p><b>1.3(8) – What are the risks?</b></p>	<p><b><i>Description of plan risks</i></b></p>	<p>A few commenters told us that they considered the wording in this section to be overly dire and overstate the risks. In addition, we were told that many of the statements in this section are misleading, inaccurate or inappropriate for a prospectus, and we were asked to amend the wording to be more accurate and balanced.</p> <p>For example, we were asked to delete the statement “Your child’s education could be affected” in the first paragraph as it was viewed as unduly negative and inflammatory.</p> <p>We were also asked to adopt the term “abandon” instead of “drop out” in the mandatory wording.</p> <p>Two commenters remarked that any discussion of risk should include wording about the options available to mitigate the risk.</p>	<p>We continue to believe that the disclosure of key plan risks is important information for investors and have not removed this from the Plan Summary. However, we have amended the disclosure in this part to make the wording more neutral where appropriate. We have also included wording that informs investors that certain risks can be mitigated. We also note that Parts B and C of the prospectus will allow disclosure of more details about how to mitigate certain plan risks.</p>



	<p><b>1. You drop out of the plan before the maturity date</b></p>	<p>One commenter asked us to delete the sentence that reads “Most often, it’s because their financial situation changes due to job loss, divorce or other life events”. Plan providers do not feel comfortable stating this as fact when they have no qualitative data to support it.</p> <p>The commenter also asked that we amend the portion of the statement that reads that after 60 days, “... you’ll lose all or part of your contributions due to ...” because it is unduly inflammatory and there is no opportunity to provide an explanation.</p>	<p>We agree and have amended the wording to be more general.</p> <p>We have amended the wording to state that cancellations after 60 days will result in the loss of some of the contributions made.</p>
	<p><b>2. You miss a contribution</b></p>	<p>We were asked to remove the sentence that reads “This can be costly.” at the end of this paragraph because it is unnecessarily negative.</p>	<p>We do not propose to make this change. The sentence refers to the cost to the investor for making up missed contributions (and investment earnings that would have been earned) in a lump sum amount and we believe the sentence is accurate in this context.</p>
	<p><b>4. Your child doesn’t go to a qualifying school or program</b></p>	<p>One commenter remarked that the references to the ability to transfer to another RESP in this section are unclear and seem to refer to competitor products.</p>	<p>The purpose of this sentence is to reflect options that may be available to a subscriber. The reference to a different RESP is general in nature and includes transfers to other plans by that provider, as well as products offered by third parties.</p>
	<p><b>5. Your child doesn’t complete the program</b></p>	<p>One commenter told us that they believe that the statement “Your child may lose some or all of their EAPs if they take time off from their studies” is not accurate, as all scholarship plans include provisions to accommodate time off from studies. Accordingly, they suggested deleting this statement or allowing additional explanation.</p> <p>The same commenter added that the sentence “Deferrals are at our discretion.” will be inaccurate for some plans and told us that plans should be allowed to describe their features accurately.</p>	<p>We do not propose to delete this statement. We chose wording that was not definitive to make it clear that there are ways to mitigate this risk and indicate the option of deferring receipt of an EAP is available.</p> <p>We also note that the amended general instructions permit modification to the prescribed wording if it is not applicable or accurate in respect of a plan.</p>
	<p><b>Additional risk disclosure</b></p>	<p>Investor advocate commenters requested that additional risks be added to this section.</p>	<p>We do not propose to make this change. The intent of the Plan Summary is to focus on the key risks associated with an</p>

		<p>One suggested that the description of plan risks should include “fee risk” – the risk that management fees and operating expenses could increase during the period a subscriber is invested in the plan.</p> <p>Another suggested adding the risk that the plan is not guaranteed or insured by any government insurer, including the Canada Deposit Insurance Corporation.</p>	<p>investment in scholarship plans.</p> <p>We agree and have added wording at the end of the plan summary under the heading “Are there any guarantees?” to reflect this.</p>
<p><b>1.3(9) – Drop-out rate</b></p>	<p><b><i>Name of heading</i></b></p>	<p>Three commenters suggested changing the title of this heading from “Drop-out rate” to “Cancellations” or “Cancellation Rate”.</p> <p>Another commenter suggested changing the title to “Abandonment Rate” and defining it to distinguish between the periods when contributions are made and after they are completed.</p>	<p>We agree and have changed the name of the sidebar to “Plans that did not reach maturity”, to reflect the nature of the information disclosed in this sidebar. Please also see our response below on the methodology for calculation the average percentage of plans that did not reach maturity.</p>
	<p><b><i>Methodology for calculating and disclosing drop-out rate</i></b></p>	<p>Two commenters remarked that there does not appear to be any instructions or methodology to assist in completing the data necessary in this item, which will hurt comparability.</p> <p>Two commenters recommended that the calculations exclude plans cancelled during the 60-day cooling off period.</p>	<p>We have provided instructions at (what is now) Item 8(2) for how to calculate the percentage of plans (averaged over five maturity dates) that did not reach maturity.</p> <p>We believe that this measure of “non-maturity” is more easily determined as it would simply require a group scholarship plan to determine the total number of plans that joined a beneficiary group, but did not reach maturity on the date of maturity that beneficiary group. We believe that this information will give investors an indication of the proportion of plans that failed to mature at the maturity date, based on data from the most recent five beneficiary groups to have reached maturity.</p> <p>The instructions clarify that plans cancelled during the 60 day cooling off period are not to be included in this calculation.</p>

		<p>One of these commenters told us a more meaningful measure would be number of units cancelled (instead of plans) as this has a more direct impact on future EAP values. The commenter also suggested excluding plans where the subscriber elected to transfer to another plan with the same issuer.</p> <p>Another commenter recommended using this item to disclose the average percentage of subscribers who have left the plan each year and the typical length of an investment.</p> <p>Two commenters remarked that the Form appears to require a projection of future cancellation rates based on historical numbers, which is not something they think is appropriate, especially given the liability attached to the document.</p> <p>One of the commenters said that historical information will be skewed because group plans that have been operating more than 10 years have more restrictive rules. The commenter recommended that further explanation be permitted and that historical information only be presented for one year.</p> <p>An investor advocate commenter told us that the disclosure was an excellent contribution to investor understanding and suggested requiring the amount to be expressed as a ratio (i.e. "1 in 20"), as well as a percentage.</p>	<p>We believe that cancelled plans is the more meaningful measure as it better reflects the actual experience of individual subscribers in a plan, which we believe will have more relevance to investors.</p> <p>We initially considered this, but on further reflection determined that such a calculation would involve assumptions that may not be the same for all issuers. Instead, we have proposed the disclosure of an average rate of plans that did not reach maturity to reflect the actual experience of subscribers whose investment period will have passed their chosen maturity date and will not involve the use of assumptions.</p> <p>We have removed the requirement to make future projections of plan cancellations in this Item.</p> <p>We have changed the time frame for the calculations to the last five beneficiary groups to have reached maturity, as this will be recent enough to better reflect the more current policies of most plan providers.</p> <p>We appreciate the support. However, we are not proposing to require that these amounts be expressed as ratios, as well as a percentage. We believe that expressing these amounts as a percentage will be sufficiently clear for investors, especially since percentages may not always be easily expressed as ratios.</p>
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<p><b>1.3(10) – Lost EAPs</b></p>		<p>One commenter asked us to confirm that the information in this section is intended to reflect plans that have matured and have no opportunity for additional EAPs, or situations where a beneficiary has collected all EAPs to which they are entitled.</p>	<p>We have removed this Item as we are of the view that the information regarding the number of payments of EAPs to the five most recent beneficiary groups required to be provided in Item 22 of Part C of the Form sufficiently illustrates that some beneficiaries do not collect all EAPs.</p>
<p><b>1.3(11) – How much does it cost?</b></p>	<p><b><i>Location of information</i></b></p>	<p>An investor advocate commenter told us that they think this section should be much more prominently displayed in the Plan Summary, perhaps immediately after the section “Who is this plan for?”.</p>	<p>We do not propose to make this change. We think that providing information on how a plan works before providing fee information gives the necessary context for investors.</p>
	<p><b><i>Description of fees</i></b></p>	<p>The same commenter remarked that the disclosure in this section should be more fulsome and should use the same wording as the disclosure in the section titled “ongoing plan fees”. The commenter also asked that fees be expressed as both a dollar amount and a percentage.</p> <p>Two commenters suggested that plans be granted the flexibility to use their current terminology to explain fees, provided that what the fees cover are adequately described.</p>	<p>The requirement in this Item is to disclose the most relevant fees associated with the plans. In some cases, it would not be practical to mandate that certain fees be expressed as both a percentage and dollar amount, and therefore we have not required this.</p> <p>We have required that fees be disclosed in the manner in which they are charged (i.e. a dollar amount or a percentage) with a clear explanation of what the fee is intended for. The general instructions to the Form allow some flexibility for plans to amend the prescribed wording where appropriate.</p>
	<p><b><i>Fees deducted from your contributions</i></b></p>	<p>One commenter suggested renaming “sales charge” to “enrolment fee” in this table, as the fee covers distribution costs, not just the sales transaction. The commenter also noted that the fee for its plans covers more than the commission for sales representatives, as stated in the table. A portion of the fee may also be set aside for paying enrolment fee refunds, and the commenter suggested allowing the description of the fee to be modified to reflect this.</p> <p>The same commenter also suggested changing “Processing fee” to “Account Maintenance Fee” to more accurately reflect what it covers.</p>	<p>We have chosen the term “sales charge” to reflect that the charge is assessed at the point of sale. The description under “What this fee is for” may reflect that it is also used for paying distribution costs.</p> <p>We have not made this change, as we continue to be of the view that the term “processing fee” generally</p>

		<p>Another commenter asked that we allow disclosure in the Plan Summary that membership fees are refunded to subscribers at maturity, where applicable.</p>	<p>reflects the nature of this charge.</p> <p>We do not propose to allow this. The disclosure in this Item is only intended to reflect fees applicable to an investment in a plan. We note that the body of the prospectus permits disclosure about sales charge and other applicable fee rebates.</p>
	<b>Ongoing plan fees</b>	<p>One commenter noted that it has changed to an all-inclusive fee, which represents all the fees referred to in the “ongoing plan fees” section. The commenter asked that the item be modified to allow for this.</p> <p>The same commenter told us that the fees in this section can only be meaningfully expressed as a percentage and also remarked that the Form should indicate that fees are subject to GST/HST.</p> <p>Another commenter remarked that the introductory wording to “Ongoing plan fees” seems to suggest that the concept of fees reducing returns is unique to scholarship plans.</p>	<p>The general instructions to the Form permit some flexibility in the disclosure requirements of this section to account for the particulars of a specific plan.</p> <p>The instructions to this Item specifically permit the fees to be stated based on how they are paid (i.e. percentage of assets or dollar amount). The instructions will also permit wording stating that taxes may be payable on the fee(s), where applicable.</p> <p>It is common practice in the investment fund industry to refer to fees reducing returns. There is no suggestion that this is unique to scholarship plans. We note that a similar statement is made in the Fund Facts document for mutual funds.</p>
	<b>Impact of ongoing plan fees on a subscriber’s investments</b>	<p>Two commenters expressed concerns with the requirement to provide a calculation of how the fees would impact a subscriber’s investment in a particular year. They asked us to clarify how this should be calculated.</p> <p>One of the commenters noted that similar disclosure is not required of mutual funds.</p>	<p>We have removed this requirement.</p>
<b>1.3(12) – Are there any guarantees?</b>	<b>Mandatory wording</b>	<p>Two commenters told us they felt the first sentence in this section was unduly negative and inflammatory).</p> <p>However, an investor advocate commenter suggested amending the wording to read, “There are no</p>	<p>We do not propose to change this statement. The statement has been included to convey that a scholarship plan investment does not come with any guarantees of</p>

		<p>guarantees that your child will ever receive any payments from this plan, or the amount of any payment contributed”.</p> <p>To make the wording less inflammatory, one commenter suggested adding the following to provide some context:</p> <p>“We describe the requirements that must be met before your beneficiary will receive EAPs in the prospectus. The amount of the EAPs will depend on many factors described in detail on Page X. We do not guarantee the amount of any payment or that the amount will cover the full cost of your beneficiary’s post-secondary education.”</p> <p>Another commenter told us that it should be made clear in this item that principal contributions are guaranteed.</p>	<p>investment return. We do not believe that the wording is unduly negative and we note that similar disclosure is currently found in a number of scholarship plan prospectuses.</p>
<p><b>1.3(13) – For more information</b></p>	<p><b><i>Allow flexibility over primary contact name</i></b></p>	<p>One commenter suggested changing the wording to say “[insert name of firm here]” instead of “[insert name of dealer here]” as the dealer or Foundation will not necessarily be the appropriate contact name in all cases.</p>	<p>This Item largely adopts wording used in the Fund Facts document for mutual funds. The dealer representative is the point of contact with the subscriber for their investment in a plan, so it is appropriate that the dealer be the first point of contact for additional information or questions about the plans. We note that the dealers for all scholarship plans are all related to the plan providers whose plans they sell, so we do not anticipate any confusion in the industry on this point.</p>
	<p><b><i>Complaint resolution contacts</i></b></p>	<p>Two investor advocate commenters suggested adding information about complaint resolution to this section, including information on who consumers should contact if they have complaints about their investment.</p>	<p>The wording of this requirement contemplates disclosing the appropriate contacts at the plans for investors if they have complaints. The requirement is similar to that in the Fund Facts document for mutual funds.</p>
<p><b>Comments on Part B – General Disclosure</b></p>			
<p><b>General comments</b></p>	<p><b><i>Duplication with Part C</i></b></p>	<p>Two commenters told us that a number of the Items in Part B duplicate disclosure required in Part C. They suggested removing all of the Items from Part B except:</p>	<p>We have revised the Form to eliminate many duplicative disclosure requirements between Parts B and C of the Form such that Part B is focused</p>

		<ul style="list-style-type: none"> <li>• Item 5 to Item 8,</li> <li>• Item 9.1,</li> <li>• Item 10 to Item 12,</li> <li>• Item 13(3), Item 13(4), and Item 13(5) (modified to specifically discuss government grants), and</li> <li>• Item 19 to Item 21.</li> </ul>	<p>on disclosure common to the plans distributed under the prospectus, and Part C is focused on the disclosure specific to a particular Plan, as contemplated by the overall scheme of structuring the prospectus into four parts. However, where necessary to achieve clearer and more user-friendly disclosure, we have required that certain information be disclosed in both Parts B and C.</p> <p>Because there is now little duplication between Parts B and C, we have also amended the Instrument to specify that like Part A, the rest of the Form may contain only the information required by the Form.</p>
	<b><i>Disclosure about maturity of group plans</i></b>	One commenter remarked that Parts B and C have no disclosure about maturity of group plans. The commenter felt that this is an important stage in a group plan's lifecycle and should be included in the prospectus.	We have made the suggested change and amended the Form so that the concept of plan maturity will now be briefly described in Part B as part of the overview of a scholarship plan's lifecycle in Item 6 of that Part. As well, Part C of the Form will have a separate section, Item 18, discussing plan maturity in greater detail.
<b>Item 1 – Cover page disclosure</b>			
<b>Item 1.3 Basic disclosure about the distribution</b>	<b><i>Description of securities offered</i></b>	Three commenters asked us to remove references to 'options and warrants' in the mandated wording in this section, as scholarship plans do not issue these securities.	We have removed the reference to options and warrants in this Item.
<b>Item 2 – Inside cover page</b>			
<b>Item 2.2 – No Social Insurance Number warning</b>	<b><i>Required heading title</i></b>	One commenter told us the heading required under this item "No social insurance number=no grants, no tax benefits" was unduly negative and suggested using a different heading such as "why is a SIN important?"	We have not changed the required heading of this Item. The purpose of the heading is to clearly highlight the importance of having a SIN for the purposes of a scholarship plan investment, since many of the benefits of an investment in a scholarship plan flow from its registration as an RESP.

			<p>We believe the heading will draw a reader’s attention to this important information, and do not believe it is unduly negative.</p>
	<p><b>Changes to mandatory wording in this section</b></p>	<p>One commenter suggested that the first sentence of the second paragraph should make specific reference to the beneficiary, i.e. “if you don’t provide the social insurance numbers <i>for the beneficiary</i> when you enrol...”</p> <p>Another commenter suggested making the wording in the second paragraph more flexible. The wording suggests that subscribers will pay income tax on contributions deposited in an unregistered education savings account, which is not always the case. The commenter remarked that the wording in the fourth paragraph of this item is misleading. The wording about receiving less than you put in if a plan is cancelled as a result of failing to provide a SIN implies that the SIN requirement is a requirement of the plan, when it is a government requirement for RESPs.</p>	<p>We have not made this change as the first sentence in the first paragraph makes it clear that social insurance numbers are needed for the subscriber and the beneficiary named under the plan.</p> <p>We continue to be of the view that the prescribed wording is generally applicable to scholarship plans which require social insurance numbers of the subscriber and beneficiary in order to register a plan. If a subscriber is able to sign up for a plan notwithstanding the absence of social insurance numbers, we note that the general instructions have been amended to permit modification to the prescribed wording if it is not applicable or accurate in respect of a plan.</p> <p>We note that the prescribed wording does not state that a subscriber will pay income tax on contributions deposited in an unregistered education savings account. Rather, the prescribed wording states that subscribers will be taxed on any income earned in an unregistered education savings account.</p> <p>We do not propose to amend the last paragraph. While a SIN is a requirement to register a plan as an RESP, we also know under a plan’s rules, a subscriber’s plan will be cancelled if a SIN is not provided within a specified period of time. Therefore, we continue to believe that the prescribed wording is</p>



		<p>Finally, the commenter also suggested rephrasing the last paragraph of this item to convey a positive message that subscribers continue with enrolment and then contact the plan provider once SINs are available.</p>	<p>not misleading.</p> <p>We do not propose to make this change. We continue to believe that the wording is neutral as it simply states that if a potential investor does not believe that they can provide SINs within the necessary time frame, then they shouldn't invest in the plan.</p>
<p><b>Item 2.3 – Speculative investment</b></p>	<p><b><i>Item 2.3(1) – Payments not guaranteed</i></b></p>	<p>A number of commenters told us that the required disclosure in this Item was unduly negative.</p> <p>One commenter proposed revising the first sentence of the prescribed disclosure to specifically state that it refers to EAPs and not to “any payments under the plan”.</p> <p>Three of these commenters suggested changing the title of the subheading to something like “payments under the plan” and amend the disclosure to state that if all plan requirements are met, a subscriber will be eligible for a return of principal, and that to qualify for payments under the plan, the beneficiary must meet the requirements as described in the prospectus.</p> <p>The commenters also suggested adding a reference in the item to a calculator to anticipate the cost of post-secondary education, and a statement that the amount of payment cannot be predicted in advance, nor whether it will be sufficient to cover the cost of a beneficiary's post-secondary education.</p>	<p>We have amended the prescribed wording to specifically reference “educational assistance payments” and have revised the wording under the sub-heading “Payments from group plans depend on several factors” to simplify the disclosure.</p> <p>We believe that general disclosure that a plan will return contributions and make EAPs if the terms of the plan are met should not be located in the inside cover page, as the disclosure required in this Item would be. Instead, we propose such disclosure be made in (now) Item 5.2 of Part B under the heading “What is a scholarship plan?”</p> <p>We note that the wording also clearly addresses that there is no guarantee that payments received from the plan will be sufficient to cover the cost of a beneficiary's post-secondary education.</p>
	<p><b><i>Item 2.3(2) – Payments from group plans depend on several factors</i></b></p>	<p>One commenter suggested clarifying that “payments” means EAPs. The commenter added it would be accurate to refer to “percentage” of beneficiaries who qualify for payments rather than “number”.</p> <p>Another commenter suggested that this section should simply make a clear reference to attrition, a defined</p>	<p>We have made the suggested change from “payments” to “EAPs”. We believe that the reference to “number of beneficiaries” is also accurate.</p> <p>We do not propose to make references to attrition in the inside cover page. We</p>

		<p>term in the prospectus, rather than the vague reference to the “number of beneficiaries who do not qualify for payments”.</p>	<p>continue to believe that the wording we have chosen is easier for investors to understand in the early pages of the prospectus, where general information about the scholarship plan(s) offered under the prospectus is provided. We also note that the concept of attrition is not discussed until later in the Form and believe it appropriate not to introduce the term earlier in the document, as it may be confusing for investors.</p>
	<p><b>Item 2.3(3) – Discretionary payments are not guaranteed</b></p>	<p>One commenter told us that the first sentence in this section is overly aggressive and should be removed or modified. The commenter suggested that references to receiving less than has been paid in the past should be more balanced and say “more or less” than in the past.</p> <p>Another commenter suggested including in this section disclosure about the source of funds for discretionary payments and historical information about previous discretionary payments, to provide context to investors.</p> <p>Another commenter thinks that discretionary top-up payments (which its plans do not make) should not be allowed. The commenter said that all revenues should be paid to the cohorts and any such distribution must be made by a process validated by an independent actuary. The commenter believes that discretionary payments lead to confusion and could cause subscribers to have unrealistic expectations.</p>	<p>We do not propose to make these changes as we believe the warning is necessary. We note that this warning statement is already provided in the prospectuses of scholarship plans that make discretionary payments. In addition, a more detailed discussion of the sources of discretionary payments is required under Item 21 of Part C.</p> <p>These matters are beyond the scope of this project.</p>
	<p><b>Item 2.3(4) – Understand the risks</b></p>	<p>Three commenters told us that the mandatory disclosure in this item was unduly negative and omits certain important information.</p> <p>Two of these commenters suggested modifying the disclosure to say something to the effect that “if you cancel your plan and withdraw contributions early, you will be</p>	<p>We continue to believe that the wording in this Item is accurate and is not unduly negative. We also note that the prospectus will allow for greater detail on how the plan(s) work, including necessary terms and conditions, as well as the impact of not meeting</p>

		<p>eligible for a refund of principal only. You will lose earnings on your principal and the government grants will be returned to the government. You may be eligible to receive earnings on grants provided certain criteria are met. If your beneficiary does not meet the terms of the plan, the beneficiary may not be eligible to receive some or all of the payments from the plan.”</p> <p>The third commenter told us it was inappropriate to refer to early withdrawals as a “risk” since it is not inherent to the product, but rather a consequence of a subscriber’s decision-making.</p>	<p>those terms and conditions.</p> <p>We do not believe it is inappropriate to use the word “risk” in this context and do not propose to make this change.</p>
<p><b>Item 2.4 – Sixty day withdrawal right</b></p>	<p><b>Impact of cancelling a plan after 60 days</b></p>	<p>Two commenters remarked that it was important to include information in this item about what will happen to earnings on grant money.</p> <p>One commenter added that the disclosure in this item was alarmist and misleading.</p> <p>Another commenter told us that the statement that “you will lose your earnings” in this item may not necessarily apply in cases where the subscriber may have the option of transferring to a different plan by the same provider, such as a family or individual plan. The commenter also felt that the reference to grants is not consistent with Instruction (3) of Item 13.1, which indicates that references to grants should not be included in the prospectus.</p> <p>Another commenter told us that it was not clear what we meant by “fees” in the second paragraph. The commenter also told us it was inappropriate to say that a subscriber will lose their earnings because as soon as a subscriber enters into a scholarship plan contract, they have already agreed to sacrifice their earnings for the benefit of the beneficiary.</p>	<p>We have revised this paragraph so that it contains the same language used in the Plan Summary concerning cancellations before and after 60 days.</p> <p>The purpose of the prescribed statement is to highlight the difference between cancelling a plan within 60 days and cancelling after 60 days, and mainly to emphasize that after 60 days, a subscriber will not receive all that they contributed to the plan.</p> <p>We note that the prospectus will allow for greater detail about what happens to all of the money in a plan in the event of cancellation.</p> <p>We are satisfied that the meaning of “fees” is sufficiently clear.</p> <p>The reference to “losing earnings” refers to earnings on the contributions made by the subscriber in the event the plan is cancelled, which includes earnings that would otherwise have been payable to a beneficiary on plan maturity.</p>

<p><b>Item 4 – Introduction</b></p>			
<p><b>Item 4.1 – Documents incorporated by reference</b></p>	<p><i>Item 4.1(1) – Introduction</i></p>	<p>Two commenters suggested that the mandatory disclosure about documents incorporated by reference be part of the inside cover disclosure in Item 2.</p> <p>One commenter suggested that the introductory disclosure include references to the benefits of scholarship plans.</p>	<p>We do not propose to add to the disclosure on the inside cover page. We continue to believe that listing the documents incorporated by reference in the introduction section of the prospectus alerts investors to the possibility of obtaining additional information by contacting the investment fund manager.</p> <p>We do not propose to make this change. The Form contains Items for a scholarship plan to discuss its features.</p>
<p><b>Item 4.2 – Terms used in the prospectus</b></p>	<p><i>Item 4.2(1) – Terms used in the prospectus</i></p>	<p>Two commenters told us that they consider this item to be too prescriptive. They expressed a concern that the use of mandatory definitions could restrict their ability to change termination circumstances or accommodate changes to government regulation. They also said that some of the prescribed definitions are not accurate or include extraneous or subjective information not necessary for the definition.</p> <p>Another commenter told us that the defined terms must correspond to the specific features of each plan, and a plan should not have to include defined terms that are not applicable to the plan.</p> <p>Two of the commenters also suggested adding a new defined term “principal”, which is a commonly understood term by subscribers.</p> <p>The other commenter made the following suggestions for the glossary:</p> <ul style="list-style-type: none"> <li>the fact that a maturity date can</li> </ul>	<p>The intent of the glossary is to develop common terminology to foster greater comparability between scholarship plans for investors. The proposed glossary is limited to concepts that are commonly used in the industry and we note that it will be much shorter than glossaries most scholarship plan prospectuses currently provide. In accordance with the general instructions to the Form, plans may omit defined terms that are not applicable to the plans described in the prospectus.</p> <p>We do not propose to include a new defined term “principal”. We think it adds unnecessary complexity for investors to have two defined terms that refer to what is essentially the same amount. Adding a defined term for “principal” would not be consistent with our goals for the glossary.</p> <p>We have not made some of the suggested changes because:</p>

		<p>be changed should be reflected,</p> <ul style="list-style-type: none"> <li>the definition of grants should include grants made by provincial governments, and</li> <li>attrition should be defined as a redistribution of earnings generated by savings in a plan where the plan is cancelled or a beneficiary fails to enrol in an eligible program, and is provided for the benefit of those who remain in the plan.</li> </ul> <p>One commenter supported the use of standardized terms, but suggested the following changes:</p> <ul style="list-style-type: none"> <li>remove all but the first sentence in the definition of “contribution”,</li> <li>the definition of “discretionary payment” should reflect that payments are made by the Foundation, not the investment fund manager,</li> <li>the definition of “discretionary payment account” should reflect the source of discretionary payments for their group plan,</li> <li>modify the definition of “units” to reflect that they are purchased and not assigned,</li> <li>the prescribed definition of educational assistance payments (EAPs) should include discretionary payments, as is the case with the commenter’s plan, and</li> <li>additional information in the prospectus about government grants would give greater context and lead to better understanding of the term “grant contribution room”</li> </ul>	<ul style="list-style-type: none"> <li>the definition of “maturity date” does not make reference to the fact that it can be changed as this is discussed in the prospectus,</li> <li>the definition of “grants” clearly includes grant programs offered by provincial governments, as well as the federal government, and</li> <li>We have used a plain language definition of “attrition” to make it easier for investors to understand the concept. We note that attrition can be discussed in greater detail in Part C of the Form.</li> </ul> <p>We did however, made the following changes to the defined terms in the glossary in response to the comments received:</p> <ul style="list-style-type: none"> <li>we have simplified the definition of “contribution” to remove the reference to calculations of CESGs,</li> <li>we have removed the reference to the entity that pays discretionary payments, since this will be disclosed in Part C of the Form, and</li> <li>we have removed the reference to “assigning” units in the definition of “unit” .</li> </ul> <p>We have not changed the definition of “EAP” to include discretionary payments. The definition of EAP is intended to include only payments (other than sales refunds) that are entitlements under a plan.</p>
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			<p>Payments that are discretionary are not consistent with this.</p> <p>The prospectus allows for discussion of government grants in Part B, where context may be provided for the term "grant contribution room".</p>
<b>Item 5 – Description of scholarship plans</b>			
<b>Item 5.1 – Overview of RESPs</b>	<i><b>"What is a scholarship plan?"</b></i>	One commenter told us it was unclear what is meant by the prescribed statement that reads "It is set up as a [describe legal structure]".	We have removed this requirement in Part B. The disclosure of a plan's legal structure (as a trust, a corporation, etc.) will now be part of the disclosure in Part D of the prospectus.
<b>Item 6 – Plan details and comparisons</b>			
<b>Item 6.1 – Common features of the plans</b>	<i><b>Item 6.1(5) – Table of key features</b></i>	<p>One commenter told us that the requirement to incorporate a table of key features should be deleted as it will only add to the size of the prospectus. The commenter noted that it is not possible to shorten the disclosure in a significant way for many of the items, so it would only repeat information disclosed elsewhere. The commenter was also concerned that if a subscriber only read the table, they could miss key information about the plan that may not be included.</p> <p>Another commenter asked for clarification on what is to be included in the "Making contributions" portion of the table.</p>	We have removed the requirement to provide a table, as we agree it would add unnecessary length to the prospectus. However, we continue to believe it is important for investors to understand that there can be significant differences between the types of plans offered by a plan provider. Therefore, Item 5.3 now requires a statement (if applicable) highlighting that there are differences between the plans offered by the manager with regards to specific features such as enrolment criteria, contribution requirements, fees, eligible studies, flexibility in receiving EAPs. For a multiple prospectus qualifying more than one plan, a cross-reference to the specific disclosure about each plan in Part C must also be included.
<b>Item 7 – General plan risks</b>			
<b>Item 7.1 – General plan risks</b>	<i><b>Required disclosure</b></i>	Two commenters said that the emphasis on specific risk disclosure was out of line with other investment products and unnecessary, given the nature of scholarship plans. The commenters wondered if the disclosure could be presented without the mandated sub-headings	We continue to believe that disclosure of the risks pertaining to the structure, terms and rules of certain scholarship plans, particularly group plans, is as important, if not more so, than the risks relating to

		<p>and degree of detail required in subsections (5) to (8) of this Item.</p> <p>They further expressed a concern with the instructions that appear to require full disclosure even where the risk is quite small. They said that many of the “risks” mandated to be disclosed in this item are not “risks”, but rather product features or requirements. The commenter added that other investment products that are not required to make similar disclosure.</p> <p>Another commenter told us that many of the risk factors described in the item are within the subscriber’s sole control, such as failing to provide a SIN or failing to maintain contributions, and questioned whether these are actually risk factors. The commenter remarked that rules subscribers must follow should not be considered risk factors, similar to other investment products.</p> <p>Another commenter told us that the use of the term “risk” to describe many of the risk factors in this item was inappropriate and should be classified as “considerations” or “conditions”. The commenter said that the last sentence of the introductory paragraph should be deleted because it portrays the practices of the scholarship plan providers as being unfair, when they are consistent with National Policy 15 <i>Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses</i> (NP 15).</p>	<p>the investments a plan may hold. However, we have substantially revised the disclosure in this Part to address the comments received.</p> <p>Detailed discussion of “plan risks” will now take place in Item 10 of Part C, as “plan risks” differ depending on the type of plan (i.e. group plans will likely have more plan risks than individual or family plans due to their more restrictive rules). Since Part C is focused on plan-specific disclosure, we believed it was more appropriate to provide specific plan-risk disclosure there.</p> <p>The required disclosure (now in Item 10 of Part B) will only focus on the importance of understanding and following the terms of a plan in order to avoid the negative consequences of failing to abide by those terms, by requiring the inclusion of a statement to that effect.</p>
	<p><b>Item 7.1(5) – Subscriber-specific risks</b></p>	<p>While supportive of disclosing the risks for subscribers, one commenter told us that the disclosure must be proportionate. They suggested deleting a number of the following “subscriber-specific” risks listed in Item 7.1(5), such as:</p> <ul style="list-style-type: none"> <li>• failure to provide a SIN,</li> <li>• contributions over the CESG contribution room,</li> <li>• failure to apply for an EAP,</li> <li>• loss of unclaimed contribution,</li> <li>• failure of beneficiary to enrol in eligible studies within the allowable time period, and</li> <li>• whether the plan will meet the</li> </ul>	<p>We have made changes to the plan risk disclosure such that it does not simply repeat disclosure provided elsewhere in the prospectus.</p> <p>The new plan-specific disclosure requirements in Part C provide more flexibility and focus on material plan risks that are not risks that arise solely as a result of a subscriber or beneficiary not meeting the terms of the plan.</p>

		<p>education costs of the beneficiary.</p> <p>Two commenters suggested restricting applicable risks to material risks for subscribers.</p> <p>Another commenter echoed these comments and suggested that in addition, the following other risks listed in Item 7.1(5) should be removed because they are not risks of the plan, but rather are rules that must be followed, are legal requirements applicable to RESPs or have consequences that are solely a function of subscriber actions and are not risks inherent to the plans:</p> <ul style="list-style-type: none"> <li>• withdrawal from, or cancellation of, a plan more than 60 day after signing the contract,</li> <li>• withdrawal of contributions before the beneficiary begins eligible post-secondary education,</li> <li>• failure to meet deadlines,</li> <li>• risk of not receiving all EAPs, and</li> <li>• inability to determine the scholarship amounts in advance.</li> </ul> <p>Another commenter questioned why this disclosure is necessary in the “risks” section of the prospectus, when the prospectus already discloses the rules associated with the plans elsewhere in the document, including the implication for failing to follow the rules.</p>	
	<p><b><i>Item 7.1(6) – Discussion of plan risks</i></b></p>	<p>One commenter remarked that the list of “plan risks” in this item is excessive and suggested deleting the following:</p> <ul style="list-style-type: none"> <li>• the risk that the types of investments the scholarship plans invest in may not provide a sufficient return for future education costs, and</li> <li>• the risk of changes in government policy.</li> </ul> <p>As noted with respect to Item 7.1(5), this commenter suggested restricting the requirement to list all other applicable risks to material risks.</p>	<p>Please see our response to Item 7.1(5) above.</p>



		<p>Another commenter said that the risks enumerated in this item were not, in its view, classic “risks” of investing in the plan.</p> <p>Another commenter provided a number of comments on the risks listed in Item 7.1(6), including:</p> <ul style="list-style-type: none"> <li>• the effect of a possible change in attrition rates is an advantage and should be highlighted as such in the prospectus, not presented as a risk,</li> <li>• the risk that the types of investments that the scholarship plan invests in may not provide a sufficient return for future education costs should be deleted since this is not a promise made by plans,</li> <li>• the risk of a decision not to provide a discretionary payment in a given year and the effect on the payment available, as well as the risk that the current sources of fund for discretionary payments may not be available at the maturity of the plan, should not be required disclosure for plans that do not make discretionary payments, and</li> <li>• the risk of changes in government policy is highly unlikely and too vague to be required risk disclosure.</li> </ul>	
	<p><b>Item 7.1(7) – Protection of subscriber’s plan assets from bankruptcy proceedings</b></p>	<p>One commenter told us that many investments are subject to similar risk and that this risk is not inherent to scholarship plans.</p>	<p>We have removed this requirement.</p>
	<p><b>Item 7.1(8) – No government guarantees</b></p>	<p>One commenter told us that the prescribed language unfairly requires scholarship plans to compare themselves to other products, and suggested removing the references to bank accounts or guaranteed investment certificates.</p> <p>Another commenter said that plans should be permitted to add to this wording that they invest primarily in treasury bills and government bonds and are managed by experienced portfolio managers, which makes scholarship plans a safe investment.</p>	<p>The prescribed language under “No government guarantees” does not compare scholarship plans to guaranteed products. Rather, similar to mutual fund disclosure requirements under National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i>, this disclosure is intended to inform investors that this investment product is not covered by the Canada Deposit Insurance Corporation or other</p>

		<p>However, an investor advocate commenter remarked that we should add to this disclosure whether something similar to the Canadian Investor Protection Fund or Provincial Contingency Trust Fund is applicable to scholarship plans. If not, warning language should be added to explicitly state this.</p>	<p>government deposit insurer.</p> <p>We do not propose to permit disclosure regarding the investment portfolio of a scholarship plan under this Item, as this is required to be disclosed under the investment objectives of the scholarship plan.</p>
	<b>Item 7.1 – Instruction (1)</b>	<p>One commenter told us that it is not reasonable to expect plans to discuss the significance and likelihood of each risk and to classify the risks from most to least serious. The commenter said that such classification is purely subjective.</p>	<p>We have removed the requirement to discuss the significance and likelihood of each risk. We continue to believe that risks must be disclosed from the most to least serious, similar to the current risk disclosure requirement in Form 41-101F2</p>
	<b>Item 7.1 – Instruction (3)</b>	<p>One commenter asked us to clarify what would be deemed “excessive caveats and conditions”, as they believe any discussion of risk should include information as to how that risk can be mitigated.</p>	<p>We expect that a prospectus will describe the factors that could result in loss or product underperformance concisely and accurately so that investors understand the risks associated with an investment in a product; risk disclosure should not be accompanied by so many caveats and conditions such that the disclosure is no longer meaningful.</p>
<b>Item 8 – Investment risk</b>			
<b>Item 8.1 – Investment risk</b>	<b>Emphasis on risk disclosure</b>	<p>Two commenters told us that they felt that given the conservative investment portfolios of scholarship plans, the emphasis on disclosure of investment risk of scholarship plans in the Form was unwarranted and in their view, was in excess of that required to be disclosed by mutual funds.</p> <p>Another commenter told us that this entire section should be deleted on the basis that (a) it unnecessarily complicates the prospectus, (b) much of the required disclosure is already provided in the notes to the financial statements of the plans, and (c) it was doubtful that the commenter could rank the various investment risks in the manner required in the instructions to this item.</p>	<p>We note that the Form requires discussion only of the risks that are applicable to a scholarship plan. However, we have revised the investment risk disclosure requirements to clarify that issuers are only required to describe the investment risks applicable to the plan(s) offered under the prospectus, consistent with investment risk disclosure requirements for other investment funds.</p>

	<b>Item 8.1(3)(j) – Legal and operational risks</b>	One commenter asked us to clarify what is meant by “legal and operational risk” in this Item.	We are no longer requiring this specific disclosure in this Item.
	<b>Item 8.1 – Instruction(3)</b>	One commenter asked us to explain what would be deemed “excessive caveats and conditions” under this instruction. The commenter added that it believes that any discussion of risk in a plan should include information as how that risk can be mitigated.	Please also see our response to Item 7.1, Instruction (3) above.
<b>Item 9 – Enrolment</b>			
<b>Item 9.2 – Subscriber</b>	<b>Item 9.2(3) – Table of key decisions</b>	<p>One commenter told us that the table of key decisions required under this item is unnecessary since the prescribed disclosure would already be provided elsewhere in the prospectus. They suggested removing this item from the Form.</p> <p>Another commenter expressed concern that this table could be implied as suggesting that a plan provider is directing the decision-making of a subscriber instead of just providing the information to allow the subscriber to make their own decisions. The commenter told us that they believe that determining the key decisions a subscriber needs to make is a purely subjective exercise.</p>	We agree with these comments and have removed the requirement to include this table.
<b>Item 11 – Optional services</b>			
<b>Item 11.1 – Optional services</b>	<b>Disclosure regarding insurance products</b>	A number of commenters disagreed with the instructions to Item 11.1 that suggest that insurance for subscribers currently offered by plan providers is not material to the plan and should not be described in the prospectus. They told us that providers should be permitted to make the determination of whether these products or services are material. They noted that for some providers, insurance is mandatory and the premiums are included in the contributions made by subscribers.	Although we continue to have reservations about excessive disclosure of tied insurance products in the prospectus, we have now permitted limited disclosure about available insurance as part of the “additional services” in Item 6.6 of Part B of the Form. Disclosure of any associated costs or fees for this insurance will be required in the plan-specific description of fees and expenses in Part C of the Form. We have allowed this primarily to recognize that some plans require that this insurance be purchased in conjunction with an investment in a plan.

<b>Item 12 – Statements of rights</b>			
<b>Item 12.1 – Rescission rights</b>	<b><i>60-day withdrawal right</i></b>	Two commenters questioned the prescribed wording in Item 12.1 that states that the right of a subscriber to withdraw from an agreement to buy scholarship plan securities within 60 days is granted under securities legislation. The commenters noted that the only reference in securities legislation to a 60-day withdrawal right from an agreement to purchase scholarship plan securities is in NP 15, which is not a rule. They suggested that it would be more accurate to refer to this as a right granted by the plan provider.	We have amended the prescribed wording in this Item (now Item 13.1) so that it no longer refers to the 60-day withdrawal right as a right granted under securities legislation.
<b>Item 13 – Contributions</b>			
<b>Item 13.1 – Making contributions</b>	<b><i>Item 13.1(1) – Description of available purchase options</i></b>	One commenter asked us to clarify whether the reference to “purchase options” in this item actually refers to “contribution frequencies”.  Another commenter objected to the requirement in Item 13.1(1) to describe how the choice of purchase options by a subscriber impacts the compensation received by the sales representative. The commenter told us that they believe that this would imply that a sales representative would not give advice regarding purchase options based on the needs of the subscriber, but rather on how they will be compensated.	As part of the revisions to reduce duplication between the requirements in Parts B and C of the Form, we have removed this Item from Part B. Specific disclosure of how to make contributions (and the various contribution options or frequencies available) has been moved to Part C of the Form (in Item 12).  Item 5.3(2) of Part B now requires disclosure (where applicable) highlighting that there are difference between the plans offered by the plan provider, including with respect to contribution options or schedules.
	<b><i>Item 13.1(2) – Discussion of positive and negative consequences of purchase options</i></b>	Two commenters told us that they view the different contribution frequencies offered by plans as simply “convenience” options and not as “purchase options”, in the same way that DSC or ISC may be purchase options for a mutual fund. They suggested that we not use the term “purchase option” to refer to different contribution frequencies available to subscribers. The commenters were also not sure what “consequences” there would be in connection with each option, particularly negative ones, and asked that we explain what is expected to be disclosed in this item.  These commenters also said that the instruction applicable to this item was a direction from the CSA on how a scholarship plan organization	Both of those items make reference to contribution options, instead of purchase options.  We have also removed the requirement to describe how the choice of contribution frequency affects the compensation paid to the sales representative. Instead we are now requiring disclosure of whether the choice of plan affects the compensation paid to the dealer.

		<p>should operate its business and in particular, the options it must provide to subscribers to contribute to their plans. They suggested that this was not appropriate for a disclosure document.</p>	<p>The Form will no longer require a description of the positive and negative consequences of each contribution option.</p>
	<p><b>Item 13.1(3) – Description of government programs for RESPs</b></p>	<p>Three commenters expressed concern with the restrictions in Item 13.1(3) regarding disclosure of government programs for RESPs that a plan may be eligible to participate in. We were told that this is important disclosure for subscribers since an intrinsic feature of scholarship plans is that they become registered as RESPs and become eligible for the different government programs for RESPs.</p> <p>The commenters also noted that the Plan Summary, as well as other parts of the prospectus, makes numerous references to government grants, which further underscores the importance of these programs to the plans.</p> <p>One commenter told us that placing the description of the government programs in the Contributions section of the Form at Item 13 may not be appropriate, since not all of the government grants for RESPs are based on or tied to contributions. The commenter instead proposed that we create a separate sub-item within Item 5 of Part B that provides an overview of the key features of RESPs and any related government incentives.</p> <p>We were also told that our instructions requiring that any additional information on government programs be provided using only government-produced documents, while admirable, may not be practical. The commenters told us that the documents produced by the various government agencies are not all updated on a current basis or at the same time and have varying levels of detail, meaning the availability of information for subscribers may be inconsistent. The commenters expressed concern that the instruction is unduly restrictive and could result in less than optimal information being provided to subscribers.</p>	<p>We agree that discussion of government incentives is important for scholarship plans, as they are sold as RESP products. Accordingly, we have amended the Form to include a separate section (now in Item 6.4) under which the different government incentive programs can be discussed. However, we require that such disclosure be limited to a summary of these programs that is no longer than two pages in total. Plan providers may supplement the disclosure in the prospectus with more detailed information either produced by them or by the governments that offer the grants or incentives.</p>

		One of the commenters added that the promoter agreements with the different governments offering these programs do not impose similar restrictions on the materials that can be provided to subscribers.	
	<b>Item 13.2 – Over contribution</b>	<p>One commenter told us that the disclosure in Items 13.2(2), (3) and (4) regarding the impact of over contributions was unnecessary in that subscribers cannot make over contributions under applicable tax legislation and that the consequences for doing so are described in <i>Income Tax Act</i>. The commenter suggested removing the disclosure.</p> <p>Another commenter told us the disclosure in this item appears to be addressing three different issues that have been generally referred to as over contributions, but do not necessarily have that meaning within the context of the <i>Income Tax Act</i>. The commenter suggested separating the disclosure in this item into three parts:</p> <ul style="list-style-type: none"> <li>• contribution limits,</li> <li>• if you contribute more than your plan requires, and</li> <li>• if you contribute above the limits set for receiving government grants.</li> </ul>	We have changed this Item to require disclosure of contribution limits and made the suggested changes. The tax consequences of contributions beyond the limits set by the <i>Income Tax Act</i> (Canada) will be described in the “Income Tax Considerations” section of the Form at Item 11.
<b>Item 14 – Payments under a plan</b>			
<b>Item 14.1 – Payments to beneficiaries</b>	<b>Inclusion of attrition income and discretionary payments</b>	<p>One commenter suggested adding wording to the prescribed wording in this item to state that payments to a beneficiary may include income that arises from pre- and post-maturity attrition, and discretionary payments from the plan.</p> <p>The commenter also suggested that the portion of the prescribed wording that refers to factors affecting payment is not entirely accurate and suggested we change it to “the plan you have, the number of units you have purchased, the percentage of students in the beneficiary group who qualify for payments, the performance of the plan’s investments, the availability of any</p>	<p>The disclosure in this Item (now Item 6.9 of Part B) makes reference to EAPs, the definition of which includes income from attrition. We do not prescribe wording that makes specific reference to discretionary payments because this is not a feature common to all plans.</p> <p>We have not made this change. We note that the proposed wording in what is now Item 6.9 of Part B was intended to be sufficiently broad to cover all types of plans: for example, “type of plan” would necessarily include the features of those plans,, such as attrition, or</p>

		<p>discretionary payments and the grants you have in the plan”.</p> <p>Another commenter told us that the prescribed wording should specifically make reference to amounts resulting from attrition.</p>	<p>the possibility of discretionary payments in a group plan, and “how much you contributed” would include number of units purchased under a plan, (where applicable). The wording proposed by this commenter would be specific to group plans and would not be as pertinent to an individual or family plan.</p>
<b>Item 14.2 – Payments to subscribers</b>	<b><i>Refund of membership fees</i></b>	<p>One commenter suggested that the disclosure in this Item include a reference to membership fees being returned to a subscriber on the plan’s maturity.</p>	<p>We have not included a reference to refunds of sales charges because this is not a feature common to all plans. Part C of the prospectus contains an Item for disclosure of fee refunds.</p>
	<b><i>Accumulated income payments</i></b>	<p>The same commenter also told us that disclosure in this item about accumulated income payments should be required to make clear that these payments are only available in family or individual plans and are not permitted in group plan.</p>	<p>We have not changed this Item because an accumulated income payment may be available under a group plan.</p>
<b>Item 16 – Withdrawals</b>			
<b>Item 16.1 – Withdrawals</b>	<b><i>Consolidation with Items 17 and 18</i></b>	<p>Two commenters suggested consolidating Items 16, 17 and 18 since they felt the required disclosure is essentially the same.</p>	<p>We have removed disclosure requirements relating to withdrawals, transfers and cancellations from Part B in order to reduce duplication with substantially similar disclosure requirements in Part C of the Form.</p> <p>Within Part C, we have not consolidated these Items (now Items 15, 16 and 17 of Part C) because we continue to believe that each item is sufficiently distinct and separate disclosure items would assist investors in finding this information more easily.</p>
<b>Item 17 – Transfers</b>			
<b>Item 17.1 – Transfers</b>	<b><i>The “risks” of transfers</i></b>	<p>One commenter told us that they believe the term “risk” in this item should be replaced by “condition”.</p>	<p>We agree with this comment and Part C no longer refers to the “risk” of a transfer.</p>

<b>Item 18 – Cancellations</b>			
<b>Item 18.1 – Cancellations</b>	<b>Items 18.1(1) – Cancelling your plan and Item 18.1 (3) – Description of subscriber entitlement</b>	One commenter told us that while they did not object to providing the disclosure required in these items, the matters described are not unique to scholarship plans, but rather are applicable to all RESPs. The commenter also felt that the required discussion of the effect on government grants is inconsistent with the restrictions on the discussion of government programs under Item 13.1 of Part B.	The Form requires a description of what happens in the event a plan is cancelled. We do not believe that this suggests that such outcomes are unique to scholarship plans relative to other RESP products. As noted above, we have amended the Form to make it clear that the prospectus may contain a brief discussion of government programs.
	<b>Item 18.1(6) – Financial consequences of cancelling a plan</b>	One commenter told us that they do not agree with referring to loss of income, loss of grant contribution room and fees paid by the subscriber in this item as they believe it could be misleading to investors.	We do not think that this is misleading to investors.
<b>Item 19 – Income tax considerations</b>			
<b>Item 19 – Taxation of the scholarship plan</b>	<b>Discussion of impact of GST/HST</b>	One commenter told us that we should require that the disclosure in this item clearly make reference to the applicability of GST/HST to the management fees charged to a plan, and that this will reduce the plan’s return.	We do not propose to make this change. The disclosure of the impact of taxation required in the Form is consistent with that required of other investment funds.
<b>Comments on Part C – Plan-Specific Information</b>			
<b>General comments</b>	<b>Order of items</b>	<p>One commenter suggested that we put the items in Part C in a chronological order related to a plan’s lifecycle (i.e. enrolment, contributions, changes to plans, maturity, EAPs). The commenter added that in its opinion, Item 20 (cancellation) seemed out of place in Part C.</p> <p>Another commenter suggested that plan providers that offer similar plans with similar Part C disclosure in a prospectus be permitted to combine their Part C disclosure in the prospectus, rather than prepare a separate Part C for each plan. The commenter told us that this would reduce duplication and keep the prospectus shorter.</p>	<p>We agree with this comment and have re-organized the disclosure in Part C so that it better corresponds to a plan’s lifecycle.</p> <p>We do not propose to make this change.</p> <p>As noted above, Parts B and C of the prospectus are intended to provide different information for investors. With limited exception, Part B is intended to provide general information about scholarship plans and information about the features common to each plan offered under a</p>



			<p>multiple prospectus.</p> <p>Part C is designed to contain detailed and specific information about each plan offered in a prospectus. We believe that this information should be prepared separately for each plan and not conflated, in order to assist investors in finding the information pertaining to the plan they are considering.</p> <p>We recognize that each Part C may contain some disclosure that is similar for all the plans offered under a prospectus. However, we also note that Parts B and C have been revised to limit duplicative disclosure requirements in Parts B and C and to limit instances of similar disclosure being reproduced in each Part C.</p>
	<p><b><i>Overlap with Part B disclosure</i></b></p>	<p>A number of commenters told us that some of the required disclosure in Part C repeats disclosure required in Part B.</p> <p>One commenter highlighted Items 9-11 (investments) and 12 (risks) as repeating disclosure in Part B. Another pointed to the disclosure in Item 3 as repeating disclosure in Part B. These commenters suggested that we put this disclosure in Part B or C, but not in both.</p>	<p>As noted above in the responses to comments on Part B, we have revised Parts B and C to eliminate much of the duplication between them and to make the disclosure provided under each part more distinct.</p> <p>We have amended disclosure requirements in Part B so that plans offered under a multiple prospectus with the same investment objectives, investment strategies, investment restrictions and investment risks may provide this disclosure once in Part B rather than multiple times in each Part C.</p>
	<p><b><i>Discussion of plan maturity</i></b></p>	<p>Two commenters told us that Part C is missing specific disclosure about maturity. The commenters added that maturity is an important stage in a plan's lifecycle in which key decisions need to be made by a subscriber. They suggested that we create a separate item in Part C for this.</p>	<p>We agree and have created a separate Item in Part C of the Form (Item 18) for disclosure about plan maturity.</p>

		One of the commenters suggested adding this disclosure to Item 17 in Part C.	
<b>Item 4 – Plan description</b>			
<b>4.1 Plan description</b>	<b><i>Item 4.1(1)(c) – The legal nature of the securities offered</i></b>	Three commenters were not clear on what is meant by “the legal nature of the securities offered”. They were unsure of what is expected to be disclosed.	We have modified the wording in this section to just refer to the nature of the securities offered. We expect the scholarship plan to describe the securities being offered under the prospectus, e.g. whether the securities are units of a trust or another type of security, such as investment contracts evidencing an interest in the scholarship plan. It is not always clear to investors what exactly they are purchasing when they make an investment. We note that this disclosure is consistent with similar requirements for mutual funds.
	<b><i>Item 4.1(1)(d) – Whether the plan is eligible as an investment for RESPs</i></b>	These same commenters told us that the requirements of this item are confusing since they believe that the fundamental nature of a scholarship plan is that it will be registered to become an RESP, making this item unnecessary. They suggested removing this item.	We agree with this comment and have removed this requirement.
<b>Item 5 – Cohort description (for group scholarship plans)</b>			
<b>5.1 – Beneficiary group</b>	<b><i>Eligibility for beneficiary groups</i></b>	A number of commenters told us that the disclosure requirements in this item are confusing. They explained that beneficiary groups are not “available” to subscribers since subscribers don’t select a group for their beneficiary to join, but rather a beneficiary is assigned to a particular group based on their age. They suggested that this item could instead be used to describe how maturity date and year of eligibility are determined for a subscriber’s plan and how they can be changed by the subscriber.	We agree and have re-worded the requirements in this Item so that it is clearer that the disclosure is focused on how the maturity date and beneficiary group are determined for a subscriber’s plan. Changes to a plan are required to be disclosed under a separate Item in Part C.

<b>Item 6 – Eligibility and suitability</b>			
<b>6.1 Eligibility and suitability</b>	<b><i>Duplicates other disclosure in the prospectus</i></b>	One commenter told us that the disclosure required in this Item is similar to disclosure elsewhere in the prospectus.	We have amended this Item so that it no longer duplicates disclosure elsewhere in the Form.
	<b><i>Description of suitability</i></b>	<p>One commenter expressed concern that the disclosure of suitability for the plan required in this Item could be viewed as making subjective value judgements about potential subscribers. The commenter also expressed concern that this disclosure could potentially usurp the role of sales representatives in providing advice to subscribers about the suitability of a particular plan for their needs.</p> <p>On the other hand, an investor advocate commenter recommended that the requirements of this item also include specific disclosure about alternative investments to scholarship plans for education savings. The commenter further suggested that we include a requirement that the salesperson discuss other types of education savings plans or investments with prospective subscribers.</p>	<p>We do not propose to change or eliminate this requirement. This Item only requires a brief description of the characteristics of an investor for whom a plan may be suited, and is similar to the suitability disclosure required of mutual funds in NI 81-101. We also note that this disclosure is similar to disclosure that scholarship plans presently provide in their prospectuses.</p> <p>We do not propose to make this change. We do not believe it would be appropriate to require the prospectus for a scholarship plan to provide specific disclosure about other types of investments.</p> <p>Including a requirement for sales representatives to discuss other types of education savings plans with prospective investors is beyond the scope of this project.</p>
	<b><i>Item 6.1 – Instructions</i></b>	<p>One commenter told us that the requirement in the instructions to indicate the level of investor risk tolerance was an example of what they believe is the undue emphasis on risk in the Form.</p> <p>The commenter also asked us to clarify the requirements in the instructions regarding plan suitability and whether a plan is an appropriate investment for a particular subscriber/beneficiary or not.</p>	We have removed the instruction requiring disclosure of the level of risk tolerance from the Form. We have also amended the instructions to clarify that the disclosure required in this Item must align with the disclosure provided under (now) Item 4 of Part A of the Form.
<b>Item 7 – Summary of eligible studies</b>			
<b>Item 7.1 – Summary of eligible studies</b>	<b><i>Item 7.1(2) – List of institutions or programs</i></b>	A number of commenters told us that the information necessary to complete the table in this item will	We agree with these comments and have removed the prescribed

		<p>make the table unnecessarily lengthy and confusing for subscribers and will not help them to better understand the disclosure.</p> <p>We were also asked for guidance on what is to be included in the “What else to consider” column in the table.</p> <p>Another commenter told us that while they support the intent behind requiring a listing of all programs eligible for EAPs, they were concerned that the requirements of this item exceed those of other products that are eligible for RESPs, but which comply with similar federal requirements for EAPs.</p> <p>They also expressed concern that the format of the table makes it difficult to complete accurately as there may be various exceptions for each type of institution or program under the <i>Income Tax Act</i> or the rules of the plan. The commenter suggested that the disclosure should instead require an explanation of what determines an eligible program and provide examples of the types of programs that will and will not qualify.</p>	<p>table in this Item. The revised Item focuses on providing a description of the types of programs that qualify as eligible studies for the plan, as well as a description of programs that do not generally qualify, instead of providing a detailed list. However, if a provider does have a detailed list of each program and institution that would qualify as eligible studies, the revised Item would require the provider to disclose that such a list is available to investors on request.</p>
<b>Item 8 – Deadlines</b>			
<b>8.1 –Missing deadlines</b>	<b>8.1(1) – Prescribed warning</b>	<p>Two commenters told us that the statement in the prescribed warning that missing deadlines could cause a subscriber to lose the earnings on their investment is misleading since that is not necessarily the case. They asked that we remove that wording from the warning.</p>	<p>As part of the revisions to eliminate duplicative disclosure requirements, we have eliminated this Item. The deadlines that were described in the tables are included in the Items in the Form describing the matters to which those deadlines pertain, where they would have more direct relevance to investors.</p>
	<b>8.1(2) – Key deadlines table</b>	<p>One commenter suggested adding a timeline in the disclosure required in this item so that subscribers can quickly find the relevant information.</p> <p>Two other commenters, however, told us that this table seemed out of place in this Part and repeated other disclosure in the prospectus. They also told us that the table may be more appropriate in the risk factors disclosure in Part C.</p>	

<p><b>Item 9 – Investment objective</b></p>			
<p><b>9.1 – Investment objectives</b></p>	<p><i>Move description of investment objectives and fundamental features elsewhere in the Form</i></p>	<p>One commenter suggested moving this item to Part B since all of the plans have the same investment objective. The commenter also suggested moving any description of a plan’s fundamental features to the beginning of the plan’s Part C disclosure.</p>	<p>We agree with this comment. Parts B and C have been revised such that if the plans offered in a multiple prospectus all have the same investment objectives and strategies, they will only have to be described once in Part B of the prospectus. If the plans offered have different investment objectives and strategies, they would have to be disclosed separately in each Part C section for the respective plans in the prospectus.</p>
	<p><i>Item 9.1(3) and (4) – Describe if the plan guarantees or ensures protection of principal</i></p>	<p>Two commenters expressed concern with the requirements to include enhanced disclosure of whether plans guarantee or ensure protection of principal. They told us that the concepts are very different, as “guarantee” suggests a formal, contractual and legal arrangement, while “ensure protection of principal” is more of an investment strategy. The commenters told us that the required disclosure in Items 9.1(3) and 9.1(4) suggests that the concepts are similar.</p> <p>One of the commenters suggested that the requirement in Item 9.1(3) to add disclosure to the investment objectives only apply where a plan actually provides a formal guarantee of principal protection.</p> <p>Another commenter suggested that we re-consider the requirements of Item 9.1(4).</p>	<p>We agree and have amended the requirements in this Item (now Item 7.4(4)) so that the disclosure is only required if the plan purports to arrange a guarantee or insurance of some or all of a subscriber’s contributions to a plan, consistent with similar disclosure required of other investment funds.</p> <p>We have removed the former Item 9.1(4) from the Form.</p>
<p><b>Item 10 – Investment strategies</b></p> <p><b>Item 11 Overview of the sector(s) that the scholarship plan invests in</b></p>			
<p><b>10.1 – Investment strategies, 11.1 – Specific investments, 11.2 – Investment restrictions</b></p>	<p><i>Repeats information already in Part B</i></p>	<p>One commenter told us that the required disclosure in Items 10 and 11 is similar to disclosure already required in Part B and should be moved to Part B.</p>	<p>We agree and have amended the requirements in Part B and C so that this disclosure only needs to be provided once in Part B if this disclosure would be substantially similar for each plan offered under a multiple prospectus. If not,</p>

			then this disclosure will have to be provided separately under each plan's Part C disclosure.
<b>Item 12 – Risks</b>			
	<b><i>Repeats information already in Part B</i></b>	Two commenters suggested deleting Item 12 because it repeats similar disclosure required under Part B and is therefore unnecessary.	We agree and have amended the requirements in Part B and C so that disclosure regarding investment risk only needs to be provided once in Part B if this disclosure would be substantially similar for each plan offered under the prospectus. If not, then this disclosure will have to be provided separately under each plan's Part C disclosure.
<b>12.1 – Investment risk</b>	<b><i>Item 12.1(6) – Description of series or class risk</i></b>	One commenter asked for clarification on what is required to be disclosed in this item under “series or class risk”, specifically the definition of “class” or “series” in reference to the plans.	As noted in the response to comments in Part B, the required investment risk disclosure has been changed to be more flexible. Disclosure of risks that are inapplicable to a plan is not required. For example, if a plan does not offer more than one series or class of securities within the same plan or investment funds (like a mutual fund with multiple series of the same fund) then “class or series risk” will generally be inapplicable to that plan.
	<b><i>Item 12.1(7) – Disclosure of large holdings</i></b>	One commenter asked that we clarify how current the required disclosure of large holdings should be in the prospectus.	As stated in the Form (now at Item 10.1(4) of Part C), the disclosure must be current as of the date of the prospectus and pertains to holdings during the period up to 12 months before the date of the prospectus.
<b>12.2 – Plan risks</b>	<b><i>Item 12.2(7) – No government guarantees</i></b>	One commenter told us that the prescribed wording in this item regarding lack of government guarantees may be discriminatory because other types of investment funds or mutual funds are not required to provide similar disclosure. The commenter told us that this disclosure implied that scholarship plans have a higher level of risk than other types of investment funds. They said that this disclosure may direct potential subscribers to RESP products that	This disclosure is now located only in Part B under “Risks of investing in a scholarship plan”. Please see our response to Item 7.1(8) of Part B above.

		are protected under CDIC. The commenter suggested removing the comparison to bank accounts or guaranteed investment certificates.	
<b>Item 13 – Making contributions</b>			
<b>Item 13</b>	<b><i>Change location of item within Part C</i></b>	One commenter told us that information about making contributions should be made available to subscribers earlier in the prospectus and suggested moving this item to follow immediately after Item 8 of Part C.	We do not propose to make this change. We continue to believe that information about contributions should be located after investors have been provided with information regarding the nature of the investment they are considering.
	<b><i>Item 13.1(2) – Your purchase options</i></b>	One commenter told us that the disclosure in this item is similar to disclosure required under Item 13.1(1) of Part B and proposed that we remove the similar disclosure from Part B. The commenter also questioned why there is a requirement to include a cross-reference to Item 1.3(11) in Part A of the Form.	We agree with this comment and have revised Parts B and C to reduce overlap. Part C will now require specific information about contribution options available to subscribers.
	<b><i>Item 13.1(3) – What is a unit?</i></b>	<p>A few commenters told us that it wasn't clear in the Form what is required under this item. They also suggested that the required disclosure describing the units of the plan was not necessarily relevant to investors.</p> <p>They also suggested removing the requirement to compare units of one plan to another since providers will be unable to comply with this requirement without access to confidential, proprietary information about their competitors.</p>	<p>We propose to keep the requirement to describe what a unit is. Securities of most scholarship plans, particularly group plans are sold in "units" or portions of units. It is important for investors to understand what purchasing a unit means in respect of their investment.</p> <p>We agree with this comment and have deleted this requirement.</p>
	<b><i>Item 13.1(5) – Purchase price table</i></b>	A few commenters told us that the information required under this item is already provided in the contribution tables that the plan providers produce. The commenters noted that the table in this item does not include a column for subscribers who make annual contributions to a plan. They suggested either eliminating and replacing the table with the contribution tables already prepared by the plans, or modifying the table to include all contribution options	We agree with these comments. Part C has been revised so that issuers will be required to prepare a contribution table outlining all of the available contributions options and the cost per unit under each option in Item 12 for each plan offered under the prospectus (where applicable). This is similar to the contribution schedules currently

		<p>available to a subscriber, including annual contributions.</p> <p>They also told us that it would be more accurate for the prescribed wording before the table to refer to a “contribution schedule” rather than saying a subscriber pays for units, and amending the wording accordingly.</p>	<p>presented by group plans in their prospectuses. Part D of the Form has also been revised so that the contribution tables are no longer to be included in that part.</p>
	<p><b>Item 13.1(6) – How to determine price per unit</b></p>	<p>A few commenters suggested that we only require plans to disclose the contribution per unit before fees are deducted because the table could get very complicated if the required disclosure was net of fees.</p> <p>One of these commenters also told us that requiring disclosure of the price per unit based on the “typical” age of a beneficiary at time of purchase is overly complex and of limited value to investors, unless the purchase is being made at this “typical” age used for making the calculations. The commenter suggested eliminating the table or simplifying it to only include required contributions per unit for beneficiaries under a year old, at 5 years old and at 10 years old.</p>	<p>We agree and have made this change with respect to the price per unit. The contribution schedule in Part C will present the amounts a subscriber has to contribute under the plan to pay for a unit.</p> <p>We agree and have eliminated this requirement. Instead, the Form has been amended to require two examples to be provided to assist an investor in understanding the contribution table: choosing the monthly contribution option for a beneficiary who is a newborn, and choosing the annual contribution option for a beneficiary who is five years old.</p>
<p><b>13.2 – Missing contributions</b></p>	<p><b>13.2(1) – If you have difficulty making contributions</b></p>	<p>The industry commenters told us that the prescribed wording was overly negative and misleading since it does not allow for a proper explanation of what happens when a contribution is missed or describe the options available. For example, a missed contribution will not always be costly. One of these commenters added that the prescribed wording does not adequately explain why missing a contribution can be costly.</p>	<p>We do not agree that the prescribed wording is overly negative. Additionally, we note that this Item presently allows plan providers to explain the options available in the event a contribution is missed under subsection (5) of (now) Item 12.2.</p>
<p><b>Item 14 – Fees</b></p>			
	<p><b>Combine with Item 13</b></p>	<p>One commenter suggested that we combine the disclosure required under Item 14 with Item 13 as it includes much of the same information.</p>	<p>We do not agree that disclosure about making contributions to a plan (now Item 12) and the fees and expenses associated with an investment in a plan (Item 14) includes the same information. We continue to believe these should be separate and distinct Items within the Form.</p>



<p><b>14.1 – Costs of investing in this scholarship plan</b></p>	<p><b>14.1(2) – Table of fees deducted from contributions</b></p>	<p>One commenter suggested renaming two of the fees referred to in the table to more accurately reflect what they represent. Specifically, the commenter suggested changing “sales charge” to “enrolment fee” to reflect that the fee may include more than just the sales transaction, such as distribution costs and other costs. The commenter suggested changing “processing fee” to “account maintenance fee”. The commenter also suggested allowing some flexibility in the description to ensure that the fees for each plan provider are accurately described.</p> <p>We were told by commenters that the discussion of how the sales charge is applied is very simplistic and deserves more explanation. They also suggested that more detailed descriptions of the fees be permitted.</p> <p>Another commenter suggested removing the last sentence of the prescribed wording preceding the table, which refers to fees reducing returns, because it is biased.</p>	<p>We do not propose to make these changes. We continue to be of the view that the required description of each fee will ensure that its purpose is made clear. One reason for using common terminology for these fees is to help investors compare and contrast the fees and expenses associated with each plan. The name selected reflects that the charge is tied directly to the sale of securities of the plan. If the sales charge includes more than the sales commission paid to the sales representative, we note that the general instructions to the Form permit a plan to amend prescribed wording to ensure accuracy.</p> <p>With respect to the processing fee, we agree and have amended the instructions to require that the issuer give a description of the fee.</p> <p>We do not propose to make this change. References to fees reducing returns are widely used in the context of an investment in an investment fund and accordingly, we do not agree with this comment.</p>
	<p><b>14.1(3) – Allocation of sales charges between the dealer, sales representative and other parties</b></p>	<p>A few commenters suggested removing this item from the Form. They told us that information about the allocation of the sales charge among the sales representative, principal distributor and any other party more appropriately belongs in a Relationship Disclosure Document provided under NI 31-103 and not in a prospectus designed to disclose product details. They also said that requiring this disclosure is unwarranted and imposes a higher standard of disclosure on scholarship plans compared to mutual funds, which are not required to make similar disclosure when the dealer is integrated with the fund manager.</p>	<p>We agree and have deleted this requirement.</p>

		We were told by a different commenter that subscribers do not need this kind of internal information to help choose a plan that best suits them. They suggested removing it from the Form.	
	<b>14.1 (4) – Describe how fees are deducted</b>	A few commenters told us that they were unclear about what is required under this item. Nonetheless, they suggested including it in the table required in Item 14.1(2), rather than as separate disclosure.	We have clarified this requirement to refer to how a particular fee is calculated (i.e. \$X per unit, etc.) and to require a description of how it is charged (such as the manner in which sales charges are deducted in a group plan). We have also clarified that this information is to be included directly in the table.
<b>14.2 – How fees affect your contributions</b>	<b>Necessity of disclosure</b>	We were told by one commenter that the required information in this Item about how fees affect contributions is not relevant because the sales charges are proportional to the number of units purchased by a subscriber.	We have deleted this Item from the Form. The disclosure was intended to highlight that in some plans, the manner in which certain fees, in particular sales charges, were deducted would result in a smaller portion of a subscriber’s contributions being invested in the plan in the early years of the investment.
	<b>14.2(2) – Higher fees in the early years</b>	<p>A few commenters told us that the subheading “higher fees in the early years” was unduly negative and potentially misleading because fees are not necessarily higher in the early years, but rather their <i>impact</i> is higher. This is because the largest portion of the fee is deducted in the early years of the plan. They suggested changing the title of the subheading.</p> <p>A number of commenters also told us that it may not be possible to precisely calculate the number of years required to pay off the sales charges, as suggested in the prescribed wording to this Item. That number will depend on different factors, such as the age of the beneficiary, the number of units purchased and the contribution frequency selected. These commenters were concerned that including an “approximate” number of years without explaining the assumptions behind that number could be misleading to investors.</p> <p>One of these commenters added that some fees are paid directly by subscribers and not out of contributions, so the requirements of this item should take that into consideration.</p>	<p>However, we recognize that the table that was required in Item 14.2 may be confusing for investors, partially due to the various assumptions required to be made, and that the purpose of the disclosure in that table might not be clear as a result.</p> <p>Instead, we have changed this Item to require a sidebar statement near the Fees table to provide a simple example of how long it would take to pay off a sales charge that is deducted at a higher rate from initial contributions and the impact of the method of deduction on initial contributions made by a subscriber. The example is based on the purchase of one unit, paid for on a monthly basis, for a beneficiary who is a newborn.</p>

<p><b>14.3 – Transaction fees deducted from your contributions</b></p>	<p><b><i>Prescribed language</i></b></p>	<p>Two commenters told us that the prescribed wording before the table in this item is not completely accurate in all cases. They suggested changing the wording to “the following fees will be charged for the following transactions”. They also suggested adding a column to the table that lists where the fee comes from (i.e. contributions, plan assets). They suggested adding an instruction allowing any fees listed in the table that are not applicable to a particular plan to be excluded from the prospectus.</p>	<p>We agree and have revised this Item (now in Item 14.4). The general instructions to the Form permit a scholarship plan to exclude any prescribed disclosure that is not applicable to the plan.</p>
<p><b>14.4 Ongoing plan expenses</b></p>	<p><b><i>Similarities with items 15 and 16</i></b></p>	<p>One commenter suggested combining Item 14.4 with Items 15 and 16 in Part C as there are many similarities among these Items.</p>	<p>We recognize that there may be some overlap in these Items, but we note that the disclosure in Items 15 and 16 is more focused on fee refunds and the procedures and the conditions that must be met for making changes, respectively, than on the fees themselves.</p>
	<p><b><i>Fees as dollar amounts versus percentages</i></b></p>	<p>One commenter told us that the requirement in this Item to show the share of fees paid on a \$2,500 investment by a subscriber may be difficult to comply with. For example, some fees, such as investment counsel or administrative fees, are variable amounts based on assets under management and are not stated as a fixed dollar amount.</p>	<p>We agree and have deleted this requirement.</p>
<p><b>Item 15 – Refund of sales charge and other fees</b></p>			
<p><b>15.1 – Refund of sales charges and other fees</b></p>	<p><b><i>Clarification on requirements</i></b></p>	<p>One commenter asked us to provide examples of the types of arrangements contemplated in this Item.</p> <p>An investor-advocate commenter suggested mandating clearer disclosure about upfront fees and including a table in this Item that requires plans to show the results for the “refund of fees” if a subscriber withdraws at an early stage, a late stage or holds until maturity. This table should also show total upfront fees paid, include adjustments for inflation, and compare this to the investment of</p>	<p>We have clarified the requirements of this Item (now Item 14.6) so that the disclosure is focused on arrangements by which certain fees paid by a subscriber can be refunded.</p> <p>We do not propose to make this change. We understand that each scholarship plan that offers fee or sales charge refunds typically ties refunds to a plan reaching maturity and qualifying for EAPs. Accordingly, the suggested table would not provide any additional information for investors. Additionally,</p>

		such fees for the same period, at a benchmark rate. The commenter told us that such a table would show the relative amount of fees that are refunded and how that refund would compare against an investment in an RESP that did not have a similar fee structure.	including information about the effect of inflation and the investment of fees at a benchmark rate would entail assumptions that in our view would result in a table that is overly complex.
	<b>Clarification on instructions</b>	<p>One commenter suggested changes to some of the requirements under instruction (2) of this Item, for example:</p> <ul style="list-style-type: none"> <li>the information in paragraph (e) is best expressed as a percentage of subscribers whose plans have matured and closed and who have received the full refund historically. We were told that reporting this information in the manner specified in the instruction could result in the final number being understated,</li> <li>in paragraph (f), plan providers should also be required to provide an actuarial certification confirming that they have the ability to provide for a future refund of sales charges and other fees, and</li> <li>the requirements in instruction (2) should be expanded to also require disclosure in Item 15 of funding sources for the refund of sales charges, the frequency of actuarial validation, any sales charge deficit funding schedules, and the strategies in place by the plan sponsor to increase funding as needed.</li> </ul> <p>A few other commenters suggested removing paragraph (g) from the instructions since it is not clear how a refund of sales charges affects other subscribers.</p>	<p>As part of the amendments to this Item, we made a number of changes to these disclosure requirements as follows:</p> <ul style="list-style-type: none"> <li>The Form no longer requires the information formerly found in paragraph (e) of that instruction.</li> <li>We have retained the disclosure formerly required in paragraph (f) but do not propose to require actuarial certification of the funding of these amounts at this time.</li> <li>We have revised this Item to require disclosure of the sources of funding for each fee refund (similar to the disclosure required in respect of discretionary payments). An issuer may include information about funding strategies under this Item.</li> <li>We have deleted the requirement in paragraph (g).</li> </ul>
<b>Item 16 – Changes</b>			
	<b>Disclosure in the item may require undue speculation</b>	A few commenters expressed concern with the parts of this Item that require plan providers to describe the circumstances that may prompt a subscriber to make various changes to a plan. They were concerned that this would require undue speculation about a subscriber’s circumstances, which is not appropriate for a prospectus	We have deleted this requirement from the Item (now Item 15 of the Form).

		document. It is also unreasonable to expect plan providers to provide disclosure that would encourage a subscriber to move to another provider's plans. They suggested removing this disclosure from the Form.	
<b>16.1 – Changing purchase options</b>	<b><i>Meaning of purchase option</i></b>	Two commenters asked us to clarify what “purchase option” refers to in this Item.	This was intended to refer to the different options for making contributions (i.e., monthly, annual, etc). We have changed the title of this section to “Changing contributions” to make this clearer.
<b>16.2 – Changing the year of eligibility</b>	<b><i>Change order of item with 16.3</i></b>	One commenter suggested changing the order of the headings so that <i>Item 16.3 – Changing the Maturity Date</i> precedes Item 16.2, since that better follows a plan's lifecycle.	We have made the suggested change (now Items 15.2 and 15.3 of Part C).
<b>16.6 – Death or disability of the beneficiary</b>	<b><i>Combine with 16.5</i></b>	This same commenter also suggested adding the disclosure in Item 16.6 to Item 16.5 as an additional circumstance that could lead to a change in beneficiary, rather than as a separate category of changes to a plan.	We do not propose to make this change, because the death or disability of a beneficiary will not necessarily result in a change of beneficiary.
<b>Item 17 – Payments to subscribers/beneficiaries</b>			
<b>17.2 – Payments to beneficiaries</b>	<b><i>Use of the term “educational assistance payment”</i></b>	One commenter suggested that we not require plans to only use the term “educational assistance payments” to refer to payments described in this item, since different plan providers may not use this term to refer to the same thing.	We note that the term “EAP” is defined in the glossary in Part B and is required to be used by all scholarship plans in respect of payments from a plan for a beneficiary's education, so the meaning will not be different.
	<b><i>17.2(3) – Differences in eligibility criteria for EAPs</i></b>	A few commenters told us that plans should not be required to provide the disclosure required under this Item since plans are not required to have the same eligibility rules as government grants for receiving payments from the plan. They also told us that subscribers will not understand this disclosure and will perceive it negatively. They suggested instead that the prospectus disclose the government rules and then any additional plan-specific rules.	We have deleted this requirement from the Form. The Form will now only require the issuer to disclose whether it has more restrictions on the types of educational programs that qualify for EAPs than what is permitted for RESPs under the <i>Income Tax Act</i> (see Item 6.3 of Part C).
	<b><i>17.2(4) – If your beneficiary does not enrol in eligible studies</i></b>	Two commenters told us that the first sentence in the prescribed wording in this Item is unduly negative and could be misleading	We have deleted this statement from the Form. We have also removed the requirement to prepare a

		<p>because the plans are not required to have the same rules as government programs. They suggested removing that sentence and replacing it with wording that states that “In addition to the current income tax provisions, the plan has specific requirements for beneficiaries to qualify for EAPs”.</p> <p>One of the commenters also told us that they did not understand why the table in this Item includes the options to “Cancel your plan” or “Transfer to an RESP with another provider”. The commenter told us that those two options would likely never be recommended in the case of a beneficiary who does not go to a qualifying school or program.</p>	<p>table with specified options. Instead, the prospectus will require issuers to outline each available option in this circumstance.</p> <p>We do not propose to make this change. The purpose of the disclosure requirement is to describe all of the available options in this circumstance, so that investors have complete information, rather than just the options that the plan would likely recommend.</p>
	<p><b>17.2(5) – If your beneficiary does not complete or advance in eligible studies</b></p>	<p>A few commenters told us that the prescribed disclosure in this Item fails to mention other options that may be available if a beneficiary doesn’t complete or advance in their studies. They suggested giving plan providers flexibility in the Form to disclose all available options.</p> <p>These commenters also told us that the prescribed disclosure about beneficiaries that failed to collect some or all of their EAPs was negative and unfairly skewed, and would not be useful or relevant to subscribers.</p>	<p>We have made the suggested change (see Item 19.5 of Part C).</p> <p>We have deleted the last paragraph of the prescribed disclosure in this Item as recent information regarding EAP collection history can be found in Item 22.3 of Part C.</p>
	<p><b>17.2(7) – Payments tailored to programs of less than four years</b></p>	<p>Two commenters asked us to clarify how this disclosure should be calculated and were unsure of its relevance.</p>	<p>We have clarified this Item to require a group scholarship plan to disclose whether beneficiaries will receive less than the maximum total amount of EAPs based on the number of years of eligible studies. We also added a requirement for the plan to disclose the duration of eligible studies that would qualify for the maximum total amount of EAPs under the plan and to disclose the percentage of the maximum total amount of EAPs payable for a program of less than four years (a reduced program) if the amount of EAPs payable for a reduced program is less than the maximum total amount of EAPs. For</p>

			<p>example, for a group plan under which a beneficiary must attend four years of eligible studies in order to receive four equal payments for each year of study (the total of the four payments being the maximum total amount of EAPs under the group plan), if the group plan offers an EAP payment option tailored to reduced programs that pays three EAPs that add up to 95% of the maximum total amount of EAPs, after a discount rate has been applied, the group plan will be required to disclose that a beneficiary who selects this EAP payment option will receive 95% of the maximum total amount of EAPs.</p>
<p><b>17.3 – Calculation of payments</b></p>	<p><i>Level of detail</i></p>	<p>One commenter told us that the information required for this item is redundant and would be too detailed relative to what subscribers need to know for making an informed decision.</p>	<p>We do not propose to make this change. We believe that it is important for investors to understand how EAPs that may be received by their beneficiaries are funded.</p>
<p><b>17.4 – Historical Payment of EAPs</b></p>	<p><i>17.4(1) – Sources of EAP money table</i></p>	<p>One commenter suggested that the table showing the composition of EAPs should also require providers to include all component parts of an EAP, such as discretionary payments, or state that the table only refers to a subset of all sources.</p> <p>The commenter also noted that the prescribed introductory wording refers to payments over the past five years, yet the table refers to “year of eligibility for the beneficiary group” which is a different thing. The commenter suggested modifying one or the other to make them consistent.</p> <p>Another commenter told us that it is not clear from the Form which cohorts are to be used, which makes completing the table difficult. The commenter also asked that the row titled “income from cancelled</p>	<p>We have amended the table to only refer to payments of earnings from the EAP account, which does not include discretionary payments.</p> <p>We have also clarified the description of the table to be clearer as to which beneficiary groups are to be referred to in the table. The table is intended to show the breakdown of income in the EAP account for each of the five beneficiary groups that most recently reached their year of eligibility, and not payments made to all beneficiary groups in each of the past five years.</p> <p>We kept the name of the row. We continue to believe that “Income from cancelled plans” better and more intuitively describes the source of money for the</p>

		plans” be changed to the more neutral-sounding “attrition”.	EAP account and is a neutral term.
	<b>17.4(2) – Table of past payments of EAPs</b>	One commenter noted that the introductory language refers to payments over the past five years, yet the table refers to “year of eligibility for the beneficiary group”, which is a different thing. The commenter suggested modifying one or the other to make them consistent.	We have made the suggested change. We clarified this Item to refer to money from the EAP account paid annually to each of the five beneficiary groups that most recently reached their year of eligibility.
	<b>Item 17.4, Instruction (1)</b>	This same commenter told us that it would be misleading to not include discretionary payments in the EAP table, as required in the instructions because those amounts do form part of the EAPs made by the group plans.	We have amended this table to refer only to payments from the EAP account, which does not include discretionary payments. We note that the definition of “EAPs” in the glossary in Part B of the Form does not include discretionary payments. Historical discretionary payments are required to be presented in a separate Item in the Form.
<b>Item 18 – Discretionary payments to subscribers and beneficiaries</b>	<b>Applicability of this item to plans that don’t make discretionary payments</b>	One commenter told us that the disclosure in this Item should only be required for plans that make discretionary payments, and that this should be made clear in the Form.	Plans that do not make discretionary payments will not be required to complete this Item. We note that the general instructions to the Form state that a plan does not need to complete Items that are not applicable to it.
<b>18.1 – Discretionary payments to subscribers and beneficiaries</b>	<b>18.1(7) – Sustainability of future discretionary payments</b>	One commenter told us that if plans are required to disclose the future sustainability of discretionary payments under this Item, the Form should also require some form of third party certification of sustainability.  However, another commenter expressed concern about requiring disclosure of the future sustainability of payments that are entirely discretionary. This could imply some form of guarantee or promise of these payments in the future. The commenter suggested removing this Item.	We have deleted this requirement.
<b>18.2 – Historical payment of discretionary amounts</b>	<b>Item 18.2(1) – Amount of discretionary payments</b>	One commenter noted that the introductory language in Item 18.1(1) refers to payments over the past five years, but the table in Item 18.1(2) refers to “year of eligibility for the beneficiary group”, which is a different thing. The commenter	We have made the suggested change. We clarified that the table is intended to refer to the five beneficiary groups that most recently reached their year of eligibility.



		suggested modifying one or the other to make them consistent.	
	<b>Item 18.2(2) – Table of historical discretionary payments</b>	<p>One commenter told us that it would be difficult to provide the required information in this Item, since it does not track discretionary payments by beneficiary group. We were told that it would be possible to disclose discretionary payments according to a specific period instead.</p> <p>However, other commenters suggested presenting the information in the table on a per unit basis, similar to the table in Item 18.1</p>	<p>We have amended the requirements of this Item (now Item 21.2) to require disclosure of discretionary payments to be provided on a per unit basis for the five beneficiary groups that most recently reached their year of eligibility. We understand that plan providers have records of the total amount of funds used to make discretionary payments in each year and the total number of units for each beneficiary group. Therefore, we believe that plan providers will be able to provide this information in the required form.</p>
<b>Item 19 – Accumulated income payments</b>			
<b>19.1 – Accumulated income payments</b>	<b>Not applicable to group plans</b>	<p>One commenter reminded us that accumulated income payments are not applicable to group plans and that the Form requirements should ensure that this is clear.</p>	<p>We understand that this is not necessarily the case, as some group plans permit subscribers to withdraw earnings on grants as accumulated income payments in certain cases. We note that the general instructions to the Form state that a plan does not need to complete Items that are not applicable to it.</p>
<b>Item 20 – Cancellation and re-registration of a plan</b>			
<b>20.1 Cancellation and re-registration of a plan</b>	<b>Repeats information elsewhere in the prospectus</b>	<p>One commenter suggested deleting Item 20 because the disclosure is already provided elsewhere in the Form.</p>	<p>We have amended Parts B and C so that there is no duplication of this disclosure between those Parts of the Form. This disclosure will now only be provided in Part C.</p>
	<b>Use of the term “re-registered”</b>	<p>A couple of commenters told us that the term “re-register” is not the correct terminology for what is described in this Item. They suggested that we use the term “reinstated”, which is a more accurate description.</p>	<p>We have changed the applicable term to “reactivate”.</p>

<p><b>Item 21 – Specific plan risks attributable to/resulting from subscriber and beneficiary actions in failing to meet the terms of the plan</b></p>			
<p><b>21.1 – Suspension of your plan</b></p>	<p><i>Repeats information elsewhere in the prospectus</i></p>	<p>One commenter suggested deleting Item 21 because the disclosure is already provided elsewhere in the Form.</p>	<p>We agree and have deleted this Item.</p>
<p><b>Item 22 – Attrition disclosure for a plan</b></p>			
<p><b>22.1 – Attrition</b></p>	<p><i>Negative connotation of attrition</i></p>	<p>This same commenter told us that they agree with having attrition discussed as a separate Item in the Form. However, they suggested moving the discussion earlier in the Form, as it is a fundamental feature of group plans. The commenter also told us that the prescribed disclosure about attrition in this Item, and the Form generally, is negative and one-sided. The commenter also recommended only using the term “attrition” in the Form, instead of interchanging it with “income from cancelled units”.</p>	<p>We do not propose to change the location of the discussion about attrition in the Form. It is located just after disclosure about payments from a plan, which we believe is appropriate given that attrition impacts the level of those payments.</p> <p>We do not agree that the disclosure in this Item or the Form generally, is negative and one-sided. The Form requires a plain language explanation of what attrition means and the impact of attrition on the amount that may be received by beneficiaries.</p>
	<p><b>22.1(2) – How attrition affects contributions</b></p>	<p>A few commenters told us that attrition does not affect contributions, but rather the amount of EAPs paid to beneficiaries. We were also told that the statement “you will not get back any earnings” can be misleading if there is no explanation. They said that plan providers must be allowed to explain, for example, how in these circumstances, earnings could have already been partially paid to a beneficiary as part of an EAP and the eligibility for earnings on grants as an AIP if a plan is cancelled.</p> <p>One of the commenters noted that in all circumstances where a plan is cancelled, a subscriber will receive their contributions, less fees. They suggested replacing the prescribed</p>	<p>We have clarified that attrition impacts the level of EAPs, rather than contributions, and that a subscriber may withdraw earnings on grants as an AIP, if applicable.</p> <p>We note that there is a separate Item in the Form that specifically discusses AIPs including eligibility for receiving one. We would expect disclosure about the availability of AIPs in a group plan to be discussed in that Item. Item 22 is intended to be focused on explaining attrition and its impact.</p> <p>We note that the proposed Item 22.1(1) provides general disclosure about the circumstances that result in pre- and post-maturity</p>

		disclosure in this item with a requirement to discuss the factors that contribute to pre- and post-maturity attrition.	attrition.
<b>22.2 – Pre-maturity attrition and payments to beneficiaries</b>	<b>22.2(1) – Loss of income from cancelled units warning</b>	One commenter suggested that the warning about loss of income from cancelled units at the beginning of this Item was superfluous and should be removed.	We have removed the warning language. The prescribed wording now explains the attrition table that immediately follows it.
	<b>22.2(2) – Pre-maturity attrition table</b>	<p>Some commenters noted that the mandated table in this Item is already disclosed in the financial statements of the plans. They added that the table is also far too dense and complex to assist a subscriber’s understanding of the information. The commenters instead suggested that we just require providers to include a cross-reference to this table in the financial statements and provide an explanation of why the information may be important.</p> <p>Another commenter told us that this table was unnecessary since a subscriber cannot choose their cohort and that its presence only complicates the prospectus. The commenter suggested removing the table. They added that they do not see the relevance to subscribers of providing attrition information by cohort.</p> <p>A third commenter, however, suggested that for the purposes of this table, pre-maturity drop-out rates should be calculated by maturity-date cohorts and that the size of the cohort be measured by all plans that at some point entered into the cohort. The risk of failing to get an EAP would then be measured by dividing the number of plans that failed up to the final year before maturity, by the size of the</p>	<p>We continue to believe that information about attrition rates in a plan is important for investors and should be included in the prospectus. Since the financial statements are to be delivered on request under the proposed amendments to NI 41-101, we do not believe it is sufficient to simply include a cross-reference to these tables in the prospectus. Accordingly, we do not propose removing attrition tables from the prospectus. However, we have simplified the table to show the percentage of units that have been cancelled and to show the total and per unit income from cancelled units that is available to the remaining units.</p> <p>We continue to be of the view that attrition information should be provided based on “cohorts” or beneficiary groups because the amount that a beneficiary may receive is affected by the attrition rate of the “cohort” they belong to and not the attrition rate of the group scholarship plan as a whole.</p> <p>We agree with this commenter and have structured the table such that it describes attrition by beneficiary group.</p> <p>With respect to the cancellation rate percentage (now in Item 22.2(3), please see our response to comments on (former) Item 1.3(9) in Part A of the Form,</p>

		<p>cohort. This formula could also be used to determine pre-maturity drop-out rates for the prior years. This could be used to determine an average annual drop-out rate. In turn, the risk of not reaching maturity could be determined by adding the failure rates for a cohort for each year up to maturity.</p> <p>Alternatively, this commenter suggested that we could compile the combined drop out rates for each of the plans and require each prospectus to disclose this number, which would be an industry average of sorts. If a plan has a cancellation rate that varies significantly from this “industry average”, the plan could be allowed to explain the differences in the prospectus.</p>	<p>where our proposed methodology is described in more detail.</p> <p>We do not propose to require disclosure of an industry average, as it would require providers to share information that may be confidential in order to prepare the industry average; similarly, it may not be possible for a plan to obtain information to explain why its cancellation rate is significantly higher or lower than the industry average.</p>
	<p><b>22.2(3) – Risk of fees in the event of cancellation or withdrawal of contributions</b></p>	<p>One commenter told us that the prescribed wording in this Item about the impact of cancellation on fees is out of place in a discussion about attrition. They said that the information is already disclosed in other parts of the Form. The commenter added that there was little value in repeating it here, as it just makes the document longer, and suggested removing this Item.</p> <p>We were also told by a few commenters that we should allow plan providers to explain that a cancellation within 60 days of opening a plan results in a full refund of contributions (which may also include income in some cases).</p> <p>They also suggested that the last sentence of the prescribed wording was highly inflammatory and should be deleted.</p>	<p>We have deleted the prescribed wording. Instead, similar information regarding the impact of fees charged at a higher rate to earlier contributions can be found in (now) Item 14.2(2) of Part C.</p>
	<p><b>22.2(4) – If you drop out of the plan</b></p>	<p>Two commenters suggested removing the disclosure in this item because it repeats disclosure in Part C of the Form.</p>	<p>We agree and have deleted the disclosure from this Item.</p>
	<p><b>22.2(5) – Drop-out rate</b></p>	<p>One commenter suggested changing the title “Drop-out rate” to “Cancellation rate” to ensure clarity. The commenter also suggested modifying the required disclosure on historical cancellation rates to 10 years, to align with similar disclosure in the plan summary.</p>	<p>We have now changed the requirement to disclose the “drop-out rate” to a requirement to disclose the rate of plans that did not reach maturity. Please see our response above for item 1.3(9) of Part A on the</p>

		<p>The commenter also suggested removing the category “subscriber reduced units” from the table as it does not result in a subscriber leaving or cancelling a plan.</p> <p>Another commenter suggested combining this table with the table in Item 22.3 by purging it and re-working it with a view to making it clear and user friendly for subscribers. The commenter added that it might be difficult for providers to give the detailed disclosure presently required under this table.</p>	<p>methodology for calculating the average percentage of plans that did not reach maturity.</p>
<p><b>22.3 – Post-maturity attrition and payments to beneficiaries</b></p>	<p><b>22.3(2) – Post-maturity attrition table</b></p>	<p>Two commenters told us that the table in this Item is too complex and will not necessarily provide meaningful information to subscribers. They also suggested that the prospectus include an explanation of why an investor would want to know this information and how to interpret the charts.</p> <p>The commenters also suggested that the only solid information about attrition levels, or percentage of EAPs collected, is for plans that have closed and are no longer eligible for EAPs.</p> <p>One of these commenters asked for clarification on what the category “Deferred and Unclaimed” in the table refers to. They suggested amending that part of the table to simply refer to plans that have closed. The commenter also suggested that it would be more meaningful to base the disclosure on number of units where an EAP is collected, rather than number of beneficiaries who collect EAPs, and proposed amending the required disclosure in the table to reflect this.</p>	<p>The table is intended to present general information about the collection experience of the beneficiaries in the most recent five beneficiary groups that have completed their studies. We believe that the introductory wording to the post-maturity attrition table explains the information presented to investors.</p> <p>We have amended the tables in this Item so that the required disclosure is clearer and easier to understand. The Item now requires disclosure of the percentage of beneficiaries who received the maximum number of EAPs payable under the plan, and those who received fewer than the maximum number of EAPs as at the most recent financial year end of the scholarship plan. The rows in the table are exclusive of each other, for example, beneficiaries in a beneficiary group who received only two out of a maximum of three EAPs cannot also be counted in the group that received one EAP. In this way, the percentages in each column will add up to 100%, which we believe will make the disclosure more meaningful and easier for investors to comprehend.</p> <p>We kept the requirement to use “beneficiaries who</p>

			received EAPs” as the measuring point instead of units that received an EAP, as we believe this provides investors with more meaningful information about the history of EAP collection by participants in the plan.
<b>Item 23 – Annual returns</b>			
<b>23.1 – Performance data</b>	<b>23.1(1) – How the plan has performed</b>	One commenter told us that the prescribed wording in this Item about expenses reducing returns was unfair and should be removed from the Form.	Please see our response to Item 1.3(11) of Part A above.
	<b>23.1(2) – Annual returns table</b>	<p>Two commenters pointed out that that the disclosure requirements of this table are different than what is presently required under National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> (NI 81-106). For example, plans are not presently required to calculate and disclose a plan’s management expense ratio (MER) or trading expense ratio (TER). The commenters suggested changing the Form requirement to adopt the current disclosure requirements of NI 81-106 instead.</p> <p>One of these commenters also noted that the requirement to calculate performance data refers to a National Instrument that does not yet exist. The commenter urged the CSA to include a standard methodology for calculating performance data across the industry in the Form. The commenter suggested that we require the plans to use the AIMR Performance Presentation within the overall Global Industry Performance Standards in the Form.</p> <p>Another commenter expressed concern with how to calculate “performance return”, “management expense ratios” (MERs) and “trading expense ratios” (TERs) in any meaningful way in the Form. They do not believe that these terms have any relevance to someone looking to invest in a scholarship plan. The commenter added that it is not sufficient to just cross-reference to NI 81-106 for the methodology since scholarship</p>	<p>In response to the comments we have changed the disclosure requirement in this Item to conform more closely with the requirements in NI 81-106 as follows:</p> <ul style="list-style-type: none"> <li>• We recognize that scholarship plans are not presently required to disclose the MER or TER in their management reports of fund performance (MRFPs). Therefore, we removed the proposed requirement to disclose MER and TER in the Form. We may consider including this disclosure in future amendments to NI 81-106.</li> <li>• We have clarified that the annual returns in the Form must be the annual returns for the scholarship plan as disclosed in the most recently filed annual MRFP of the plan. In this way, there will be no difference between the annual returns required to be provided for continuous disclosure purposes and the annual returns provided under the prospectus.</li> </ul>

		<p>plans are quite different from mutual funds in terms of what is relevant performance data.</p> <p>Another commenter suggested that that gross annual return, MER and TER should be calculated based on the scholarship plan's total portfolio adjusted for cash flows, which is how plans presently calculate annual return. The commenter added that Item 23.1(2) seems to imply that the difference between gross and net annual return is the total expense ratio (MER + TER), but told us that while this might work primarily if dollar amounts are used, it would not necessarily work if dealing with percentages because of differing calculation methodologies.</p>	
<b>Item 24 – Management discussion of fund performance</b>			
<b>24.1 – Management discussion of fund performance</b>	<b><i>Similar to disclosure in MRFPs</i></b>	A number of commenters told us that this item requires the inclusion of significant portions of disclosure already required in a plan's Management Reports of Fund Performance (MRFPs) under Form 81-106F1. The commenters added that repeating this disclosure in the prospectus will only result in a longer prospectus, without adding any meaningful information for subscribers. They suggested removing this Item.	We agree and have deleted this requirement.
<b>Comments on Part D – Information about the Organization</b>			
<b>General comments</b>	<b><i>Onerous disclosure requirements</i></b>	One commenter told us that the information required in Part D was too onerous for plans and that subscribers would not require this type of internal information about a plan's management to make an informed investment decision about which plan to purchase.	We note that the disclosure requirements proposed for Part D of the Form are substantially similar to what scholarship plans currently are required to disclose under Form 41-101F2.
<b>Item 1 – Legal structure of the Plan</b>			
<b>1.1 – Legal structure</b>	<b><i>1.1(1) – About the plan</i></b>	Two commenters pointed out that scholarship plans are presently organized as trusts and therefore do not have directors, officers and partners. They also do not have shareholders. The commenter suggested revising this Item so that it only refers to the current structure used by the plans.	We do not propose to make this change. The requirements are drafted so that they can apply to different structures that may be used now or in the future. Only applicable disclosure is required to be provided.

<b>Item 2 – Organization and management details</b>			
<b>2.1 – Organization and management details</b>	<b>2.1(3)(h) – Oversight of the manager by the independent review committee</b>	Two commenters told us that the reference in to the IRC having oversight over the fund manager of the plan was not entirely accurate, as it only has oversight over specific conflicts of interest matters referred to it by the manager. The commenters added that the disclosure in this item should more clearly recognize that the Foundation’s board is the body with true oversight over the Foundation and the plan’s fund manager, and that the Foundation is responsible for the governance of the plan.	This subparagraph (which is now in Item 12 of Part B of the Form) only requires disclosure of the nature of the oversight role of the IRC with respect to a plan. This role is generally prescribed under applicable securities legislation.  We have also added a new subparagraph in this Item to require similar disclosure about the foundation or other body that may also have an oversight role with the plan.
<b>Item 5 – The independent review committee</b>			
<b>5.1 – The independent review committee</b>	<b>5.1(2) – Description of other committees with a governance role</b>	The same commenters also told us that the disclosure requirement in this Item should more clearly reflect the role of the plan’s foundation in governance and oversight of the plan.  Another commenter told us that Part D appears to make no provision for the inclusion of arm’s length committees that may play an oversight role with the plans. The commenter suggested that we modify the Form to allow plans to better reflect this.	We have created a new Item 2.3 in Part D for specific disclosure about the foundation, including the names of its directors and executive officers, as well as the foundation’s mandate and responsibilities.  We also note that Item 2.4 requires similar disclosure about any other body or group that has responsibility for plan governance, or plays any kind of oversight role with respect to the plan’s activities.
<b>Item 6 – Remuneration of directors, officers and trustees</b>			
<b>Item 6</b>	<b>6.1(1) – Executive compensation</b>	Several commenters expressed concerns with the requirements for disclosing remuneration of employees. They told us that this item appears to require the same level of disclosure as that of corporate issuers and is a far higher standard of disclosure than that required of mutual funds or other kinds of investments. They were unclear about why or how this higher level of disclosure is warranted. They also told us that this level of disclosure would not be relevant to investors. They suggested deleting or substantially revising this Item to better align with	We have amended this Item (now Item 2.5 of Part D) so that the disclosure is only applicable to employees of the scholarship plan and not those of the investment fund manager or employees of an affiliated entity. This is consistent with the disclosure required of mutual funds in Form 81-101F2 <i>Contents of Annual Information Form</i> (Form 81-101F2).



		<p>disclosure required by other types of investment funds.</p> <p>Another commenter asked us to clarify to which employees of the investment fund manager or an affiliated entity the compensation disclosure requirements in this item are supposed to apply.</p>	
<b>Item 8 – The scholarship plan dealer</b>			
<b>8.2 – Dealer compensation</b>	<b><i>Applicability to scholarship plans</i></b>	<p>Two commenters told us that the required disclosure under this Item appears to be based on similar disclosure requirements for mutual funds, but it may not fit within the context of a scholarship plan that is distributed solely through one affiliated dealer.</p> <p>Another commenter asked us to clarify how the different entities described in this item are defined in the Form.</p>	<p>We do not propose to make this change. It is unclear to us why this disclosure cannot be provided by the plans. We note that mutual funds currently provide similar disclosure, including mutual funds that are distributed solely or primarily through affiliated dealers. We are interested to know why the commenters believe this disclosure does not fit within the context of a scholarship plan that is distributed solely through one affiliated dealer.</p> <p>The general instructions to the Form clarify where terms used in the Form are defined.</p>
<b>Item 16 – Business practices and conflicts of interest</b>			
<b>16.1 – Policies</b>	<b><i>Level of detail required</i></b>	<p>Two commenters questioned the level of detail required in this Item, given that it appears to be similar to requirements in NI 31-103. The commenters added that similar disclosure does not appear to be required for mutual funds and asked us why there are different requirements for scholarship plans.</p>	<p>We kept the proposed requirement. We note that the disclosure required under this Item is also required disclosure for mutual funds under Item 12 of Form 81-101F2.</p>
<b>16.2 – Valuation of portfolio securities</b>	<b><i>Relevance of disclosure</i></b>	<p>One commenter told us that the information about the methodologies used by a plan to value portfolio assets was irrelevant to investors, given the types of investments made by plans and the nature of the plans themselves. They added that the value of a plan's investments at any given time has no bearing on a</p>	<p>We do not propose to delete this Item. The value of a plan's investments is one of the key factors in determining how much will be paid in EAPs. Therefore, how that value is determined is relevant information.</p>

		subscriber's day-to-day experience with a scholarship plan.	
<b>16.4 –Conflicts of interests and 16.5 – Interests of management and others in material transactions</b>	<b>Requirements excessive</b>	One commenter told us that the information required in this Item about proxy voting and conflicts of interest was excessive because a plan may have various bodies that play a role in managing these things for a plan. As well, the commenter reminded us that IRCs already prepare and file annual reports on their activities so this information is already available to investors.	We do not propose to delete this requirement. Disclosure of proxy voting policies is currently required for all investment funds (including scholarship plans) under both Form 41-101F2 and Form 81-101F2. The disclosure requirements proposed under the Form are consistent with the current requirements and are not excessive. We also note that this disclosure is only required where a plan holds voting securities in its investment portfolio.
<b>Item 17 – Material contracts</b>			
<b>17.1 – Material contracts</b>	<b>17.1(a) – Sales agreement or contract</b>	One commenter told us that it is impractical and unnecessary to include and describe the particulars of a subscriber's sales agreement as required in this Item because much of the information in that agreement is already presented elsewhere in the prospectus.	We do not propose to change this requirement. We note that the Instruction to this Item states that particulars for a contract must be provided under this Item only if that disclosure is not provided elsewhere in the prospectus, thereby reducing any duplication of disclosure.
<b>Item 18 – Legal matters</b>			
<b>18.3 – Legal and administrative proceedings</b>	<b>Necessity of disclosure</b>	One commenter told us that this disclosure was similar to disclosure already required under Item 12.1(6) and questioned why it was also necessary in this item.	We agree that some of the disclosure in what was formerly Item 12.1(6) (now Item 2.12) overlaps with the disclosure in what was formerly Item 18.3 (now Item 8.2). We have amended the requirements of Item 2.12 to remove this overlap.
<b>Item 19 – Contribution schedule</b>			
<b>19.1 – Contribution schedule</b>	<b>Move to Part C</b>	A number of commenters told us that the contribution tables in this item should not be included in Part D, which is expected to only be delivered on demand. We were told that these tables are highly relevant and important for investors and should be included in a part of the prospectus that will be delivered to subscribers, such as Part C.	We agree with this comment and have amended the Form so that the contribution tables are now provided in Item 12 of Part C.  We have also amended the requirements for the contribution tables to allow plans to provide one table listing each available contribution option for each
	<b>19.1(3) – Format of the contribution</b>	Several commenters also told us that there is no value in requiring	

	<i>tables in</i>	<p>separate contribution tables for each possible beneficiary group in a prospectus, as required in this Item. They told us that this will result in the prospectus being unnecessarily long and the tables will be unduly complex without adding much value to subscribers. They suggested that the format for contribution tables currently used by the plans should be required instead.</p>	<p>beneficiary group (similar to what is provided in current scholarship plan prospectuses), instead of a separate table for each group. Plans will also be required to give examples to assist investors in understanding how the information is presented in the table.</p>
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<b>Part V – Comments in Response to Questions in the Notice</b>		
<u>Question</u>	<u>Comments</u>	<u>Responses</u>
<p><b>1. We are considering requiring the detailed disclosure set out in the prospectus form under Part C- Plan Specific Information for unregistered education savings accounts. These accounts currently have various names, such as escrow accounts or advance deposit accounts. In our view, these accounts appear to be securities because they evidence the investment contracts. Do you agree with this approach? If not, how should these accounts be disclosed and why?</b></p>	<p>The commenters from the industry did not agree with this approach and told us that these accounts should be disclosed much as they are today, not as separate plans. We were told that these accounts are viewed as a time-limited service for prospective investors who do not yet have a social insurance number, not as a separate plan, and that requiring this level of disclosure would result in additional complexity in the prospectus and increase confusion for investors.</p> <p>However, two investor advocate commenters agreed with the suggestion of a separate Part C for these accounts, on the basis that the disclosure would better protect investors,</p>	<p>After considering the comments, we have decided not to require a separate Part C to be prepared for unregistered education savings accounts that may be offered by a plan provider. Instead, the Form will mandate specific disclosure about these accounts in Part B of the Form, under Item 6, including what happens to contributions made to the accounts.</p> <p>We understand that in each plan where such accounts are offered, they are designed to be available for a limited time until the required SINs can be provided. As most of the Items in Part C disclosure would not apply to these accounts, we determined there would be little benefit in requiring a separate Part C for these accounts. We are of the view that mandating the disclosure in Part B, close to the front of the prospectus, will provide investors with enough information to understand the nature of these accounts, and more significantly, the importance of having SINs available for a scholarship plan investment.</p>
<p><b>2. To make the prospectus document shorter and more accessible for investors, we are considering allowing Part D – Information about the Organization of the Prospectus Form to be made available on request. This is similar to the Annual Information Form for conventional mutual funds. Do you agree or disagree with this approach? Why?</b></p>	<p>There was almost unanimous support for making Part D deliverable on demand.</p> <p>A few commenters also suggested that we go further by only requiring that the Plan Summary be delivered to subscribers and making the rest of the prospectus (Parts B and C of the Form) deliverable on demand. The commenters suggested that they could train sales representatives to clearly explain the purpose of the prospectus and the type of information provided in that document, to help subscribers</p>	<p>We are not proposing to amend the Instrument to permit the disclosure in Part D of the prospectus to be deliverable on demand at this time. Instead, the CSA is open to considering exemptive relief to permit this.</p>

	<p>determine if they want to receive one or not.</p> <p>While not opposed to making Part D deliverable only on demand, one investor advocate commenter wanted to ensure that the Plan Summary would be delivered with Part D if Part D is delivered separately from the rest of the prospectus.</p>	
<p><b>3. We are considering requiring additional disclosure in the Prospectus Form about the trustee of the scholarship plan, including information about the trustee's policies on business practises and conflicts of interest, proxy voting and particulars of existing or potential conflicts of interest related to the scholarship plan. Do you agree or disagree with this approach? Why?</b></p>	<p>Each of the commenters who addressed this question disagreed with this approach. They questioned the benefit to investors of providing this disclosure given that the trustee for a scholarship plan is mostly a bare trustee, like the trustee of a mutual fund and that most of the operational, administrative and governance work performed by the Foundation or the scholarship plan dealer. The commenters told us that this additional disclosure would add considerable length to the prospectus without adding any value to investors.</p>	<p>We agree with these comments and do not propose to require this additional disclosure.</p>

#### Part VI – List of commenters

##### Commenters

- Canadian Foundation for Advancement of Investment Rights
- La Chambre de la sécurité financière
- Children's Education Funds Inc.
- C.ST. Consultants Inc.
- Gestion Universitas
- Global Educational Trust Foundation
- Independent Financial Brokers
- Kenmar Associates
- The Omega Foundation
- RESP Dealers Association of Canada
- Social and Enterprise Development Innovations (SEDI)
- USC Education Savings Plans, Inc.
- Bert Waslander (Economic Consultant)

## APPENDIX D SCHEDULE 1

### PROPOSED CONSEQUENTIAL AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 *General Prospectus Requirements* is amended by this Instrument.
2. **Section 1.1 is amended**
  - (a) **by adding the following definition:**

“Form 41-101F3” means Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* of this Instrument;.
  - (b) **by replacing the definition of “long form prospectus” with the following:**

“long form prospectus” means a prospectus filed in the form of Form 41-101F1, Form 41-101F2 or Form 41-101F3; **and**
  - (c) **by adding the following definition:**

“plan summary” means a document prepared in accordance with the requirements of Part A of Form 41-101F3;.
3. **Subsection 1.2(6) is amended by replacing “in Form 41-101F1 and Form 41-101F2,” with “in Form 41-101F1, Form 41-101F2 and Form 41-101F3,”.**
4. **Section 3.1 is amended**
  - (a) **by replacing “subsection (2) and (3)” with “subsections (2), (2.1) and (3)” in subsection (1),**
  - (b) **by adding “, other than a scholarship plan,” after “investment fund” in subsection (2), and**
  - (c) **by adding the following:**

(2.1) an issuer that is a scholarship plan filing a prospectus must file the prospectus in the form of Form 41-101F3..
5. **The following Part is added after Part 3:**

#### PART 3A: Scholarship Plan Prospectus Requirements

##### Plain language and presentation

**3A.1(1)** A scholarship plan prospectus must be prepared using plain language and in a format that assists in readability and comprehension.

(2) A scholarship plan prospectus must

- (a) present all information briefly and concisely,
- (b) present the items listed in Parts A to D of Form 41-101F3 in the order the items are stipulated in those parts,
- (c) use only the headings and sub-headings stipulated in Form 41-101F3 unless stated otherwise,
- (d) contain only information that is specifically mandated or permitted by Form 41-101F3, and
- (e) not incorporate by reference into the scholarship plan prospectus, information that is required to be included in a scholarship plan prospectus.

(3) A plan summary must

- (a) be prepared for each scholarship plan offered under a scholarship plan prospectus or multiple scholarship plan prospectus, and
- (b) not exceed four pages in length.

#### **Combinations of documents**

**3A.2(1)** Subject to subsection (2), a scholarship plan prospectus may be consolidated with one or more scholarship plan prospectuses to a form a multiple scholarship plan prospectus.

(2) A scholarship plan prospectus must not be consolidated with one or more scholarship plan prospectuses to form a multiple scholarship plan prospectus unless the portions of each scholarship plan prospectus prepared in accordance with the requirements of Parts B and D of Form 41-101F3 are substantially similar.

#### **Order of contents of bound documents**

**3A.3** If documents are attached to, or bound with, a scholarship plan prospectus or multiple scholarship plan prospectus

- (a) the scholarship plan prospectus or multiple scholarship plan prospectus must be the first document contained in the package, and
- (b) no pages must come before the scholarship plan prospectus or multiple scholarship plan prospectus other than, at the option of the scholarship plan, a general front cover and table of contents pertaining to the entire package.

#### **Plan summary**

**3A.4(1)** Despite section 3A.3, a plan summary must not be attached to, or bound with, any other part of a scholarship plan prospectus, or to any other document, except as provided in this section.

(2) A plan summary of a scholarship plan may be attached to or bound with one or more plan summaries of other scholarship plans if the binding, to a reasonable person, would help present the information in a simple, accessible and comparable format.

#### **Documents to be delivered or sent upon request**

**3A.5(1)** On request by a person or company, a scholarship plan must deliver or send a copy of one or more the following documents free of charge to the person or company:

- (a) the scholarship plan prospectus or multiple scholarship plan prospectus;
- (b) any document incorporated by reference into the scholarship plan prospectus;
- (c) any portion of a document described in paragraph (a) or (b).

(2) A document requested under subsection (1) must be delivered or sent within three business days of receipt of the request.

**6. Subsection 4.2(2) is amended by replacing “the form of Form of 41-101F2” with “the form of Form 41-101F2 or Form 41-101F3”.**

**7. Section 5.1 is amended**

- (a) **by adding the following after subparagraph (a)(ii):**
  - (ii.1) section 9.1 of Part D of Form 41-101F3,, **and**
- (b) **by adding the following after subparagraph (b)(ii):**
  - (ii.1) section 9.3 of Part D of Form 41-101F3,.

**8. Paragraph 9.1(a) is amended by adding the following:**

- (iv.1) if the issuer is a scholarship plan, in addition to the documents filed under subparagraph (iv), a copy of
- (A) the scholarship plan contract for the scholarship plan under the prospectus, and
  - (B) marketing materials and sales communications requested by the securities regulatory authority;.

**9. Subparagraph 9.2(a)(iv) is amended by adding “or (iv.1)” after “subparagraph 9.1(a)(iv)”.****10. Section 15.1 is amended by deleting “, other than scholarship plans”.****11. Subsection 15.2(1) is replaced with the following:****Incorporation by reference**

**15.2(1)** An investment fund must incorporate by reference into its long form prospectus, by means of a statement to that effect, the filed documents listed in

- (a) section 37.1 of Form 41-101F2 for investment funds other than scholarship plans, and
- (b) subsection 4.1(1) of Part B of Form 41-101F3 for scholarship plans..

**12. Subsection 15.2(3) is replaced with the following:**

(3) An investment fund must incorporate by reference in its long form prospectus, by means of a statement to that effect, the subsequently filed documents referred to in

- (a) section 37.2 of Form 41-101F2 for investment funds other than scholarship plans, and
- (b) subsection 4.1(2) of Part B of Form 41-101F3 for scholarship plans..

**13. Subsection 17.1(2) is amended by replacing “Form 41-101F1 or Form 41-101F2, as applicable,” with “Form 41-101F1, Form 41-101F2 or Form 41-101F3, as applicable,”.****14. Form 41-101F2 Information Required in an Investment Fund Prospectus is amended****(a) in the General Instructions by deleting the following sentence in General Instruction (7):**

*However, scholarship plans may make modifications to the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism.,*

**(b) in subsection 1.3(1) of Item 1 by deleting “scholarship plan”,****(c) in subsection 1.11(3) of Item 1 by replacing “venture capital fund, commodity pool or scholarship plan,” with “venture capital fund or commodity pool”,****(d) in section 1.15 of Item 1 by deleting “other than a scholarship plan,”,****(e) in section 3.6 of Item 3****(i) by deleting “[for scholarship plans, Fees and Expenses payable by Subscribers’ Deposits]” in subsection (2), and****(ii) by deleting “or by Subscribers’ Deposits (for scholarship plans)” in subsection (3),****(f) in section 37.1 of Item 37 by deleting “other than a scholarship plan,”, and****(g) in section 37.2 of Item 37 by deleting “other than a scholarship plan,”.**

15. *The following form is added:*

Form 41-101F3  
Information Required in a Scholarship Plan Prospectus

[•]

16. [Transitional Provisions to be included when Amending Instrument goes final]

17. This Instrument comes into force on •.



**APPENDIX D  
SCHEDULE 2****NATIONAL INSTRUMENT 41-101  
GENERAL PROSPECTUS REQUIREMENTS****PROPOSED FORM 41-101F3  
INFORMATION REQUIRED IN A SCHOLARSHIP PLAN PROSPECTUS****Table of Contents**

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### **General Instructions**

*(1) This Form describes the disclosure required in a scholarship plan prospectus. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.*

*(2) The objective of the prospectus is to provide information about the scholarship plan that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.*

*(3) Terms defined in National Instrument 14-101 Definitions, National Instrument 41-101 General Prospectus Requirements, National Instrument 81-105 Mutual Fund Sales Practices, National Instrument 81-106 Investment Fund Continuous Disclosure or National Instrument 81-107 Independent Review Committee for Investment Funds and used in this Form have the meanings that they have in those national instruments except that references in those definitions to “mutual fund” must be read as references to “investment fund”.*

*(4) A scholarship plan prospectus must contain only the information that is specifically mandated or permitted by this Form.*

*(5) The prospectus must present the information in each Part of the Form briefly and concisely, in the order provided for by this Form, and use only the headings and sub-headings stipulated in this Form except that sub-headings not stipulated by the Form may be used where specifically permitted under an Item in the Form.*

*(6) Specific instructions are sometimes provided in this Form for a single prospectus and a multiple prospectus. Parts of Part B and Part D of this Form generally refer to disclosure required for “a scholarship plan” in a “prospectus”. This disclosure must be modified as appropriate to reflect multiple scholarship plans covered by a multiple scholarship plan prospectus.*

*(7) National Instrument 41-101 requires that the prospectus be prepared using plain language and in a format that assists in readability and comprehension. For additional guidance, see the plain language principles listed in section 4.1 of Companion Policy 41-101 CP General Prospectus Requirements. If the use of technical terms is required, clear and concise explanations of those terms must be included.*

*(8) Respond as simply and directly to the requirements of this Form as is reasonably possible.*

*(9) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

*(10) Certain Items in this Form require that a prospectus include wording that is substantially the same as set out in those Items. A scholarship plan may modify the prescribed wording to reflect its features if the wording does not apply to the plan. For example, if the wording applies only to a group plan but would not be accurate for an individual or a family plan, the wording may be modified as is necessary to make the prospectus accurate for the individual or family plan.*

*(11) Unless otherwise stated, this Form does not mandate the use of a specific font size or style but the font used must be legible. If the prospectus is made available online, information must be presented in a way that is both readable online and can be printed in a readable format.*

*(12) A prospectus may contain photographs and artwork only if they are relevant to the business of the scholarship plan or members of the organization of the scholarship plan and are not misleading.*

(13) A prospectus must not contain design elements (e.g., graphics, photos, artwork) that detract from the information disclosed in the document.

(14) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change.

#### **Contents of a Scholarship Plan Prospectus**

(15) This Form permits two formats: a prospectus for a single scholarship plan and a multiple prospectus for multiple scholarship plans.

(16) A scholarship plan prospectus must consist of four parts as follows:

- (a) Part A is the plan summary and contains the responses to the Items in Part A of the Form. The information in this Part contains, in a summary format, key information about investing in a scholarship plan.
- (b) Part B contains the responses to the Items in Part B of the Form and contains introductory information about the scholarship plan and general information about the scholarship plan family.
- (c) Part C contains the responses to the Items in Part C of the Form and contains more specific information about the scholarship plan(s) offered in the prospectus.
- (d) Part D contains the responses to the Items in Part D of this Form and contains information about the scholarship plan organization, the persons and entities involved in running the scholarship plan, and the prospectus certificates.

#### **Consolidation of Scholarship Plan Prospectuses into a Multiple Prospectus**

(17) Section 3A.2 of National Instrument 41-101 requires that a scholarship plan prospectus must not be consolidated with one or more scholarship plan prospectuses to form a multiple prospectus unless the disclosure in the Part B and Part D sections of this Form is substantially similar for each scholarship plan. This provision permits a scholarship plan organization to create a document that contains the disclosure for a number of scholarship plans in the same family.

(18) Similar to a single prospectus, a multiple prospectus must consist of four parts:

- (a) The first segment consists of a number of Part A sections of this Form. Each Part A section must contain the information required under Part A of the Form about one scholarship plan. The information required by the Part A section must be disclosed separately in the multiple prospectus for each scholarship plan. Each Part A section in a multiple prospectus must start on a new page.
- (b) The second segment contains the information required under Part B of the Form for the scholarship plans described in the document. Prepare only one Part B section for all of the scholarship plans in the prospectus.
- (c) The third segment consists of a number of Part C sections of this Form. Each Part C section must contain the information required under Part C of the Form about one scholarship plan. The information required by the Part C section must be disclosed separately in the multiple prospectus for each scholarship plan. Each Part C section in a multiple prospectus must start on a new page.
- (d) The fourth segment contains the information required under Part D of the Form for the scholarship plans described in the document. Prepare only one Part D section for all of the scholarship plans in the prospectus.

## Part A – Plan Summary for a Scholarship Plan

### Item 1 – Information About the Plan

Include at the top of a new page a heading consisting of

- (a) the title “Plan Summary”,
- (b) the name of the scholarship plan to which the plan summary pertains and, if the scholarship plan has more than one class or series of securities, the name of the class or series covered in the plan summary,
- (c) the type of scholarship plan,
- (d) the name of the investment fund manager of the scholarship plan, and
- (e) the date of the plan summary.

#### INSTRUCTIONS

(1) The title “Plan Summary” and the name of the scholarship plan must be in bold type using a substantially larger font size than the other headings and text in the plan summary.

(2) The “type of scholarship plan” refers to whether the plan is a group plan, individual or family plan.

(3) The date for a plan summary that is filed as part of a preliminary scholarship plan prospectus or scholarship plan prospectus must be the date of the certificate of the scholarship plan required under Part D of this Form.

### Item 2 – Withdrawal and Cancellation Rights

Immediately following the disclosure in Item 1, state the following using the same or substantially similar wording, with the last two sentences in bold:

This summary tells you some key things about investing in the plan. It may not contain all the information you want. You should read the entire prospectus carefully before you decide to invest.

#### **If you change your mind**

You have up to 60 days after signing your contract to withdraw from your plan and get back all of your money.

If you (or we) cancel your plan after 60 days, you'll get back your contributions, less sales charges and fees. You will lose the earnings on your money. Your grants will be returned to the government. **Keep in mind that you pay sales charges up front. If you cancel your plan in the first few years, you'll end up with much less than you put in.**

#### INSTRUCTION

The prescribed wording in this Item must be presented using a substantially larger font size relative to the rest of the text of the plan summary and prospectus.

### Item 3 – Description of the Scholarship Plan

Under the heading “What is a [insert type of scholarship plan] scholarship plan?”, state the following using the same or substantially similar wording:

A [insert type of plan] scholarship plan is designed to help you save for a child's education. The plan is registered as a Registered Education Savings Plan (RESP). This allows your savings to grow tax-free until the child named in the plan enrolls in their studies. The Government of Canada and some provincial governments offer grants to help you save even more. To open an RESP you need social insurance numbers for yourself and the child you name in the plan as the beneficiary.

In a group scholarship plan, you are part of a group of investors. Everyone's contributions are invested together. When the plan matures, each child in the group shares in the earnings on that money. Your share of those earnings plus your grant money is paid to your child as educational assistance payments (EAPs).

There are two main exceptions. Your child will not receive EAPs, and you will lose your earnings and grants, if:

- your child does not enrol in a school or program that qualifies under the plan, or
- you leave the plan before it matures.

*[Include the following paragraph in bold:]*

**If you leave the plan, your earnings go to the remaining members of the group. However, if you stay in the plan until it matures, you may share in the earnings of those who left early.**

#### **Item 4 – Suitability**

(1) Under the heading “Who is this plan for?”, state the following using the same or substantially similar wording:

A group scholarship plan can be a long-term commitment. It is for investors who are fairly sure that:

- they can make all their contributions on time
- they will stay in the plan until it matures
- their child will attend a qualifying school and program

If this doesn't describe you, you should consider another type of plan. For example, an individual or family plan has fewer restrictions. See pages *[insert applicable page references]* for details.

#### **Item 5 – The Plan's Investments**

Under the heading “What does the plan invest in?”, state the following using the same or substantially similar wording:

The plan invests mainly in fixed income securities, such as government treasury bills, guaranteed investment certificates (GIC), mortgages and bonds. The plan's investments have some risk. Returns will vary from year to year.

#### **Item 6 – Contributions**

Under the heading “How do I make contributions?”, state the following using the same or substantially similar wording:

You buy one or more “units” of the plan. These units represent your share of the plan. You may pay for them all at once, or you may make annual or monthly contributions.

You may change the amount of your contribution as long as you make the minimum contribution. You may also change your contribution schedule. *[State if applicable – A fee applies.]*

#### **INSTRUCTION**

*The disclosure in the first paragraph of this Item must make reference only to the most commonly selected contribution options, and not to each contribution option that is available to a subscriber.*

#### **Item 7 – Payments**

Under the heading “How do the payments work?”, state the following using the same or substantially similar wording:

In your child's first year of college or university, you'll get back your contributions, less fees. You can have this money paid to you or to your child.

Your child will be eligible for EAPs in their second, third and fourth years of education. Your child must show proof they are enrolled in a qualifying school and program to get an EAP.

EAPs are taxed in the child's hands. As a student, your child may pay little or no tax on their EAPs.

**Item 8 – Risks**

(1) Under the heading “What are the risks?”, state the following using the same or substantially similar wording:

If you do not meet the terms of the plan, you could lose some or all of your investment. Your child may not receive all of their EAPs.

You should be aware of five things that could result in a loss:

**1. You leave the plan before the maturity date.** People leave the plan for many reasons. For example, if their financial situation changes and they can’t afford their contributions. If you or we cancel your plan more than 60 days from signing your contract, you’ll lose part of your contributions to sales charges and fees. You’ll also lose the earnings on your investment and your grants will be returned to the government.

**2. You miss contributions.** If you want to stay in the plan, you’ll have to make up the contributions you missed. You’ll also have to make up what the contributions would have earned if you had made them on time. This could be costly.

If you have difficulty making contributions, you have options. You can reduce or suspend your contributions, transfer to another RESP or cancel your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants. If you miss a contribution and don’t take any action within *[insert the number of months]* months, we may cancel your plan.

**3. You miss or your child misses a deadline.** This could limit your options later on. You could also lose the earnings on your investment. The two key deadlines for this plan are:

- **Maturity date for making changes**

You have until the maturity date to make changes to your plan. This includes switching the plan to a different child, changing the maturity date if your child wants to start their program sooner or later than expected, and transferring to another RESP. Restrictions and fees apply.

- ***[Insert date]* for EAPs**

If your child qualifies for an EAP, they must apply by *[insert date]* before their first *[if applicable]*, second, third and fourth years of eligible studies to receive a payment for that year. Otherwise, your child may lose this money.

**4. Your child doesn’t go to a qualifying school or program.** For example, *[insert types of programs that generally do not qualify for EAPs under the plan]* don’t qualify for EAPs under this plan. You may name another child, transfer your plan to another RESP or cancel your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants.

**5. Your child doesn’t complete their program.** Your child may lose some or all of their EAPs if they take time off from their studies, do not complete all required courses in a year or change programs. Your child may be able to defer an EAP for a year. Deferrals are at our discretion.

(2) For a group scholarship plan, using the margin of the page, add a sidebar under the heading “What are the risks?”, and state the following using the same or substantially similar wording with the title of the sidebar in bold:

**Plans that did not reach maturity**

Over the past five maturity dates, an average of *[see Instructions]*% of plans in the *[insert name of group scholarship plan]* did not reach maturity.

**INSTRUCTIONS**

(1) Determine the average rate required under subsection 8(2) by

(a) determining the percentage of the plans that did not reach maturity for each beneficiary group that had a maturity date that occurred in the five most recent years, and



(b) calculating the simple average of the percentages determined for the five most recent beneficiary groups pursuant to paragraph (a).

(2) For a beneficiary group referred to in Instruction (1)(a), determine the percentage of the plans that did not reach maturity by dividing x by y, where

x = the number of plans with the same maturity date that did not reach maturity, and

y = the total number of plans with the same maturity date, including plans with the same maturity date that did not reach maturity.

For the purposes of the disclosure required under subsection 8(2), a “plan that did not reach maturity” is a plan that is not eligible to receive a share of the EAP account as at the maturity date because the total contributions required by the subscriber’s contract have not been made by the maturity date. The number of plans with the same maturity date that did not reach maturity will be the difference between the total number of plans with the same maturity date and the number of plans that matured.

(3) Subject to Instruction (5), the number of plans with the same maturity date consists of every plan sold to subscribers who selected the same maturity date, including plans that were cancelled or transferred before maturity.

(4) For the purposes of calculating the percentage of plans in a beneficiary group that did not reach maturity, a plan whose subscriber changed the maturity date to an earlier date is considered to have the earlier maturity date and must be included in the calculations for the beneficiary group with the earlier maturity date. Similarly, a plan whose subscriber changed the maturity date to a later date is considered to have the later maturity date and must be included in the calculations for the beneficiary group with the later maturity date.

(5) Do not include a plan in the calculation of x or y under Instruction (2) if the subscriber withdrew from their plan within 60 days of the application date and received back all of their contributions.

**Item 9 – Costs**

(1) Under the heading “How much does it cost?”, provide information, in the form of the following tables, about the fees and expenses of the scholarship plan. Introduce the tables using the following wording or wording that is substantially similar:

There are costs for joining and participating in the plan. The following tables show the fees and expenses of the plan.

**Fees you pay**

These fees are deducted from the money you put in the plan. They reduce the amount invested in your plan.

Fee	What you pay	What the fee is for
Sales charge	\$ [specify amount] per unit  [See Instruction 3]	<ul style="list-style-type: none"> <li>This is a commission for selling you the plan. It is paid to your sales representative and the company they work for.</li> <li>Because the fee is applied against your contributions until it’s paid off, less of your money is invested during the early years of your plan.</li> </ul>
Processing fee	\$ [specify amount] each year for a one-time contribution \$ [specify amount] each year for annual contributions \$ [specify amount] each year for monthly contributions	<ul style="list-style-type: none"> <li>This is for processing a contribution.</li> </ul>

Fee	What you pay	What the fee is for
Insurance Premium	\$ [specify amount]	<ul style="list-style-type: none"> <li>This is for insurance that makes sure your contributions continue if you die or become totally disabled.</li> <li>You are covered if you are between [specify minimum age] and [specify maximum age] years old and make [specify frequency] contributions.</li> </ul>

**Fees the plan pays**

You don't pay these fees directly. They're paid from the plan's earnings. These fees affect you because they reduce the plan's returns.

Fee	What the plan pays	What the fee is for
Administrative fee	[Specify amount]	<ul style="list-style-type: none"> <li>This is for operating your plan.</li> </ul>
Portfolio management fee	[Specify amount]	<ul style="list-style-type: none"> <li>This is for managing the plan's investments.</li> </ul>
Custodian fee	[Specify amount]	<ul style="list-style-type: none"> <li>This is for holding the plan's investments in trust.</li> </ul>
Independent review committee	[Specify amount]	<ul style="list-style-type: none"> <li>This is for the services of the plan's independent review committee. The committee reviews conflict of interest matters presented by the investment fund manager.</li> </ul>

(2) Using the margin of the page, add a sidebar under the heading "How much does it cost?", and state the following using the same or substantially similar wording with the title of the sidebar in bold:

**Other fees**

Other fees apply if you make changes to your plan. See page [specify page number in the prospectus] for details.

**INSTRUCTIONS**

(1) The tables in this Item are not intended to reflect every fee or charge that may be payable in respect of a plan. The tables are intended only to summarize the most common fees that all subscribers are required to pay (or that the plan is required to pay, as applicable). Do not include the entire list of fees required to be disclosed under Items 14.2 and 14.3 of Part C of the Form.

(2) If there are certain types of fees listed in the tables above that are not payable, either by subscribers or the plan, in respect of the plan described in the plan summary, the tables in this item may be amended as is necessary to accurately reflect this.

(3) State the amount of each fee listed in the tables. The amount of each fee must be disclosed based on how the fee is calculated. For example, if a particular fee is calculated as a fixed dollar amount per unit, or a fixed amount per year, it must be stated as such. Similarly, if a fee is calculated as a percentage of plan assets, that percentage must be stated. A statement or note that a fee is subject to applicable taxes, such as goods and services taxes or harmonized sales taxes, is permitted, if applicable.

(4) Provide a concise explanation of what the fee is used for, using substantially the wording provided above in the tables.

(5) For the table titled "Fees you pay", describe how the fee is deducted from contributions if the amount deducted from each contribution is not the same. For example, if deductions for sales charges are not made from each contribution at a constant rate for the duration of the plan, or the duration for which contributions are required to be made, describe the amounts from contributions that are deducted for sales charges.

(6) *The independent review committee fee must be disclosed as the total dollar amount paid in connection with the independent review committee for the most recently completed financial year of the scholarship plan.*

(7) *Disclosure of insurance premiums is permitted only if insurance coverage is mandatory for a plan in the jurisdiction in which the plan's securities are being distributed. If insurance coverage is mandatory in some, but not all jurisdictions in which the plan's securities are distributed, then include disclosure stating the jurisdictions in which the plan requires subscribers to purchase insurance.*

(8) *The "Other fees" sidebar refers to fees for specific transactions, such as changing a beneficiary, that are described in the table titled "Transaction Fees" in Item 14.4 of Part C of the Form.*

#### **Item 10 – Guarantees**

Under the heading "Are there any guarantees?", state the following using the same or substantially similar wording:

We cannot tell you in advance if your child will qualify to receive any payments from the plan or how much your child will receive. We do not guarantee the amount of any payments or that the payments will cover the full cost of your child's post-secondary education.

Unlike bank accounts or GICs, investments in scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government insurer.

#### **Item 11 – For More Information**

(1) Under the sub-heading "For more information", state the following using the same or substantially similar wording:

Contact [*name of investment fund manager*] or your sales representative for more information:

(2) State the name, address and toll-free telephone number of the investment fund manager of the plan and, if applicable, state the e-mail address and website of the investment fund manager of the plan.

#### **Part B – General Disclosure**

##### **Item 1 – Cover Page Disclosure**

###### **1.1 – Preliminary Prospectus Disclosure**

A preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required in section 1.2 the following,:

*A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies).*

###### **INSTRUCTION**

A scholarship plan must complete the bracketed information by:

- (a) *inserting the names of each jurisdiction in which the scholarship plan intends to offer securities under the prospectus,*
- (b) *stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or*
- (c) *identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

###### **1.2 – Required Statement**

State in italics at the top of the cover page the following:

*Although this prospectus must be filed with the securities regulatory authority in [each of/certain of the provinces/provinces and territories of Canada], the securities regulatory authority does not assess the merit of the*

*scholarship plan[s] or the accuracy of the information, or endorse any products or services. If anyone tells you otherwise, it is an offence under securities legislation.*

### 1.3 – Basic Disclosure about the Distribution

(1) State the following immediately below the disclosure required under sections 1.1 and 1.2:

[PRELIMINARY OR PRO FORMA] PROSPECTUS  
[CONTINUOUS OFFERING]

[Date]

[Name of Scholarship Plan(s)]

[Type of securities qualified for distribution under the prospectus, and the price per security or minimum subscription amount]

(2) State the following:

[This/These] investment fund[s] [is a/are] scholarship plan[s] that [is/are] managed by [state the name of the investment fund manager of the scholarship plan].

#### INSTRUCTION

Write the date in full with the name of the month in words. A pro forma prospectus does not have to be dated, but may reflect the anticipated date of the prospectus.

### Item 2 – Inside Cover Page

#### 2.1 – Introduction

Starting on a new page on the inside cover page under the heading “Important information to know before you invest”, include an introduction to the information provided in response to sections 2.2, 2.3, and 2.4 of this Part using the following wording:

The following is important information you should know if you are considering an investment in a scholarship plan.

#### 2.2 – No Social Insurance Number

Under the sub-heading “No social insurance number = No grants, no tax benefits”, state the following using the same or substantially similar wording with the last paragraph in bold:

We need social insurance numbers for you and each child named as a beneficiary under the plan before we can register your plan. The *Income Tax Act* (Canada) won't allow us to register your plan without these social insurance numbers. Your plan must be registered before it can:

- qualify for the tax benefits of a Registered Education Savings Plan (RESP), and
- receive any government grants.

If you don't provide the social insurance numbers when you sign your contract with us, we'll put your contributions into an unregistered education savings account. During the time your contributions are held in this account, we will deduct sales charges and fees from your contributions as described under “Costs of investing in this plan” in the prospectus. You will be taxed on any income earned in this account.

If we receive the social insurance numbers within [see *Instruction*] months of your application date, we'll transfer your contributions and the income they earned to a registered plan.

If we do not receive the social insurance numbers within [see *Instruction*] months of your application date, we'll cancel your plan. You'll get back your contributions and the income earned, less sales charges and fees. Since you pay sales charges up front, you could end up with much less than you put in.

**If you don't expect to get the social insurance numbers within [see *Instruction*] months of your application date, you should not enrol or make contributions to the plan.**

**INSTRUCTION**

State the number of months after the application date of a subscriber's plan following which the investment fund manager will cancel the plan for failure to provide the social insurance numbers required for registering the plan as an RESP.

**2.3 – Payments Not Guaranteed**

(1) Following the disclosure required under section 2.2, state the following, on the inside cover page under the sub-heading "Payments not guaranteed", using the same or substantially similar wording:

We cannot tell you in advance if your beneficiary will qualify to receive any educational assistance payments (EAPs) from the plan or how much your beneficiary will receive. We do not guarantee the amount of any payments or that they will cover the full cost of your beneficiary's post-secondary education.

(2) For a group scholarship plan, under the sub-heading "Payments from group plans depend on several factors", state the following using the same or substantially similar wording:

The amount of the EAPs from a group plan will depend on how much the plan earns and the number of beneficiaries in the group who do not qualify for payments.

(3) If the scholarship plan provides for any discretionary payments, immediately following the disclosure required under subsection 2.3(1) or 2.3(2), as applicable, list the discretionary payments that may be provided and state the following using the same or substantially similar wording with the first sentence in bold:

**Discretionary payments are not guaranteed.** You must not count on receiving a discretionary payment. The [*name of entity funding the discretionary payment*] decides if it will make a payment in any year and how much the payment will be. If the [*name of entity funding the discretionary payment*] makes a payment, you may get less than what has been paid in the past. You may also get less than what is paid to beneficiaries in other beneficiary groups.

(4) Under the sub-heading "Understand the risks", state the following using the same or substantially similar wording in bold:

**If you withdraw your contributions early or do not meet the terms of the plan, you will likely lose some or all of your money. Make sure you understand the risks before you invest. Carefully read the Plan Summary and the information found under "Risks of investing in a scholarship plan" and "Risks of investing in this plan" in the prospectus.**

**2.4 – Withdrawal and Cancellation Rights**

Under the sub-heading "If you change your mind", state the following using the same or substantially similar wording with the last two sentences in bold:

You have up to 60 days after signing your contract to withdraw from your plan and get back all of your money.

If you (or we) cancel your plan after 60 days, you'll get back your contributions, less sales charges and fees. You will lose the earnings on your money. Your grants will be returned to the government. **Keep in mind that you pay sales charges up front. If you cancel your plan in the first few years, you'll end up with much less than you put in.**

**Item 3 – Table of Contents****3.1 – Table of Contents**

(1) Include a table of contents.

(2) Begin the table of contents on a new page.

(3) Include in the table of contents, under the heading "Specific information about our plan[s]", a list of all of the scholarship plans offered under the prospectus, with a reference to the page numbers where the plan-specific information about each plan required to be provided under Part C of this Form can be found.

## Item 4 – Introduction and Glossary

### 4.1 – Introduction and Documents Incorporated by Reference

(1) On a new page or immediately after the table of contents, under the heading “Introduction”, incorporate by reference the following documents in the prospectus, by means of the following statement or a statement that is substantially similar:

This prospectus contains information to help you make an informed decision about investing in our scholarship plan[s] and to understand your rights as an investor. It describes the plan[s] and how [it/they] work[s], including the fees you pay, the risks of investing in a plan and how to make changes to your plan. It also contains information about our organization.

You can find additional information about the plan[s] in the following documents:

- [its/their] most recently filed annual financial statements,
- any interim financial reports filed after those annual financial statements, and
- the most recently filed annual management report of fund performance.

These documents are incorporated by reference into this prospectus. That means they legally form part of this document just as if they were printed as part of this document.

You can get a copy of these documents at no cost by calling us at [insert the toll-free telephone number or telephone number where collect calls are accepted] or by contacting us at [insert scholarship plan’s e-mail address].

[If applicable] You’ll also find these documents on our website at [insert scholarship plan’s website address].

These documents and other information about the plan[s] are also available at [www.sedar.com](http://www.sedar.com).

(2) State that any documents of the type described in subsection 4.1(1) above, if filed by the scholarship plan after the date of the prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the prospectus.

### 4.2 – Terms Used in the Prospectus

Under the heading “Terms used in this prospectus”, provide the following list of defined terms using the same or substantially similar wording:

In this document, “we”, “us” and “our” refer to [name of entities involved in the administration and distribution of scholarship plan securities]. “You” refers to potential investors, subscribers and beneficiaries.

The following are definitions of some key terms you will find in this prospectus:

**Accumulated income payment (AIP):** the portion of the income earned on your contributions and grants that you may get back if your beneficiary does not pursue post-secondary education and you meet certain conditions set by the federal government.

For a group plan, only income earned on grants is eligible for an AIP.

**AIP:** see **Accumulated income payment**.

**Application date:** the date you opened your plan with us, which is the date you sign your contract.

**Attrition:** under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group. See also pre-maturity attrition and post-maturity attrition.

**Beneficiary:** the person you name to receive EAPs under the plan.

**Beneficiary group:** beneficiaries in a group plan who have the same year of eligibility. They are typically born in the same year.

**Contract:** the agreement you enter into with us when you open your education savings plan.

**Contribution:** the amount you pay into a plan. Sales charges and other fees are deducted from your contributions and the remaining amount is invested in your plan.

**Discretionary payment:** a payment, other than a fee refund, that beneficiaries may receive in addition to their EAPs, as determined by [*name of entity funding the discretionary payment*] in its discretion.

**Discretionary payment account:** any account that holds money used to fund discretionary payments to beneficiaries.

**EAP:** see Educational Assistance Payment.

**EAP account:** for group plans, an account that holds the income earned on contributions made by subscribers. There is a separate EAP account for each beneficiary group. An EAP account includes the income earned on contributions of subscribers who have cancelled their plan or whose plan was cancelled by us. The money in this account is distributed to the remaining beneficiaries in the beneficiary group as part of their EAPs.

**Earnings:** any money earned on your contributions and grants, such as interest and capital gains. For group plans, it does not include any income earned in the discretionary payment account, such as interest earned on income after the maturity date.

**Educational assistance payment (EAP):** In general, an EAP is a payment made to your beneficiary after the maturity date for eligible studies. For group plans, an EAP consists of your grants, the income earned on the grants and your beneficiary's share of the EAP account. EAPs do not include discretionary payments or fee refunds.

**Eligible studies:** a post-secondary educational program that meets the plan's requirements for a beneficiary to receive EAPs.

**Grant:** any financial grant, bond or incentive offered by the federal government or a provincial government to assist with saving in an RESP.

**Grant contribution room:** the amount of grant money you are eligible for under a federal or provincial government grant program.

**Income:** see **Earnings**.

**Maturity date:** the date on which the plan matures. In general, it is in the year your beneficiary is expected to enrol in their first year of post-secondary education.

**Plan:** means [*list the name of each of the scholarship plan sold under this prospectus*], [each] a scholarship plan that provides funding for a beneficiary's post-secondary education.

**Post-maturity attrition:** under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group after the maturity date. See also **attrition**.

**Pre-maturity attrition:** under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group before the maturity date. See also **attrition**.

**Subscriber:** the person who enters into a contract with [*insert legal name of entity entering into contract with subscribers*] to make contributions to a plan.

**Unit:** under a group plan, a unit represents your beneficiary's proportionate share of the EAP account. The terms of the contract you sign determine the value of the unit.

**Year of eligibility:** the year in which a beneficiary is first eligible to receive EAPs under a plan. For a group plan, it is typically the year your beneficiary will enter their [*as applicable, first or second*] academic year of eligible studies. In general, the year of eligibility is [*as applicable, one year after or the same year as*] the maturity date.

For other types of plans, the year of eligibility can be any time after the maturity date.

## INSTRUCTIONS

(1) *The glossary must not contain material information not found elsewhere in the prospectus. The glossary must be limited to the terms provided.*

(2) Use the terms set out in section 4.2 in the prospectus to facilitate comparability between issuers.

## **Item 5 – Overview of Scholarship Plans**

### **5.1 – Introductory Heading**

Provide, at the top of a new page, the heading “Overview of our scholarship plan[s]”.

### **5.2 – Description of Scholarship Plans**

Under the heading “What is a scholarship plan?”, state the following using the same or substantially similar wording:

A scholarship plan is a type of investment fund that is designed to help you save for a beneficiary’s post-secondary education. Your plan must be registered as a Registered Education Savings Plan (RESP) in order to qualify for grants and tax benefits. To do this, we need social insurance numbers for you and the person you name in the plan as your beneficiary.

You sign a contract when you open a plan with us. You make contributions under the plan. We invest your contributions for you, after deducting applicable fees. You will get back your contributions, less fees, whether or not your beneficiary goes on to post-secondary education. Your beneficiary will receive educational assistance payments (EAPs) from us if they enrol in eligible studies and all the terms of the contract are met.

Please read your contract carefully and make sure you understand it before you sign. If you or your beneficiary does not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of their EAPs.

### **5.3 – List of Scholarship Plans Offered**

(1) If the investment fund manager offers more than one type of scholarship plan, under the heading “Types of plans we offer”, list the scholarship plans offered.

(2) State, as applicable, that there are differences in the enrolment criteria, contribution requirements, fees, eligible studies, payments to beneficiaries, options for receiving EAPs and options if the beneficiary does not pursue eligible studies among the scholarship plans offered. For a multiple prospectus, include a cross-reference to the plan-specific disclosure for each plan provided under Part C of this Form.

#### **INSTRUCTION**

*For each plan listed under subsection 5.3(1), state the name of the issuer of the securities.*

## **Item 6 – General Information about Scholarship Plan Life Cycle**

### **6.1 – Overview of Scholarship Plan Life Cycle**

(1) Using the heading “How our plan[s] work[s]”, provide a brief description of the life cycle of the plan(s) offered under the prospectus, from enrolment in the plan(s) to EAPs being paid to the beneficiary.

(2) Using the margin of the page, add a sidebar under the heading “How our plan[s] work[s]”, and state the following using the same or substantially similar wording with the title of the sidebar in bold:

#### **Make sure your contact information is up to date**

It is important that you keep your address and contact information up to date. We will need to communicate important information to you throughout the life of your plan. We will also need to find you and the beneficiary when the plan matures so we can return your contributions and make payments to the beneficiary.

#### **INSTRUCTIONS**

*(1) The disclosure provided under section 6.1 must not exceed one page in length, and may be provided by means of a table or diagram.*

*(2) In providing the disclosure required under section 6.1, briefly describe the life cycle of the scholarship plan(s) offered under the prospectus, including significant stages such as enrolling and registering the plan as an RESP under the Income Tax Act (Canada), making contributions and paying fees from contributions, investing contributions and grants, ceasing investments in*



accordance with the scholarship plan's investment objectives and strategies upon plan maturity, returning contributions to subscribers at maturity and paying EAPs to beneficiaries for eligible studies.

(3) Do not provide a separate life cycle description for each plan offered under a multiple prospectus. Provide one life cycle description containing the elements that are common to the life cycle of each of the plans offered under the prospectus.

## 6.2 – Enrolling in a Scholarship Plan

(1) Under the sub-heading “Enrolling in a plan”, describe the enrolment process for the scholarship plan(s) offered under the prospectus, including the requirement that the subscriber provide a social insurance number at the time of enrolment to register the plan as an RESP under the *Income Tax Act* (Canada).

(2) Describe the requirements for designation as a beneficiary, including Canadian residency and social insurance number requirements.

## 6.3 – Unregistered Accounts

(1) Under the sub-sub-heading “If your beneficiary does not have a social insurance number”, list the options available to a subscriber whose beneficiary does not yet have a social insurance number, including the option to wait until the beneficiary has a social insurance number to purchase a scholarship plan that is eligible to be held in an RESP.

(2) If the scholarship plan issuer offers an unregistered education savings account, describe

- (a) the features of the unregistered education savings account, including what happens to contributions made to the account,
- (b) whether the account is eligible to receive grants, and
- (c) the tax treatment of the account.

(3) State the deadline for providing the beneficiary's social insurance number after which the investment fund manager will close the account.

### INSTRUCTION

*Any plan or account that is not eligible for registration by the federal government as an RESP or is not held in a registered education savings account must be referred to and described as an “unregistered education savings account”.*

## 6.4 – Grants

(1) Under the sub-heading “Grants”, list the grants that the investment fund manager will apply for on a beneficiary's behalf. For each grant program, provide

- (a) a brief description of the program,
- (b) the maximum amount that may be granted under the program annually and over the duration of an RESP,
- (c) if applicable, the annual contribution amount that would attract the maximum annual grant, and
- (d) any requirement to repay grants.

(2) Describe what happens to the grants received by the investment fund manager on behalf of a beneficiary, including

- (a) the legal ownership of the money throughout the life span of an investment in the scholarship plan,
- (b) whether the money is pooled with the grants of other beneficiaries,
- (c) whether the money is invested together with subscriber contributions or separately from contributions, and
- (d) how the money is allocated on distribution to a qualified beneficiary.

(3) State that a subscriber may contact their sales representative or the investment fund manager about the applications that the investment fund manager will make on behalf of the subscriber and disclose where a subscriber can obtain more information about available grants.

#### *INSTRUCTION*

*The disclosure provided under section 6.4 must not exceed two pages. The disclosure may be provided in the form of a table.*

### **6.5 – Contribution Limits**

(1) Under the sub-heading “Contribution limits”, disclose whether the scholarships plan imposes a cumulative limit for contributions and indicate whether this is exclusive of any grants.

(2) Disclose whether a subscriber can make contributions annually beyond the amount(s) that would result in the receipt of the maximum annual amount in grants.

(3) If a subscriber is permitted to make additional contributions as described in subsection (2), disclose that the additional contributions are not eligible to attract further grants and disclose how the additional contributions are invested.

(4) Disclose the maximum amount that may be contributed to an RESP under the Income Tax Act (Canada), and provide a cross-reference to the tax consequences of contributions beyond the limit set by the Income Tax Act (Canada) as disclosed under section 11.3 of this Part of the Form.

### **6.6 – Additional Services**

If applicable, under the sub-heading “Additional services”, describe additional services relating to an investment in the scholarship plan that are available to subscribers from the investment fund manager or the principal distributor.

#### *INSTRUCTION*

*If insurance for contributions is offered for purchase by the principal distributor, provide a brief description of the insurance coverage, including the name of the insurer and whether the insurance is mandatory or optional for the subscriber. Include a cross-reference to the disclosure provided under section 14.5 of Part C of this Form.*

### **6.7 – Fees and Expenses**

(1) Under the sub-heading “Fees and expenses”, state the following using the same or substantially similar wording:

There are costs for joining and participating in our plan[s]. You pay some of these fees and expenses directly from your contributions. The plan[s] pay[s] some of the fees and expenses, which are deducted from the [plan’s/plans] earnings. See “Costs of investing in this plan” in the prospectus for a description of the fees and expenses of [each of] our plan[s].

(2) If the investment fund manager offers more than one type of scholarship plan, state, if applicable, that each scholarship plan offered requires the subscriber to pay different fees and expenses and, if applicable, that the choice of plan affects the amount of compensation paid to the dealer by a member of the organization of the scholarship plan or a subscriber.

### **6.8 – Eligible Studies**

Under the sub-heading “Eligible studies”, state the following using the same or substantially similar wording:

EAPs will be paid to your beneficiary only if they enrol in eligible studies. For a summary of the educational programs that qualify for EAPs under our plan[s], see “Summary of eligible studies” in the prospectus.

### **6.9 – Payments from the Scholarship Plan**

(1) Under the sub-heading “Payments from the plan” with the sub-sub-heading “Return of contributions”, state the following using the same or substantially similar wording:

We always return your contributions less fees to you or to your beneficiary. Earnings from the plan will generally go to your beneficiary. If your beneficiary does not qualify to receive the earnings from your plan, you may be able to get back some of those earnings as an “accumulated income payment (AIP)”. See “Accumulated income payments” in the prospectus for more details about receiving an AIP.

(2) Under the sub-sub-heading “Educational assistance payments”, state the following using the same or substantially similar wording:

We will pay EAPs to your beneficiary if you meet the terms of your plan, and your beneficiary qualifies for the payments under the plan. The amount of each payment depends on the type of plan you have, how much you contributed to it, the grants in your plan and the performance of the plan’s investments.

### **6.10 – Unclaimed Accounts**

- (1) Under the sub-heading “Unclaimed accounts”, briefly describe what an unclaimed account is.
- (2) Describe the steps that the investment fund manager will take to contact the subscriber and the beneficiary with respect to an unclaimed account.
- (3) Describe what will happen to any unclaimed contributions, unclaimed earnings on contributions, grants and earnings on grants if the investment fund manager is unable to locate the subscriber or the beneficiary.
- (4) Describe how a subscriber or beneficiary can obtain payments of any unclaimed money.

## **Item 7 – Scholarship Plans with Same Investment Objectives (Multiple Prospectus)**

### **7.1 – Investment Objectives**

- (1) This section applies to a multiple prospectus for scholarship plans that have the same investment objectives, investment strategies and investment restrictions.
- (2) Set out, under the heading “How we invest your money” with the sub-heading “Investment objectives”, the fundamental investment objectives of the scholarship plans, including any information that describes the fundamental nature of the scholarship plans or the fundamental features of the scholarship plans that distinguish them from other types of scholarship plans.
- (3) Describe the nature of any securityholder or other approval that may be required to change the investment objectives of the scholarship plans and any of the material investment strategies to be used to achieve those investment objectives.
- (4) If each scholarship plan purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of the investments made by subscribers, include this fact as a fundamental investment objective of the scholarship plans and
  - (a) identify the person or company providing the guarantee or insurance,
  - (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance, and
  - (c) provide the reasons for which the guarantor or insurer, as applicable, could limit or avoid execution of the guarantee or insurance policy.

### **INSTRUCTIONS**

- (1) State the type or types of securities, such as money market instruments, first mortgages and bonds, in which the scholarship plans will be primarily invested under normal market conditions.
- (2) If a particular investment strategy is an essential aspect of the scholarship plans, as evidenced by the manner in which the scholarship plans are marketed, disclose this strategy as an investment objective.

## **Item 8 – Scholarship Plans with Same Investment Strategies (Multiple Prospectus)**

### **8.1 – Investment Strategies**

- (1) This section applies to a multiple prospectus for scholarship plans that have the same investment objectives, investment strategies and investment restrictions.

(2) Describe under the sub-heading “Investment strategies” the following:

- (a) the principal investment strategies that the scholarship plans intend to use in achieving the investment objectives, and
- (b) the process by which the scholarship plans’ portfolio adviser selects investments for the portfolios of the scholarship plans, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(3) Indicate the types of investments, other than those held by the scholarship plans in accordance with their fundamental investment objectives, that may form part of the portfolio assets of the scholarship plans under normal market conditions.

(4) If the scholarship plans may depart temporarily from their fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the portfolio adviser may use or intends to use in response to such conditions.

#### **INSTRUCTION**

*Scholarship plans may, in responding to subsection 8.1(2), provide a discussion of the general investment approach or philosophy followed by the portfolio adviser of the scholarship plan.*

### **Item 9 – Scholarship Plans with Same Investment Restrictions (Multiple Prospectus)**

#### **9.1 – Investment Restrictions**

(1) This section applies to a multiple prospectus for scholarship plans that have the same investment objectives, investment strategies and investment restrictions.

(2) Under the sub-heading “Investment restrictions”, describe any restrictions on investments adopted by the scholarship plans, beyond what is required under securities legislation.

(3) If the scholarship plans have received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, provide details of the permitted variations.

(4) Describe the nature of any securityholder or other approval that may be required in order to change the investment restrictions of the scholarship plans.

### **Item 10 – Risks of Investing in a Scholarship Plan**

#### **10.1 – Risks of Investing in a Scholarship Plan**

(1) Under the heading “Risks of investing in a scholarship plan”, include an introduction using the following wording or wording that is substantially similar:

If you or your beneficiary does not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of their EAPs. Please read the description of the plan-specific risks under “Risks of investing in this plan” in the prospectus.

(2) Under the sub-heading “Investment risks”, include an introduction using the following wording or wording that is substantially similar:

The prices of the investments held by the scholarship plan[s] can go up or down. [*State, as applicable* – [Refer to “Risks of investing in this plan” in the prospectus for a description of/Below are [some of]] the risks that can cause the value of the plan [’s/s’] investments to change, which will affect the amount of EAPs available to beneficiaries.] Unlike bank accounts or guaranteed investment certificates, your investment in a scholarship plan is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

(3) For a multiple prospectus, list and describe the investment risks applicable to more than one of the scholarship plans offered under the prospectus.

(4) For a multiple prospectus that contains the disclosure required by section 7.1 of this Part of the Form, if, at any time during the 12-month period immediately preceding the date of the prospectus, more than 10% of the net assets of a scholarship plan were invested in the securities of an issuer other than a government security, disclose

- (a) the name of the issuer and the securities,
- (b) the maximum percentage of the net assets of the scholarship plan that securities of that issuer represented during the 12-month period, and
- (c) the risks associated with the investments, including the possible or actual effect on the liquidity and diversification of the scholarship plan.

#### INSTRUCTIONS

- (1) Each risk factor listed must be described under a separate sub-sub-heading.
- (2) Describe the risks in the order of the most serious to the least serious.
- (3) Do not de-emphasize a risk factor by including excessive caveats or conditions.
- (4) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification and credit risks that apply to the portfolio of the scholarship plan, as appropriate.

### Item 11 – Income Tax Considerations

#### 11.1 – Status of the Scholarship Plan

Under the heading “How taxes affect your plan”, briefly describe the status of the scholarship plan for income tax purposes.

#### 11.2 – Taxation of the Scholarship Plan

Under the sub-heading “How the plan is taxed”, state in general terms the basis upon which the income and capital received by the scholarship plan are taxed.

#### 11.3 – Taxation of the Subscriber

(1) Under the sub-heading “How you are taxed”, state in general terms how the subscriber will be taxed. State in general terms, as applicable to the scholarship plan(s) offered under the prospectus, using sub-sub-headings, the income tax consequences of

- (a) a return of contributions at the maturity date,
- (b) a withdrawal of contributions before the maturity date,
- (c) a refund of sales charges or other fees,
- (d) any other distributions to the subscriber in the form of income, capital or otherwise,
- (e) a cancellation of units prior to the maturity date,
- (f) a purchase of additional units,
- (g) a transfer between scholarship plans,
- (h) an additional contribution made to address backdating of a plan,
- (i) an additional contribution made to cure defaults under the scholarship plan, and
- (j) a contribution beyond the limit set by the Income Tax Act (Canada).

(2) Under the sub-sub-heading “If you receive an AIP”,

- (a) state the tax consequences of receiving an AIP,
- (b) describe how an AIP may be transferred to a registered retirement savings plan, and
- (c) describe the tax consequences of a transfer of an AIP to a registered retirement savings plan.

## 11.4 – Taxation of the Beneficiary

Under the sub-heading “How your beneficiary is taxed”, state in general terms the income tax consequences to a beneficiary of a payment made to the beneficiary under the scholarship plan, including, as applicable, an EAP, a discretionary payment and a fee refund.

## Item 12 – Organization and Management Details of the Scholarship Plan

### 12.1 – Organization and Management Details

(1) Provide in a diagram or table, under the heading “Who is involved in running the plan[s]”, information about the entities involved in operating the scholarship plan, including the investment fund manager, foundation, trustee, portfolio adviser, principal distributor, independent review committee, custodian, registrar and auditor of the scholarship plan.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity, and the relationship of that entity to the investment fund manager. Include a description of how each of the following aspects of the operations of the scholarship plan is administered and who administers those functions:

- (a) the management and administration of the scholarship plan, including valuation services, fund accounting and securityholder records, other than the management of the portfolio assets;
- (b) the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;
- (c) the purchase and sale of portfolio assets by the scholarship plan and the making of brokerage arrangements relating to the portfolio assets;
- (d) the distribution of the securities of the scholarship plan;
- (e) if the scholarship plan is a trust, the trusteeship of the scholarship plan;
- (f) if the scholarship plan is a corporation, the oversight of the affairs of the scholarship plan by the directors of the corporation;
- (g) the custodianship of the assets of the scholarship plan;
- (h) the oversight of the investment fund manager of the scholarship plan by the independent review committee;
- (i) the oversight of the scholarship plan by any other body.

(3) For each entity listed in the diagram or table, other than the investment fund manager, provide the municipality and the province or country where it principally provides its services to the scholarship plan. Provide the complete municipal address for the investment fund manager of the scholarship plan.

#### *INSTRUCTION*

*The “foundation” refers to the not-for-profit entity that is the sponsor of the scholarship plan.*

## Item 13 – Statement of Rights

### 13.1 – Statement of Rights

Under the heading “Your rights as an investor”, state the following using the same or substantially similar wording:

Within 60 days after you sign the contract, you have the right to withdraw from the agreement to buy scholarship plan securities and get back all of your money.

[In several provinces and territories], securities legislation also gives you the right to withdraw from a purchase and get back all of your money, or to claim damages, if the prospectus and any amendment contain a misrepresentation or are not delivered to you. You must act within the time limit set by the securities legislation in your province [or territory].

You can find out more about these rights by referring to the securities legislation of your province [or territory] or by consulting a lawyer.

**Item 14 – Other Material Information****14.1 – Other Material Information**

(1) Under the heading “Other important information”, state any other material facts relating to the securities being offered that are not disclosed under any other item in the Form and are necessary for the prospectus to contain full, true and plain disclosure of all material facts about the securities to be distributed.

(2) Provide any specific disclosure required to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.

(3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

**INSTRUCTIONS**

(1) *Sub-headings that are not mandated by this Form may be used in this Item.*

(2) *For a single prospectus, provide this disclosure either under this Item or under Item 23 of Part C of this Form, whichever is more appropriate.*

(3) *For a multiple prospectus, provide this disclosure under this Item if the disclosure pertains to all of the scholarship plans described in the document. If the disclosure does not pertain to all of the plans, provide the disclosure under Item 23 of Part C of this Form.*

**Item 15 – Back Cover****15.1 – Back Cover**

(1) State on the back cover the name of the scholarship plan(s) offered under the prospectus, and the name, address and telephone number of the investment fund manager of the scholarship plan(s)

(2) State the following using the same or substantially similar wording:

You can find additional information about the plan[s] in the following documents:

- [its/their] most recently filed annual financial statements,
- any interim financial reports filed after those annual financial statements, and
- the most recently filed annual management report of fund performance.

These documents are incorporated by reference into this prospectus. That means they legally form part of this document just as if they were printed as part of this document.

You can get a copy of these documents at no cost by calling us at [insert the toll-free telephone number or telephone number where collect calls are accepted] or by contacting us at [insert scholarship plan’s e-mail address].

[If applicable] You’ll also find these documents on our website at [insert scholarship plan’s website address].

These documents and other information about the plan[s] are also available at [www.sedar.com](http://www.sedar.com).

**Part C – Plan-Specific Information****Item 1– General**

The Items in this Part apply to each type of scholarship plan unless otherwise stated.

**Item 2 – Introductory Disclosure****2.1 – For a Single Prospectus**

Include at the top of the first page of the Part C section of the prospectus, the heading “Specific information about the [name of scholarship plan]”.

## 2.2 – For a Multiple Prospectus

Include,

- (a) at the top of the first page of the first Part C section of the prospectus, the heading “Specific information about our plans”, and
- (b) at the top of each page of a Part C section of the prospectus, a heading consisting of the name of the scholarship plan described on that page.

## Item 3 – Plan Description

### 3.1 – Plan Description

Under the heading “Type of plan”, disclose in the form of a table

- (a) the type of scholarship plan,
- (b) the date on which the scholarship plan was started, and
- (c) the nature of the securities offered by the prospectus.

#### INSTRUCTION

*In disclosing the date on which the scholarship plan was started, use the date on which the securities of the scholarship plan first became available for offer to the public, which will be on or about the date of the issuance of the first receipt for a prospectus of the scholarship plan.*

## Item 4 – Eligibility and Suitability

### 4.1 – Eligibility and Suitability

- (1) Under the heading “Who this plan is for”, list the eligibility criteria for enrolment in the scholarship plan.
- (2) Provide a brief statement of the suitability of the scholarship plan for particular investors, describing both the characteristics of the subscriber and beneficiary for whom the scholarship plan may be an appropriate investment and for whom it may not be an appropriate investment.

#### INSTRUCTION

*The disclosure provided under subsection 4.1(2) must be consistent with the disclosure provided under Item 4 of Part A of this Form. Discuss whether the scholarship plan is particularly suitable for certain types of investors. Conversely, if the scholarship plan is particularly unsuitable for certain types of investors, emphasize this aspect of the plan and disclose the types of investors who should not invest in the scholarship plan, on both a short- and long-term basis.*

## Item 5 – Beneficiary Group

### 5.1 – Beneficiary Group

- (1) This Item applies to a group scholarship plan.
- (2) Under the sub-heading “Your beneficiary group”, describe
  - (a) what a beneficiary group is and the significance of belonging to a beneficiary group, and
  - (b) how the maturity date and year of eligibility are determined and the significance of the dates.
- (3) Include the table below, introduced using the following wording or wording that is substantially similar:

The table below can help you determine your beneficiary group. In general, the beneficiary group is determined by the age of the beneficiary when you sign your contract.



Typical age of beneficiary when the plan is purchased	Beneficiary group
[See Instruction (2)] [Age of oldest beneficiary eligible to join group scholarship plan] years old	[Year of eligibility for oldest beneficiary]
[Age corresponding to next year of eligibility in descending order] years old	[Year of eligibility for next oldest beneficiary]
⋮	
0 years old	[Year of eligibility for youngest beneficiary]

**INSTRUCTIONS**

(1) In responding to subsection 5.1(2), provide disclosure regarding the sharing of earnings on contributions based on the number of beneficiaries in a beneficiary group, including the sharing of earnings on contributions where there is pre-maturity and post-maturity attrition.

(2) The table required under subsection 5.1(3) is used to demonstrate how the year of eligibility relates to the age of the beneficiary on the application date. The rows in this table must present the ages of the beneficiaries for whom subscribers may purchase a group scholarship plan, starting from the oldest to the youngest.

**Item 6 – Eligible Studies****6.1 – Summary of Eligible Studies**

Under the heading “Summary of eligible studies”, state the following using the same or substantially similar wording:

The following is a summary of the post-secondary programs that qualify for EAPs under the [name of the plan].

Contact us or your sales representative to find out if the educational programs you are interested in are eligible. [State if applicable – We can provide you with a current list of qualifying institutions and programs.]

For more information about receiving EAPs, see “Educational assistance payments” at page [insert page reference to the disclosure provided under section 19.2 of Part C of this Form] of the prospectus.

**6.2 – Description of Eligible Programs**

Under the sub-heading “What’s eligible”, briefly describe the types of programs that qualify for EAPs under the scholarship plan.

**6.3 – Description of Ineligible Programs**

(1) Under the sub-heading “What’s not eligible”, briefly describe the types of programs that do not qualify for EAPs under the scholarship plan.

(2) State, if applicable, that beneficiaries who do not enrol in eligible studies will also not receive payments of grants.

(3) State the following using the same or substantially similar wording:

If you are interested in a program that doesn’t qualify for EAPs under the [name of scholarship plan], you should consider another type of plan. [State if applicable – This plan has more restrictions on the types of programs that qualify for EAPs than what is permitted for RESPs under the *Income Tax Act* (Canada). If the program you are interested in does not qualify for EAPs under this plan, it may qualify under another type of plan.] [For a group scholarship plan, state if applicable – For example, an individual or family plan has fewer restrictions on the types of programs that qualify for EAPs.]

**INSTRUCTIONS**

(1) The disclosure required by sections 6.2 and 6.3 may be provided in the form of a table to assist readability.

(2) Describe the programs required to be disclosed under sections 6.2 and 6.3 based on characteristics such as the type of educational institutions offering the programs, the duration of the programs and the location of the educational institutions.

## Item 7 – Investment Objectives

### 7.1 – Investment Objectives

(1) This section does not apply to a scholarship plan that is required to provide the disclosure under section 7.1 of Part B of this Form.

(2) Set out, under the heading “How we invest your money” with the sub-heading “Investment objectives”, the fundamental investment objectives of the scholarship plan, including any information that describes the fundamental nature of the scholarship plan or the fundamental features of the scholarship plan that distinguish it from other types of scholarship plans.

(3) Describe the nature of any securityholder or other approval that may be required to change the investment objectives of the scholarship plan and any of the material investment strategies to be used to achieve those investment objectives.

(4) If the scholarship plan purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of the investments made by subscribers, include this fact as a fundamental investment objective of the scholarship plan and

- (a) identify the person or company providing the guarantee or insurance,
- (b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance, and
- (c) provide the reasons for which the guarantor or insurer, as the case may be, could limit or avoid execution of the guarantee or insurance policy.

#### INSTRUCTION

*In providing the disclosure contemplated by this Item, follow the Instructions that apply to section 7.1 of Part B of this Form.*

## Item 8 – Investment Strategies

### 8.1 – Investment Strategies

(1) This section does not apply to a scholarship plan that is required to provide the disclosure under section 8.1 of Part B of this Form.

(2) Describe under the sub-heading “Investment strategies” the following:

- (a) the principal investment strategies that the scholarship plan intends to use in achieving its investment objectives, and
- (b) the process by which the scholarship plan’s portfolio adviser selects investments for the scholarship plan’s portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(3) Indicate the types of investments, other than those held by the scholarship plan in accordance with its fundamental investment objectives, that may form part of the scholarship plan’s portfolio assets under normal market conditions.

(4) If the scholarship plan may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the scholarship plan’s portfolio adviser may use or intends to use in response to such conditions.

#### INSTRUCTION

*A scholarship plan may, in responding to subsection 8.1(2), provide a discussion of the general investment approach or philosophy followed by the portfolio adviser of the scholarship plan.*

## Item 9 – Investment Restrictions

### 9.1 – Investment Restrictions

(1) This section does not apply to a scholarship plan that is required to provide the disclosure under section 9.1 of Part B of this Form.

(2) Under the sub-heading “Investment restrictions”, describe any restrictions on investments adopted by the scholarship plan, beyond what is required under securities legislation.

(3) If the scholarship plan has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, provide details of the permitted variations.

(4) Describe the nature of any securityholder or other approval that may be required in order to change the investment restrictions of the scholarship plan.

## Item 10 – Plan-Specific Risks

### 10.1 – Plan Risks

(1) Under the heading “Risks of investing in this plan” with the sub-heading “Plan risks”, include an introduction using the following wording or wording that is substantially similar:

You sign a contract when you open a plan with us. Read the terms of the contract carefully and make sure you understand it before you sign. If you or your beneficiary does not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of their EAPs.

Keep in mind that payments from the plan are not guaranteed. We cannot tell you in advance if your beneficiary will qualify to receive any EAPs from the plan or how much your beneficiary will receive. We do not guarantee the amount of any payments or that the payments will cover the full cost of your beneficiary’s post-secondary education.

In addition to the investment risks described under “Investment risks” on page(s) *[insert a page reference to the investment risks disclosed under section 10.1(3) of Part B of this Form or section 10.2 of this Part of the Form, as applicable]* of the prospectus, the following is a description of the risks of participating in this plan:

(2) List and describe any material risks associated with an investment in the scholarship plan, other than the investment risks associated with the portfolio held by the plan that are disclosed under section 10.1 of Part B of this Form or section 10.2 of this Part, including, as applicable to the plan,

- (a) the risk of a change in attrition rates affecting the amount of EAPs available to beneficiaries,
- (b) the risk of a decision not to provide a discretionary payment affecting the amount of money available to beneficiaries who enrol in eligible studies,
- (c) the risk that the current sources of funding for discretionary payments may not be available at plan maturity,
- (d) if there is no guarantee for any refunds of sales charges or other fees, the risk that the current sources of funding for the refunds may not be available at or after the maturity date of the subscriber’s plan, and
- (e) if the scholarship plan has more than one class or series of securities, the risk that the investment performance, expenses or liabilities of one class or series may affect the value of the securities of another class or series.

### INSTRUCTION

*In responding to section 10.2, follow Instructions (1) – (3) to section 10.1 of Part B of this Form.*

### 10.2 – Investment Risks

(1) Subsections (2) to (5) do not apply to a scholarship plan that is required to provide the disclosure under section 7.1 of Part B of this Form.

(2) Under the heading “Risks of investing in this plan” with the sub-heading “Investment risks”, include an introduction using the following wording or wording that is substantially similar:

The prices of the investments held by the scholarship plan can go up or down. Below are the risks that can cause the value of the plan’s investments to change, which will affect the amount of EAPs available to beneficiaries.

(3) List and describe the investment risks applicable to the scholarship plan, other than those risks previously discussed under subsection 10.1(3) of Part B of this Form.

(4) Include specific cross-references to the risks described in response to subsection 10.1(3) of Part B of this Form that are applicable to the scholarship plan.

(5) If, at any time during the 12-month period immediately preceding the date of the prospectus, more than 10% of the net assets of a scholarship plan were invested in the securities of an issuer other than a government security, disclose

- (a) the name of the issuer and the securities,
- (b) the maximum percentage of the net assets of the scholarship plan that securities of that issuer represented during the 12-month period, and
- (c) the risks associated with the investments, including the possible or actual effect on the liquidity and diversification of the scholarship plan.

(6) If the scholarship plan is required to provide the disclosure under section 7.1 of Part B of this Form, under the heading “Risks of investing in this plan” with the sub-heading “Investment risks”, state the following using the same or substantially similar wording:

The prices of the investments held by the scholarship plan can go up or down. You can find a list of risks that can cause the value of the plan’s investments to change under “Investment risks” on page [insert page reference to the risks disclosed under section 10.1(3) of Part B of this Form].

**INSTRUCTION**

In providing disclosure under this section, follow the Instructions to section 10.1 of Part B of this Form.

**Item 11 – Annual Returns**

**11.1 – Annual Returns**

Under the heading “How the plan has performed”, provide, in the form of the following table, the annual return of the scholarship plan for each of the past five years (or for a plan that has existed for less than five years, for each year the plan has been in existence) as disclosed in the most recently filed annual management report of fund performance of the scholarship plan, introduced using the following wording or wording that is substantially similar:

The table below shows how the investments in [name of plan] performed in each of the past [insert number of years] financial years ending on [insert date of end of financial year]. Returns are after expenses have been deducted. These expenses reduce the returns you get on your investment.

It’s important to note that this doesn’t tell you how the plan’s investments will perform in the future.

	[Year]	[Year]	[Year]	[Year]	[Year]
<b>Annual Return</b>	[Specify annual return]%	[Specify annual return]%	[Specify annual return]%	[Specify annual return]%	[Specify annual return]%

**Item 12 – Contributions**

**12.1 – Making Contributions**

(1) Under the heading “Making contributions”, state the minimum investment in the scholarship plan permitted under the prospectus and the maximum length of time a subscriber can make contributions under the plan.

(2) If the scholarship plan uses units, under the sub-heading “What is a unit?”, describe the unit and state why the scholarship plan uses units. State whether the value of a unit is only based on the value of the portfolio assets held by the scholarship plan and, if not, state what other factors the value of a unit is based on.

(3) Under the sub-heading “Your contribution options”, describe all available contribution options.

(4) If the scholarship plan requires subscribers to make contributions in accordance with a contribution schedule, under the sub-heading “Contribution schedule”, include an introduction to the contribution schedule using the following wording or wording that is substantially similar:

The contribution schedule below shows you how much you have to contribute to buy a unit. The price you pay depends on your beneficiary group and whether you pay for your units all at once or make more frequent contributions. *[For a group scholarship plan, state – The prices are calculated so that the contributions of each subscriber for a beneficiary group will generate the same earnings per unit.]*

Certain fees and expenses are deducted from your contributions. For more information, please see “Fees you pay” on page [insert page reference to the disclosure provided under section 14.2 of Part C of this Form].

The contribution schedule was prepared by *[indicate name of entity(ies) that prepared the contribution schedule]* in *[specify year the contribution schedule was prepared]*.

(5) Include the contribution schedule of the scholarship plan in the form of the following table, together with the following examples to explain how to use the contribution schedule to determine the contributions required to pay for each unit. Introduce the table using the following wording or wording that is substantially similar with the title “How to use this table” in bold:

**How to use this table:**

For example, let’s say your child is a newborn. If you want to make monthly contributions, it will cost \$*[specify amount payable monthly for this option]* each month for each unit you buy. You would have to make *[specify total number of payments for this option]* contributions over the life of your plan, for a total investment of \$*[specify total amount payable for this option]*.

If your child is five years old and you want to make annual contributions, it will cost \$*[specify amount payable annually for this option]* each year for each unit you buy. You would have to make *[specify total number of payments for this option]* contributions over the life of your plan, for a total investment of \$*[specify total amount payable for this option]*.

<b>Contribution schedule</b>				
<b>Contribution options</b> <i>[See Instruction (2)]</i>	<i>[Youngest beneficiary by age]</i> <i>[See Instruction (3)]</i>	<i>[Next youngest beneficiary by age]</i>	...	<i>[Oldest beneficiary by age]</i>
<b>Monthly contribution</b> Contribution amount Total number of contributions Total amount of contributions	<i>[See Instruction (4)]</i>			
<b>Annual contribution</b> Contribution amount Total number of contributions Total amount of contributions				
⋮				
<b>Lump sum contribution</b> Contribution amount				

(6) State the assumptions on which the contribution schedule is based. Indicate whether the assumptions are still reflective of current conditions and circumstances and, if they are not, state the differences and the ramifications to the subscriber and beneficiary.

#### INSTRUCTIONS

(1) *The contribution schedule must outline all available contribution options, including the lump sum contribution option.*

(2) *List the contribution options in the order based on the total number of contributions, from the largest number of contributions to the smallest number of contributions. For example, if the scholarship plan permits monthly, annual and lump sum contributions, list the contribution options in that order.*

(3) *The contribution schedule must be presented in the order based on the age of the beneficiaries, from the youngest to oldest.*

(4) *For each contribution option, set out the amount of each contribution, the total number of contributions, and the total amount payable for one unit.*

(5) *If the scholarship plan permits a subscriber to date their plan as at a date that is earlier than the application date, disclose the conditions or requirements that must be met to backdate a plan, including the maximum number of months that a plan may be backdated and the basis of calculation of any amount(s) payable by the subscriber in addition to the contributions required under the contribution schedule. Include a cross-reference to the disclosure provided under paragraph 11.3(1)(h) of Part B of this Form.*

(6) *The contribution amounts in the contribution schedule must not include fees for insurance.*

#### 12.2 – Missing Contributions

(1) Under the sub-heading “If you have difficulty making contributions”, state the following using the same or substantially similar wording:

If you miss one or more contributions, you may be in default of your plan. To stay in the plan, you’ll have to make up the contributions you missed. [*State if applicable* – You’ll also have to make up what the contributions would have earned if you had made them on time]. This can be costly.

For information about the steps you have to take to stay in the plan after missing contributions, see “Default, withdrawal or cancellation” on page [*insert page reference to the disclosure provided under Item 17 of Part C of this Form*].

(2) Under the sub-sub-heading “Your options”, describe the options available to subscribers having difficulty making contributions, including reducing the amount of contributions, suspending contributions, transferring to another RESP and cancelling the plan.

(3) Describe any restrictions on the availability of the options referred to in subsection (2).

(4) For each option set out under subsection (2), disclose the fee payable for the option and the losses that may be incurred by the subscriber as a result of the option.

(5) Describe what will happen if a subscriber has difficulty making contributions and does not select any of the options set out under subsection (2).

#### INSTRUCTIONS

(1) *A scholarship plan that does not require subscribers to make regular contributions to keep their plan in good standing must modify the disclosure under subsection 12.2(1) accordingly.*

(2) *If the cost of putting a plan in good standing after a voluntary suspension of the plan includes the payment of an amount equal to the interest that would have been earned on the missing contributions, disclose the rate as an annualized rate of interest and disclose how the rate is calculated.*

(3) *In disclosing any losses that may be incurred by a subscriber under subsection (4), state whether the subscriber may incur any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount.*

(4) *If the disclosure for an option required by subsections (3) and (4) is provided elsewhere in Part C of the prospectus, a cross-reference to the disclosure for the option may be provided in response to subsections (3) and (4). For example, if transferring to*

another scholarship plan managed by the investment fund manager is an option available to the subscriber, a scholarship plan may refer investors for details of this type of transfer by providing a cross-reference to the disclosure provided under section 16.1 of Part C of this Form.

**Item 13 – Withdrawing Contributions**

**13.1 – Withdrawing Contributions**

- (1) Under the heading “Withdrawing your contributions”, describe a subscriber’s entitlement to a return of contributions made, less fees, at any time before plan maturity.
- (2) Describe the steps a subscriber must take to withdraw some or all of their contributions before the maturity date of their plan.
- (3) Disclose the fee for a withdrawal and the losses that may be incurred by a subscriber upon a withdrawal.
- (4) Disclose whether a subscriber’s plan will be cancelled if the subscriber withdraws all the contributions made to their plan. If so, provide a cross-reference to the disclosure provided under section 17.3 of Part C of this Form.

**INSTRUCTION**

In describing any losses that may be incurred by a subscriber under subsection (3), disclose whether the subscriber may incur any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount.

**Item 14 – Fees and Expenses**

**14.1 – Costs of Investing in the Scholarship Plan**

Under the heading “Costs of investing in this plan”, state the following using the same or substantially similar wording:

There are costs for joining and participating in the [name of scholarship plan]. The following tables list the fees and expenses of this plan. You pay some of these fees and expenses directly from your contributions. The plan pays some of the fees and expenses, which are deducted from the plan’s earnings.

**14.2 – Fees Payable by Subscriber from Contributions**

- (1) Under the sub-heading “Fees you pay”, provide a list of the fees and expenses that are deducted from contributions and that are not required to be provided in the table under section 14.4 of Part C of this Form in the form of the following table. Introduce the table using the following wording:

These fees are deducted from your contributions. They reduce the amount invested in your plan.

Fee	What you pay	What the fee is for
Sales charge	<p>[\$Specify amount] per unit</p> <p>[See Instructions (1) and (2)]</p>	<ul style="list-style-type: none"> <li>• This is a commission for selling you the plan. It is paid to your sales representative and the company they work for.</li> </ul> <p>[See Instruction (3)]</p>
Processing fee	<ul style="list-style-type: none"> <li>• [\$Specify amount] each year for a lump sum contribution</li> <li>• [\$Specify amount] each year for annual contributions</li> <li>• [\$Specify amount] each year for monthly contributions</li> <li>• [\$Specify amount for other contribution options]</li> </ul>	<p>[See Instruction (3)]</p>
[Specify other fees and expenses]	<ul style="list-style-type: none"> <li>• [\$Specify amount]</li> </ul>	<p>[See Instruction (3)]</p>

(2) If the sales charge listed in the table required by subsection (1) is deducted from contributions at a higher rate in the early period of participating in the scholarship plan, using the margin of the page, add a sidebar under the sub-heading “Fees you pay”, and state the following using the same or substantially similar wording with the title of the sidebar in bold:

**Paying off the sales charges**

For example, say you make monthly contributions to buy one unit of the [name of scholarship plan] for a newborn child. [All/[specify lower percentage]] of your first [specify number of contributions] contributions go toward the sales charge until [half/[specify other percentage]] of the sales charge is paid off. [State, as applicable – [Half/[specify other percentage]] of your next [specify number of contributions] contributions go toward the sales charge until it’s fully paid off.] Altogether, it will take you [specify number of months] months to pay off the sales charge. During this period, [specify percentage] of your total contributions is used to pay the sales charge and [specify percentage] is invested in your plan.

**INSTRUCTIONS**

(1) State the amount of each fee. Describe how each fee is deducted from contributions if the amount deducted from each contribution is not the same. For example, if deductions for sales charges are not made from each contribution at a constant rate for the duration of the plan, or the duration for which contributions are required to be made, describe the amounts from contributions that are deducted to pay sales charges.

(2) If applicable, specify the percentage of each contribution that a fee comprises.

(3) State the entity to which each fee is payable and provide a concise explanation of what the fee is used for.

**14.3 – Fees Payable by the Scholarship Plan**

(1) Under the sub-heading “Fees the plan pays”, provide a list of the fees and expenses that are payable by the scholarship plan in the form of the following table and introduced using the following wording:

The following fees are payable from the plan’s earnings. You don’t pay these expenses directly. These expenses affect you because they reduce the plan’s returns.

Fee	What the plan pays	What the fee is for
Administrative fee	[See Instruction (1)] [Specify amount]	[See Instructions (2) and (3)]
Portfolio management fee		
Custodian fee		
Independent review committee fee		
[Specify other fees and expenses]		

(2) For the independent review committee fee, in the column “What the plan pays”, describe the fees and expenses payable in connection with the independent review committee and disclose the total dollar amount paid in connection with the independent review committee for the most recent financial year of the scholarship plan.

**INSTRUCTIONS**

(1) Show all fees or expenses payable by the scholarship plan, even if it is expected that the investment fund manager or other member of the organization of the scholarship plan will waive or absorb some or all of those fees and expenses.

(2) State the entity to which each fee is payable and provide a concise explanation of what the fee is used for. If a fee is charged to the scholarship plan for on-going fund expenses, list the main components of those expenses covered by the fee.

**14.4 – Transaction Fees**

Under the sub-heading “Transaction fees”, provide a list of the transaction fees in the form of the following table introduced using the following wording:



We will charge the following fees for the transactions listed below.

Fee	Amount	How the fee is paid
[See Instruction (1)]	[\$[Specify amount]]	[See Instruction (2)]

**INSTRUCTIONS**

(1) Describe the type of transaction for which the fee is charged, for example, replacing a cheque, changing the contribution schedule, changing the beneficiary, changing the maturity date, transferring a plan and late application for EAPs.

(2) State how the fee for each transaction is charged, for example, whether the fee is an additional amount payable by the subscriber or beneficiary, or whether it is deducted from the earnings of the scholarship plan.

**14.5 – Fees for Additional Services**

(1) If applicable, under the sub-heading “Fees for additional services”, provide a list of the fees payable for the additional services disclosed under section 6.6 of Part B of this Form in the form of the following table and introduced using the following wording:

The following fees are payable for the additional services listed below:

Fee	What you pay	How the fee is paid
[See Instruction (1)]	[\$[Specify amount]]	[See Instruction (2)]

**INSTRUCTIONS**

(1) Describe the type of service for which the fee is charged (for example, insurance services). If insurance services are provided, under the column “What you pay”, disclose the fee for insurance and disclose the portion of the fee that is paid by the insurer to the principal distributor, the investment fund manager, or an affiliate.

(2) State how the fee for each service is charged, for example, whether the fee is an amount payable by the subscriber on a monthly basis in addition to contributions made under the contribution schedule.

(3) If the fee payable for an additional service varies so that specific disclosure of the amount of the fee cannot be provided in the prospectus, provide the range of fees payable.

**14.6 – Refund of Sales Charges and Other Fees**

(1) Under the sub-heading “Refund of sales charges [and other fees]”, disclose the details of all arrangements for the refunding of sales charges and any other fee paid by subscribers.

(2) In the disclosure required by subsection (1), for each fee that may be refunded, describe

- (a) who pays the fee refund,
- (b) who funds the fee refund and the sources of funding for the fee refund,
- (c) whether the refund is guaranteed or not and what that means,
- (d) the conditions or requirements that must be met to receive the fee refund, and
- (e) when the refund will be paid.

(3) Describe the circumstances that may affect the ability of the current sources of funding for the fee refunds to continue to fund such payments.

(4) State whether the investment fund manager or any other entity has put any mechanism in place to continue to make fee refunds if any of the circumstances referred to in subsection (3) occurs.

(5) If a fee refund is payable on a discretionary basis, state the following wording with the first sentence in bold:

**Discretionary refunds are not guaranteed.** You should not count on receiving a discretionary refund. [*Specify entity*] decides if it will provide a fee refund in any year.

#### INSTRUCTIONS

(1) A return of an enrolment fee is considered to be a refund of sales charges for the purposes of disclosure under this section.

(2) If a fee refund is paid in instalments, disclose each payment date and the amount payable at each date.

### Item 15 – Making Changes to a Subscriber’s Plan

#### 15.1 – Changing Contributions

(1) Under the heading “Making changes to your plan” and the sub-heading “Changing your contributions”, disclose whether or not a subscriber can change the contributions under a plan.

(2) If a subscriber can change the contributions under a plan, disclose

- (a) the steps the subscriber must take to make the change,
- (b) the conditions or requirements that must be met to make the change,
- (c) the fee for making the change, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the change is made.

#### 15.2 – Changing Maturity Date

(1) Under the sub-heading “Changing the maturity date”, disclose whether or not a subscriber can change the maturity date of their plan.

(2) If a subscriber can change the maturity date, disclose

- (a) the steps the subscriber must take to make the change,
- (b) the conditions or requirements that must be met to make the change,
- (c) the fee for making the change, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the change is made.

#### 15.3 – Changing Year of Eligibility

(1) Under the sub-heading “Changing your beneficiary’s year of eligibility”, disclose whether or not a subscriber can change the year of eligibility of a beneficiary.

(2) If a subscriber can change the year of eligibility, disclose

- (a) the steps the subscriber must take to make the change,
- (b) the conditions or requirements that must be met to make the change,
- (c) the fee for making the change, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the change is made.

#### 15.4 – Changing Subscriber

(1) Under the sub-heading “Changing the subscriber”, disclose whether the contract permits the subscriber to be changed at any time during the life of a plan.

(2) If the subscriber may be changed, disclose

- (a) the steps that are required to make the change,
- (b) the conditions or requirements that must be met to make the change,
- (c) the fee for making the change, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the change is made.

### 15.5 – Changing Beneficiary

(1) Under the sub-heading “Changing your beneficiary”, disclose whether or not a subscriber can change the beneficiary of a plan.

(2) If the beneficiary may be changed, disclose

- (a) the steps the subscriber must take to make the change,
- (b) the conditions or requirements that must be met to make the change,
- (c) the fee for making the change, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the change is made.

### 15.6 – Death or Disability of Beneficiary

(1) Under the sub-heading “Death or disability of the beneficiary”, disclose the options available to a subscriber in the event of the death or disability of the beneficiary of the plan.

(2) The disclosure under this item must include

- (a) how a disability is defined,
- (b) how each option may be initiated and the conditions or requirements that must be met for each option,
- (c) the fee for each option, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the option is selected.

### INSTRUCTIONS

*(1) In discussing a change in contributions under a plan in response to section 15.1, state whether the change in contributions may be made as a result of changing the contribution frequency or the number of units for which contributions are made.*

*(2) The disclosure of the conditions or requirements for making a change to the subscriber’s plan required under this Item must include a description of any amounts required to be paid to make the change and the deadline for making the change.*

*(3) In disclosing the losses that may be incurred by a subscriber or a beneficiary in response to this Item, state whether the subscriber or the beneficiary may incur any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount.*

### Item 16 – Transfer of Scholarship Plan

#### 16.1 – Transferring to another Plan managed by the Investment Fund Manager

(1) Under the heading “Transferring your plan” with the sub-heading “Transferring to [name the other plans managed by the investment fund manager of the scholarship plan]”, state whether or not the plan allows a subscriber to transfer from the current plan to each of the other plans offered by the investment fund manager.

(2) Disclose

- (a) the steps a subscriber must take to effect the transfer,

- (b) the conditions or requirements that must be met to effect the transfer,
- (c) the fee for the transfer,
- (d) the losses that may be incurred by the subscriber or the beneficiary if the transfer is made, and
- (e) for a group scholarship plan, whether a subscriber who has transferred out of a group plan may transfer back to the group plan.

### 16.2 – Transferring to another RESP Provider

(1) Under the sub-heading “Transferring to another RESP provider”, state whether or not a subscriber may transfer to an RESP provider unrelated to the investment fund manager.

(2) Disclose

- (a) the steps a subscriber must take to effect the transfer,
- (b) the conditions or requirements that must be met to effect the transfer,
- (c) the fee for the transfer, and
- (d) the losses that may be incurred by the subscriber or the beneficiary if the transfer is made.

### 16.3 – Transferring from another RESP Provider to the Scholarship Plan

(1) Under the sub-heading “Transferring to this plan from another RESP provider”, state whether or not the scholarship plan allows a subscriber to transfer from another RESP provider unrelated to the investment fund manager to the plan.

(2) Disclose

- (a) the steps a subscriber must take to effect the transfer,
- (b) the conditions or requirements that must be met to effect the transfer, and
- (c) the fee for the transfer.

### INSTRUCTIONS

*(1) The disclosure of the conditions or requirements that must be met to effect a transfer of a plan described under this Item must include a description of any amounts required to be paid to effect the transfer and the deadline for effecting the transfer.*

*(2) In disclosing the losses that may be incurred by a subscriber or a beneficiary in response to this Item, state whether the subscriber or the beneficiary may incur any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount.*

### Item 17 – Default, Withdrawal or Cancellation

#### 17.1 – Withdrawal or Cancellation by Subscriber

(1) Under the heading “Default, withdrawal or cancellation” with the sub-heading “If you withdraw from or cancel your plan”, describe how a subscriber can withdraw from or cancel a plan.

(2) Describe the amounts a subscriber is entitled to receive if the subscriber withdraws from a plan up to 60 days after signing a contract.

(3) Describe the amounts a subscriber is entitled to receive if the subscriber cancels a plan more than 60 days after signing a contract.

(4) Disclose the charges payable by a subscriber for a cancellation.

(5) Disclose the losses that may be incurred by the subscriber or the beneficiary if the subscriber cancels their plan.

**17.2 – Subscriber Default**

- (1) Under the sub-heading “If your plan goes into default”, describe the circumstances in which a subscriber may be noted in default under the scholarship plan.
- (2) Disclose the steps the investment fund manager will take to notify the subscriber when a default described in subsection (1) occurs.
- (3) Disclose the steps a subscriber can take to remedy a default and disclose the costs associated with remedying the default, including any amounts payable by the subscriber. For a default due to missed contributions, describe how any amount payable by a subscriber as a result of missed contributions is calculated.
- (4) For each default, disclose whether remedying the default will qualify a subscriber and a beneficiary for the same payments under the scholarship plan as if the default had not occurred.
- (5) Disclose whether a default results in the cancellation of a subscriber’s plan by the investment fund manager if the default is not remedied. If an unremedied default does not result in the cancellation of the subscriber’s plan, disclose the losses that may be incurred by the subscriber or the beneficiary due to the default.

**17.3 – Cancellation by Investment Fund Manager**

- (1) Under the sub-heading “If we cancel your plan”, describe any circumstances other than a subscriber default in which the investment fund manager of the scholarship plan may cancel a subscriber’s plan.
- (2) Describe the amounts a subscriber is entitled to receive if the subscriber’s plan is cancelled by the investment fund manager.
- (3) Disclose the costs payable by a subscriber in connection with a cancellation by the investment fund manager.
- (4) Disclose the losses that may be incurred by the subscriber or the beneficiary if the investment fund manager cancels the subscriber’s plan.

**17.4 – Re-activation of Subscriber’s Plan**

- (1) If applicable, under the sub-heading “Re-activating your plan”, describe the circumstances in which a subscriber may re-activate a plan after cancellation of the plan, and specify the costs associated with re-activation and who bears the costs.
- (2) Disclose whether re-activating a plan will qualify a subscriber and a beneficiary for the same payments under the scholarship plan as if the cancellation had not occurred.

**17.5 – Plan Expiration**

Under the sub-heading, “If your plan expires”, discuss the maximum duration of a subscriber’s plan before it must be collapsed and what happens to the money from a collapsed plan.

**INSTRUCTIONS**

- (1) *In disclosing the losses that may be incurred by a subscriber or a beneficiary in response to Item 17, state whether the subscriber or the beneficiary may incur any loss of earnings, grants, grant contribution room, amounts paid for sales charges and fees or loss of any other amount.*
- (2) *If the costs of putting a plan in good standing after missing contributions or re-activating a plan after cancellation include the payment of an amount equal to the interest that would have been earned on contributions required by the scholarship plan, disclose the rate as an annualized rate of interest and disclose how the rate is calculated.*
- (3) *If an AIP may be received upon cancellation of a plan, include a cross-reference to the disclosure provided under Item 20 of Part C of this Form.*

**Item 18 – Plan Maturity****18.1 – Description of Plan Maturity**

- (1) Under the heading “What happens when your plan matures”, briefly explain what happens to a subscriber’s plan at the maturity date.

(2) State whether the investment fund manager will notify the subscriber about the maturity date of the plan and how the notice is provided.

#### INSTRUCTION

*In responding to section 18.1, briefly explain what happens to the contributions, grants and earnings at the maturity date, such as the earnings for a beneficiary group being transferred into an EAP account for distribution to qualified beneficiaries.*

#### 18.2 – If the Beneficiary Does Not Enrol in Eligible Studies

(1) Under the sub-heading “If your beneficiary does not enrol in eligible studies”, state that a beneficiary who does not enrol in eligible studies will not receive EAPs from the scholarship plan.

(2) Describe the options for a subscriber whose beneficiary does not enrol in eligible studies and disclose the losses that may be incurred by the subscriber under each option.

(3) State whether a subscriber may be eligible to receive an AIP. If an AIP may be payable, provide a cross-reference to the disclosure provided under Item 20 of Part C of this Form.

#### INSTRUCTIONS

*(1) In responding to section 18.2, describe options including naming another beneficiary before the maturity date, transferring to another RESP and cancelling the plan.*

*(2) In describing the losses that may be incurred by the subscriber in response to subsection 18.2(2), cross-references to the disclosure provided under Items 15 to 17 of Part C of this Form may be provided, as applicable.*

#### Item 19 – Payments from the Scholarship Plan

##### 19.1 – Return of Contributions

(1) Under the heading “Receiving payments from the plan” with the sub-heading “Return of contributions”, describe when and how contributions are returned to the subscriber. State whether the amount returned is net of sales charges and fees deducted from contributions.

(2) If all or a part of a subscriber’s contributions are returned, state what happens to the grants. State whether it is possible for grants to remain in the name of the beneficiary and if so, state the conditions or requirements that must be met to do so.

##### 19.2 – Payments to Beneficiaries

(1) Under the sub-heading “Educational assistance payments”, disclose the conditions and requirements necessary for a beneficiary to receive EAPs under the scholarship plan, including the deadline for applying for EAPs, and state what happens if the beneficiary misses the deadline.

(2) Describe each option for paying EAPs to beneficiaries. For each option, disclose

- (a) the number of payments,
- (b) when each payment is made, and
- (c) for a group scholarship plan, the percentage of the maximum total amount of EAPs payable at each payment date.

(3) For a group scholarship plan, if the total amount of EAPs payable to beneficiaries differs based on the number of years of eligible studies, disclose the number of years of eligible studies that qualifies for the payment of the maximum total amount of EAPs and briefly describe the eligible studies with that duration.

(4) For a group scholarship plan that does not offer EAP payment options tailored to reduced programs, state, if applicable, that beneficiaries who enrol in eligible studies of a shorter duration than the full period will not qualify for the maximum number of EAPs and will receive a lower total amount of EAPs over the duration of their eligible studies than beneficiaries who enrol in eligible studies for the full period.

(5) For a group scholarship plan that offers EAP payment options tailored to reduced programs, if the total amount of EAPs payable under an EAP payment option tailored to reduced programs is less than the maximum total amount of EAPs, state the total amount of EAPs payable under the EAP payment option as a percentage of the maximum total amount of EAPs.

#### INSTRUCTIONS

(1) In providing the disclosure under subsection 19.2(1), do not repeat the type of studies that qualify for EAPs. Instead, include a cross-reference to the disclosure provided under section 6.2 of Part C of this Form.

(2) The disclosure under subsection 19.2(1) must include a discussion of any requirements for a beneficiary to remain eligible for EAPs under the scholarship plan for each successive year of study.

(3) The “maximum total amount of EAPs” is the total amount of EAPs that can be received by a beneficiary who meets the requirements of the scholarship plan for receiving the maximum number and amount of EAPs.

(4) In providing the disclosure under subsection 19.2(3), describe generally the types of programs for which a beneficiary will receive the maximum total amount of EAPs (for example, four years of eligible studies that may consist of a 4-year program or two 2-year programs).

(5) The “full period” is the number of years of eligible studies that qualifies for the payment of the maximum total number and amount of EAPs.

(6) An “EAP payment option tailored to reduced programs” is an EAP payment option that pays substantially the maximum total amount of EAPs for eligible studies with a shorter duration than the full period over the shorter duration. For example, an EAP payment option that makes two payments for a 2-year post-secondary program, where each payment is twice the amount of each of the four payments that would be made for a 4-year post-secondary program, is an EAP payment option tailored to reduced programs.

(7) A scholarship plan may use a table to illustrate the schedule of payments and the amount paid in each year of eligible studies for each EAP payment option offered.

#### 19.3 – Amount of EAPs

(1) Under sub-sub-heading, “How we determine EAP amounts”, state the components of EAPs paid under the plan.

(2) Describe how the value of EAPs is determined for each year of eligible study. State whether or not any oversight of the calculation of EAPs is provided by an entity other than the investment fund manager.

(3) State, as applicable to the type of scholarship plan,

- (a) how unrealized capital gains or losses on investments in the scholarship plan are allocated;
- (b) how earnings attributable to units or plans cancelled before the maturity date are allocated;
- (c) how earnings attributable to units or plans cancelled after the maturity date are allocated;
- (d) how the difference between the maximum total amount of EAPs and the lower amount collected by beneficiaries who enrol in eligible studies that do not qualify for the maximum total amount of EAPs is allocated;
- (e) how the grants accrued in the scholarship plan and the earnings from grants are allocated.

#### INSTRUCTION

The amount for which disclosure is required under paragraph 19.3(3)(d) is the amount that is not collected by beneficiaries in a beneficiary group because they do not enrol in eligible studies of sufficient duration to qualify for the maximum total amount of EAPs.

#### 19.4 – Payments from the EAP Account

(1) This section applies to a group scholarship plan.

(2) Under the sub-sub-heading “Payments from the EAP account”, provide information in the form of the following table about the funding of the EAP account. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Past breakdown of income in the EAP account” in bold:

A portion of each EAP consists of a beneficiary’s share of the EAP account. The rest of an EAP is made up of the beneficiary’s grants and the earnings on those grants.

The EAP account holds the income earned on contributions made by subscribers. This includes the income earned on contributions of subscribers who have cancelled their plan or whose plan was cancelled by us. There is a separate EAP account for each beneficiary group.

**Past breakdown of income in the EAP account**

The table below shows the breakdown of income in the EAP account at the maturity date for the five beneficiary groups that most recently reached their year of eligibility.

The breakdown of income can vary by beneficiary group. The amount of income earned on contributions depends on the performance of the plan’s investments. The amount of income from cancelled plans depends on how many plans were cancelled, as well as the investment performance of that money.

	Beneficiary group				
	[Most recent year]	[Most recent year minus 1]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]
Income earned on contributions	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]
Income from cancelled plans	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]	[Specify as percentage of total EAP account]
<b>Total EAP account</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(3) Provide information in the form of the following table about the historical payment of amounts from the EAP account. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Past payments from the EAP account” in bold:

**Past payments from the EAP account**

The table below shows how much was paid from the EAP account per unit for the five beneficiary groups that most recently reached their year of eligibility. [For a scholarship plan that offers EAP payment options tailored to reduced programs, state – This table shows only the amount paid per unit for beneficiaries who selected the [specify EAP payment option for the full period]. We also offer [a] payment option[s] that pay[s] EAPs tailored to shorter programs].

Keep in mind that scholarship plans are generally long-term investments. The payments shown largely reflect investments made years ago. It’s important to note that this doesn’t tell you how much a beneficiary will receive in the future.

Year of studies	Payments from EAP account by beneficiary group				
	[Most recent year]	[Most recent year minus 1]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]
First year [if applicable] [See Instruction (2)]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]



Year of studies	Payments from EAP account by beneficiary group				
	[Most recent year]	[Most recent year minus 1]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]
Second year	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit
Third year	See note 1	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit
Fourth year	See note 1	See note 1	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit

Note 1: The amount is not shown because the beneficiaries in this beneficiary group are not yet enrolled in that year of studies.

#### INSTRUCTIONS

The tables required in section 19.4 must list the five beneficiary groups that most recently reached their year of eligibility as at the date of the prospectus.

#### 19.5 – If Beneficiary Does Not Complete or Advance in Eligible Studies

(1) For a group scholarship plan, immediately under the sub-heading “If your beneficiary does not complete or advance in eligible studies”, state the following using the same or substantially similar wording:

If your beneficiary does not complete or advance in their program, they may lose one or more EAPs. This can happen if your beneficiary does not complete all the courses required to advance to the next year of the program, decides to enrol in another program that is not considered an advancement from prior study, or drops out of school before completing their program.

*[If applicable, state – Your beneficiary may be able to defer a payment if they go back to a qualifying program. Deferrals are at our discretion.]*

(2) Under the sub-heading “If your beneficiary does not complete or advance in eligible studies”, disclose available options if the beneficiary does not complete or advance in their program.

(3) Disclose what happens to the earnings of the subscriber’s plan if the beneficiary does not complete or advance in their program. For a group scholarship plan, provide a cross-reference to the disclosure provided under section 22.3 of Part C of this Form.

#### INSTRUCTIONS

*(1) If the scholarship plan provides the option for a beneficiary to defer the payment of an EAP, state the period of time that an EAP may be deferred and the conditions and requirements that must be met to receive a deferred payment.*

*(2) If the details of an option provided under subsection 19.5(2) have been disclosed elsewhere in the prospectus, provide a cross-reference to the disclosure contained in the prospectus. For example, if a subscriber may cancel their plan and receive an AIP, provide a cross-reference to the disclosure provided under Item 17 and Item 20 of Part C of the Form.*

#### Item 20 – Accumulated Income Payments

##### 20.1 – Accumulated Income Payments

(1) Under the sub-heading “Accumulated income payments”, disclose

- (a) the conditions or requirements necessary to receive an AIP,
- (b) the components of an AIP,

- (c) the option for a subscriber who has received an AIP to transfer the payment to a registered retirement savings plan, and
- (d) any costs or other losses that the subscriber or the beneficiary could incur in receiving an AIP.

(3) State whether there may be tax consequences of receiving an AIP and provide a cross- reference to the disclosure provided under subsection 11.3(2) of Part B of this Form.

**Item 21 – Discretionary Payments to Beneficiaries**

**21.1 – Discretionary Payments to Beneficiaries**

- (1) Under the sub-heading “Discretionary payments”, if discretionary payments may be made to beneficiaries, state that beneficiaries may receive a discretionary payment in addition to their EAPs.
- (2) Disclose when discretionary payments are made.
- (3) State who decides whether a discretionary payment will be made and state the requirements or conditions that must be met in order to be eligible to receive a discretionary payment.
- (4) Disclose how the amount of discretionary payments is determined and the sources of funding for the discretionary payments.
- (5) Describe the circumstances that may affect the ability of the current sources of funding for the discretionary payments to continue to fund the discretionary payments.
- (6) State whether the investment fund manager or any other entity has put any mechanism in place to continue to make discretionary payments if any of the circumstances referred to in subsection (5) occur.
- (7) State whether the investment fund manager has established a funding and investment policy intended to ensure sufficient money is available to continue to fund discretionary payments at the historical levels reported in section 21.2 of Part C of this Form. Provide details of any funding policy and the current value of any fund. If no funding policy exists, state that fact and state the consequences of not having a policy.
- (8) State the following using the same or substantially similar wording with the first sentence in bold:

**Discretionary payments are not guaranteed.** You must not count on receiving a discretionary payment. The [*name of entity funding the discretionary payment*] decides if it will make a payment in any year and how much the payment will be. If the [*name of entity funding the discretionary payment*] makes a payment, you may get less than what has been paid in the past. You may also get less than what is paid to beneficiaries in other beneficiary groups.

**21.2 – Historical Amount of Discretionary Payments**

Provide information in the form of the following table about the historical discretionary payments made. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Past discretionary payments” in bold:

**Past discretionary payments**

The table below shows the amount of discretionary payments paid per unit for the five beneficiary groups that most recently reached their year of eligibility.

It’s important to note that this doesn’t tell you if a beneficiary will receive a payment or how much they will receive. We may decide not to make these payments in future years. If we do make payments, they could be less than what we’ve paid in the past.

Discretionary payments by beneficiary group					
Year of studies	[Most recent year]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]	[Most recent year minus 5]
First year [ <i>if applicable</i> ]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]	[\$[Specify amount] per unit]

Discretionary payments by beneficiary group					
Year of studies	[Most recent year]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]	[Most recent year minus 5]
Second year	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit
Third year	See note 1	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit	[\$Specify amount] per unit
Fourth year	See note 1	See note 1	See note 1	[\$Specify amount] per unit	[\$Specify amount] per unit

Note 1: The amount is not shown because the beneficiaries in this beneficiary group are not yet enrolled in that year of studies.

**INSTRUCTION**

If the scholarship plan offers an EAP payment option tailored to reduced programs and the amount of discretionary payment per unit is the same for each EAP payment option, state, if applicable, that beneficiaries who select the EAP payment option tailored to reduced programs may receive a lesser total amount of discretionary payments than beneficiaries who receive the largest number of EAPs.

If the amount of discretionary payment per unit is not the same for each EAP payment option, provide information, substantially in the form of the table required in section 21.2, for the historical discretionary payments per unit for each EAP payment option tailored to reduced programs.

**Item 22 – Attrition**

This Item applies to a group scholarship plan.

**22.1 – Attrition**

(1) Under the heading “Attrition”, state the following using the same or substantially similar wording:

You and your beneficiary must meet the terms of the plan in order for your beneficiary to qualify for all of the EAPs under the plan. If beneficiaries fail to qualify for some or all of their EAPs, there will be fewer beneficiaries remaining in the beneficiary group to share the amount of money available for paying EAPs. This is known as “attrition”.

Your beneficiary may not qualify for some or all of their EAPs if:

- before the maturity date of the plan, you cancel your plan or transfer your plan to another RESP, or we cancel your plan because you failed to make contributions on schedule and did not take action to keep your plan in good standing. This is known as “pre-maturity attrition”; or
- after the maturity date of the plan, your beneficiary decides not to pursue a post-secondary education, does not attend a qualifying education program, or does not attend a qualifying education institution for the maximum period provided for in the plan. This is known as “post-maturity attrition”.

**22.2 – Pre-Maturity Attrition**

(1) Under the sub-heading “Pre-maturity attrition”, state the following using the same or substantially similar wording:

If you leave the plan before it matures, you will get back your contributions less fees. You will not get back any earnings. The earnings on your contributions up to the time your plan is cancelled will go to the EAP account and be paid to the remaining beneficiaries in your beneficiary group as part of their EAPs.

(2) Provide information in the form of the following table about the income from cancelled units for each beneficiary group as at the scholarship plan’s most recent financial year end. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Income from cancelled units” in bold:

**Income from cancelled units**

The table below shows the current value of the income from cancelled units by beneficiary group. The amount of income from cancelled plans available to beneficiaries after the maturity date will depend on how many subscribers cancel their plan, how many beneficiaries qualify for EAPs and the investment performance of the scholarship plan.

<b>Beneficiary group</b>	<b>Percentage of units that have been cancelled</b>	<b>Total income from cancelled units available to remaining units</b>	<b>Income from cancelled units available to each remaining unit</b>
<i>[Specify year of eligibility of oldest beneficiary group available for enrolment under the prospectus]</i>	<i>[Specify as percentage of total number of units purchased for beneficiary group]</i>	<i>[\$[Specify amount]]</i>	<i>[\$[Specify amount]] per unit</i>
<i>[Specify year of eligibility of next oldest beneficiary group available for enrolment under the prospectus]</i>	<i>[Specify as percentage of total number of units purchased for beneficiary group]</i>	<i>[\$[Specify amount]]</i>	<i>[\$[Specify amount]] per unit</i>
⋮			
<i>[Specify year of eligibility of youngest beneficiary group available for enrolment under the prospectus]</i>	<i>[Specify as percentage of total number of units purchased for beneficiary group]</i>	<i>[\$[Specify amount]]</i>	<i>[\$[Specify amount]] per unit</i>

(3) Provide information in the form of the following table about the pre-maturity attrition rate for the scholarship plan. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Plans that did not reach maturity” in bold:

**Plans that did not reach maturity:**

The table below shows the percentage of plans that did not reach maturity for each of the five beneficiary groups shown below. The most common reasons why plans did not reach maturity were because the subscriber cancelled their plan, we cancelled their plan due to a default, the subscriber transferred to another type of plan we offer, or the subscriber transferred to another RESP provider.

Over the past five maturity dates, an average of *[see Instruction (1)]*% of plans in the *[insert name of group scholarship plan]* did not reach maturity.

<b>Maturity date of beneficiary group</b>	<b>Percentage of plans that did not reach maturity</b>
<i>[Most recent maturity date by year]</i>	<i>[See Instruction (2)]</i> %
<i>[Most recent maturity date by year minus 1]</i>	<i>[See Instruction (2)]</i> %
<i>[Most recent maturity date by year minus 2]</i>	<i>[See Instruction (2)]</i> %
<i>[Most recent maturity date by year minus 3]</i>	<i>[See Instruction (2)]</i> %
<i>[Most recent maturity date by year minus 4]</i>	<i>[See Instruction (2)]</i> %
<b>Average</b>	<i>[See Instruction (1)]</i> %

**INSTRUCTIONS**

(1) Disclose the average rate required under subsection 22.2(3) using the same calculation set out in the Instructions that apply to subsection 8(2) of Part A of this Form.

(2) For each beneficiary group that had a maturity date in the five most recent years, calculate the percentage of plans that did not reach maturity by following Instructions (2) to (5) that apply to subsection 8(2) of Part A of this Form.

**22.3 – Post-Maturity Attrition**

(1) Under the sub-heading “Post-maturity attrition”, state the following using the same or substantially similar wording:

If your beneficiary does not pursue or complete eligible studies, you will get back your contributions, less fees. You will not get back any earnings. *[State if applicable – A beneficiary may lose one or more EAPs if they do not enrol in four years of eligible studies.]*

(2) Provide information in the form of the following table about the EAP payment rates of the scholarship plan after maturity. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Past payments of EAPs” in bold:

**Past payments of EAPs** *[state if the scholarship plan offers an EAP payment option tailored to reduced programs – four years of eligible studies]*

The table below shows the percentage of beneficiaries who received the maximum of [four/three] EAPs under the plan and those who received some or no EAPs, for each of the five beneficiary groups that would have most recently completed their eligible studies.

	<b>Beneficiary group [See Instruction (1)]</b>				
	<b>[Most recent year]</b>	<b>[Most recent year minus 1]</b>	<b>[Most recent year minus 2]</b>	<b>[Most recent year minus 3]</b>	<b>[Most recent year minus 4]</b>
Beneficiaries who received all [3 or 4] EAPs	<i>[Specify percentage]%</i>  <i>[See Instructions (2) and (3)]</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>
Beneficiaries who received only 3 out of 4 EAPs [as applicable]	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>
Beneficiaries who received only 2 out of [3 or 4] EAPs	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>
Beneficiaries who received only 1 out of [3 or 4] EAPs	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>
Beneficiaries who received no EAPs	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>	<i>[Specify percentage]%</i>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(3) If the scholarship plan offers an EAP payment option tailored to reduced programs, provide information in the form of the following table about the EAP payment rates of the scholarship plan after maturity. Introduce the table using the following wording or wording that is substantially similar with the title of the table “Past payments of EAPs [– [specify reduced number of years]-year program]” in bold:

**Past payments of EAPs [– [specify reduced number of years]-year program]**

For EAP payment options tailored to eligible studies of *[specify reduced number of years]* years, the table[s] below show[s] the number of beneficiaries who received all of their EAPs and the number who received some or none of their EAPs, for each of the five beneficiary groups that would have most recently completed their eligible studies.

	Beneficiary group [See Instruction (1)]				
	[Most recent year]	[Most recent year minus 1]	[Most recent year minus 2]	[Most recent year minus 3]	[Most recent year minus 4]
Beneficiaries who received [all] [1, 2, or 3] EAP[s]	[Specify percentage]%  [See Instructions (2) – (4)]	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%
Beneficiaries who received only 2 out of 3 EAPs [as applicable]	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%
Beneficiaries who received only 1 out of [2 or 3] EAPs [as applicable]	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%
Beneficiaries who received no EAPs	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%	[Specify percentage]%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(4) Disclose in a footnote to the tables required under subsections (2) and (3) any change to the EAP payout option available to beneficiaries, if a change occurred in the past five years.

#### INSTRUCTIONS

(1) In the tables required under subsections 22.3(2) and (3), present the five most recent beneficiary groups by year of eligibility for which the maximum number of EAPs under the EAP payment option has been paid as at the most recent financial year end of the scholarship plan. For example, do not include a beneficiary group that has been eligible to be paid only one EAP if the maximum number of EAPs payable is four.

(2) For a group scholarship plan that does not offer EAP payment options tailored to reduced programs, calculate each percentage as a percentage of the total number of beneficiaries in the beneficiary group at the maturity date.

For a group scholarship plan that offers EAP payment options tailored to reduced programs, calculate each percentage as a percentage of the total number of beneficiaries in the beneficiary group at the maturity date who selected the relevant payment option.

(3) Present the percentages as at the financial year end referred to in Instruction (1).

(4) For a group scholarship plan that offers EAP payment options tailored to reduced programs, in response to subsection 22.3(3), prepare a table for each payout option, modifying the number of rows in the table as applicable. For example, for a scholarship plan that provides the option to elect payment of two EAPs for a 3- year program, present a table containing rows to show the number of beneficiaries who received two out of two EAPs, the number of beneficiaries who received only one out of two EAPs and the number of beneficiaries who received no EAPs.

#### Item 23 – Other Material Information

##### 23.1 – Other Material Information

(1) Under the heading “Other important information”, state any other material facts relating to the securities being offered that are not disclosed under any other item in the Form and are necessary for the prospectus to contain full, true and plain disclosure of all material facts about the securities to be distributed.

(2) Provide any specific disclosure required to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.

(3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

**INSTRUCTIONS**

- (1) *Sub-headings that are not mandated by this Form may be used in this Item.*
- (2) *For a single prospectus, provide this disclosure either under this Item or under Item 14 of Part B of this Form, whichever is more appropriate.*
- (3) *For a multiple prospectus, provide this disclosure under this Item if the disclosure does not pertain to all of the scholarship plans described in the document. If the disclosure pertains to all of the plans, provide the disclosure under Item 14 of Part B of this Form.*

**Part D – Information About the Organization****Item 1 – Legal Structure of the Scholarship Plan****1.1 – Legal Structure**

- (1) Under the heading “About [name of the plan provider]” with the sub-heading “An overview of the structure of our plan[s]”, state the full corporate name of the scholarship plan or, if the scholarship plan is an unincorporated entity, the full name under which it carries on business, and the address of its head or registered office.
- (2) State the names of the scholarship plan’s directors, officers, trustees, partners and shareholders, as applicable.
- (3) State the laws under which the scholarship plan was formed or, if the scholarship plan is an unincorporated entity, the laws under which it carries on business, and the date and manner of its formation.
- (4) Identify the constating documents of the scholarship plan and, if any material amendments have occurred in the last 10 years, state that the constating documents have been amended in the last 10 years and describe the amendments.
- (5) If the scholarship plan’s name has changed in the last 10 years, state the scholarship plan’s former name and the date(s) on which it was changed.

**Item 2 – Organization and Management Details****2.1 – Investment Fund Manager**

- (1) Under the sub-heading “Manager of the scholarship plan”, state the name, address, telephone number, e-mail address and, if applicable, website address of the investment fund manager of the scholarship plan.
- (2) Provide particulars of the investment fund manager, including the legal structure of the investment fund manager, the history and background of the investment fund manager and any unique overall investment strategy or approach used by the investment fund manager in connection with the scholarship plans.
- (3) If any of the duties and functions of the investment fund manager are delegated to another entity, provide the particulars of the entity, including the history and background of that entity.
- (4) Under the sub-sub-heading “Duties and services to be provided by the manager”, describe the duties and services provided by the investment fund manager to the scholarship plan.
- (5) If any of the duties and functions of the investment fund manager are delegated to another entity, describe the duties and services provided by that entity to the scholarship plan.
- (6) Under the sub-sub-heading “Details of the management agreement”, provide a brief description of the essential terms of any agreement with the investment fund manager entered into or to be entered into with the scholarship plan, including any termination rights.
- (7) If any of the duties and functions of the investment fund manager are delegated to another entity, provide a brief description of the essential terms of any agreement with the entity to perform these duties and functions entered into or to be entered into with the scholarship plan or the investment fund manager, including any termination rights.
- (8) Under the sub-sub-heading “Officers and directors of the manager”, state

- (a) the name and municipality of residence of each partner, director and executive officer of the investment fund manager and indicate the respective positions held with the investment fund manager and their respective principal occupations within the five preceding years,
- (b) if a partner, director or executive officer of the investment fund manager has held more than one office with the investment fund manager within the past five years, state only the current office held, and
- (c) if the principal occupation of a partner, director or executive officer of the investment fund manager is with an organization other than the investment fund manager, state the principal business in which the organization is engaged.

(9) If any of the duties and functions of the investment fund manager are delegated to another entity, provide the information required under subsection (8) for that entity.

(10) Under the sub-sub-heading “Cease trade orders and bankruptcies”,

- (a) If applicable, state if a partner, director or executive officer of the investment fund manager, the scholarship plan, the foundation or any other entity responsible for the day-to-day administration of the scholarship plan is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any other issuer, that was
  - (i) subject to an order that was issued while the partner, director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer, or
  - (ii) was subject to an order that was issued after the partner, director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, and
- (b) if a statement is required by paragraph (a), describe the basis on which the order was made and whether the order is still in effect.

(11) For the purposes of subsection (10), “order” means any of the following, if in effect for a period of more than 30 consecutive days:

- (a) a cease trade order,
- (b) an order similar to a cease trade order, or
- (c) an order that denied the relevant issuer access to any exemption under securities legislation.

(12) if applicable, state if a partner, director or executive officer of the investment fund manager, the scholarship plan, the foundation or any other entity responsible for the day-to-day administration of the scholarship plan

- (a) is, as at the date of the prospectus or pro forma prospectus, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a partner, director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the partner, director or executive officer.

#### INSTRUCTIONS

(1) The disclosure required by subsections (10) and (12) also applies to any personal holding companies of any of the persons referred to in subsections (10) and (12).



(2) A management cease trade order that applies to directors and executive officers of the scholarship plan is an “order” for the purposes of paragraph (10)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was specifically named in the order.

## 2.2 – Directors, Officers and Trustees

(1) Under the sub-heading “Directors, officers and trustees”, list the names, the municipality of residence or postal address, and the principal occupations at, or within the last five years preceding, the date of the prospectus of all directors or executive officers of an incorporated scholarship plan or of the individual trustee or trustees, if any, of a scholarship plan that is a trust.

(2) State, for a scholarship plan that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the scholarship plan.

(3) Indicate, for an incorporated scholarship plan, all positions and offices with the scholarship plan then held by each person named in response to subsection (1).

(4) If the principal occupation of a director, executive officer or trustee is that of a partner, director or officer of a company other than the scholarship plan, state the business in which the company is engaged.

(5) If a director or executive officer of an incorporated scholarship plan has held more than one position in the scholarship plan, state only the first and last positions held.

## 2.3 – The Foundation

(1) Under the sub-heading “The Foundation”, state the name and municipal address of the foundation.

(2) Describe the role of the foundation, including its mandate and responsibilities.

(3) List the names and municipality of residence of the directors and executive officers of the foundation, the respective positions and offices held with the foundation, and their respective principal occupations at, or within the five years preceding, the date of the prospectus.

(4) If a director or executive officer of the foundation has held more than one office with the foundation within the last five years, state only the current office held.

(5) If the foundation provides reports of its activities to subscribers, provide information about how frequently reports are prepared, how a subscriber may obtain a copy of the report, and whether there is any cost to obtaining a report.

## 2.4 – Independent Review Committee

(1) Under the sub-heading “Independent review committee”, briefly describe the independent review committee of the scholarship plan, including

- (a) the mandate and responsibilities of the independent review committee, and
- (b) the composition of the independent review committee, including the names of its members, and the reasons for any change in its composition since the date of the most recently filed prospectus of the scholarship plan, as applicable.

(2) State the following using the same or substantially similar wording:

At least annually, the independent review committee prepares a report of its activities for subscribers that is available on the [scholarship plan’s/investment fund family’s] Internet site at [*insert scholarship plan’s Internet site address*], or at the subscriber’s request at no cost, by contacting the [scholarship plan/ investment fund family] at [scholarship plan’s/investment fund family’s email address].

(3) Under a separate sub-heading, provide detailed information concerning any other body or group other than the independent review committee or the foundation that has responsibility for plan governance or performs any kind of oversight function over the plan and its activities, and the extent to which its members are independent of the investment fund manager of the scholarship plan.

**2.5 – Remuneration of Directors, Officers, Trustees and Independent Review Committee Members**

(1) Under the sub-heading “Compensation of directors, officers, trustees, and independent review committee members”, if the management functions of the scholarship plan are carried out by employees of the scholarship plan, provide for each employee the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(2) Describe any arrangements under which compensation was paid or payable directly or indirectly by the scholarship plan during the most recently completed financial year of the scholarship plan, for the services of the directors of the scholarship plan, the directors of the foundation or other independent board of governors or advisory board that may perform a similar function, and the members of the independent review committee of the scholarship plan and include the amounts paid, the name of the individual and any expenses reimbursed by the scholarship plan to the individual

- (a) in that capacity, including any additional amounts payable for committee participation or special assignments, and
- (b) as a consultant or expert.

(3) For a scholarship plan that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the scholarship plan during the most recently completed financial year of the scholarship plan for the services of the trustee or trustees of the scholarship plan.

**INSTRUCTION**

*The disclosure required under subsection 2.5 (1) regarding executive compensation for management functions carried out by employees of a scholarship plan must be made in accordance with the disclosure requirements of Form 51-102F6 Statement of Executive Compensation.*

**2.6 – Portfolio Adviser**

(1) Under the sub-heading “Portfolio adviser”, if the investment fund manager provides portfolio management services in connection with the scholarship plan, state that fact.

(2) If the investment fund manager does not provide portfolio management services to the scholarship plan, state the name(s) and municipality and the province or country of the principal or head office for each portfolio adviser of the scholarship plan.

(3) State

- (a) the extent to which investment decisions are made by certain individuals employed by the investment fund manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee, and
- (b) the name, title and length of time of service of the person or persons employed by or associated with either the investment fund manager or a portfolio adviser of the scholarship plan who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the scholarship plan, implementing a particular material strategy or managing a particular segment of the portfolio of the scholarship plan, and each person's business experience in the last five years.

(4) Under the sub-sub-heading “Details of the portfolio advisory agreement”, provide a brief description of the essential details of any portfolio advisory agreement that the portfolio adviser has entered into or will be entering into with the scholarship plan or the investment fund manager of the scholarship plan, including any termination rights.

**2.7 – Principal Distributor**

(1) Under the sub-heading “Principal distributor”, state the name and address of the principal distributor of the scholarship plan.

(2) Describe the circumstances under which any agreement with the principal distributor of the scholarship plan may be terminated, and include a brief description of the essential terms of this agreement.

## 2.8 – Dealer Compensation

(1) Under the sub-heading “Dealer compensation”, describe

- (a) all compensation payable by members of the organization of the scholarship plan to all principal distributors and any participating dealers of the scholarship plan, and
- (b) the sales practices followed by the members of the organization of the scholarship plan for distribution of securities of the scholarship plan.

(2) Disclose, under the sub-sub-heading “Dealer compensation from management fees”, the approximate percentage obtained from a fraction

- (a) the numerator of which is the aggregate amount of cash paid to registered dealers in the last completed financial year of the investment fund manager of the scholarship plan, for payments made
  - (i) by
    - (A) the investment fund manager of the scholarship plan, or
    - (B) an associate or an affiliate of the investment fund manager,
  - (ii) in order to
    - (A) pay compensation to registered dealers in connection with the distribution of securities of the scholarship plan or scholarship plans that are members of the same investment fund family as the scholarship plan, or
    - (B) pay for any marketing, fund promotion or educational activity in connection with the scholarship plan or scholarship plans that are members of the same investment fund family as the scholarship plan, and
- (b) the denominator of which is the aggregate amount of management or administrative fees received by the investment fund manager of the scholarship plan and all other scholarship plans in the same investment fund family as the scholarship plan in the last completed financial year of the investment fund manager.

### INSTRUCTIONS

(1) Briefly state the compensation paid and the sales practices followed by the members of the organization of the scholarship plan in a concise and explicit manner. The term “member of the organization” has the same meaning as in NI 81-105, except that “scholarship plan” is substituted for “mutual fund” in this Form.

(2) The disclosure presented under this Item must be described as information about the approximate percentage of management fees paid by scholarship plans in the same investment fund family as the scholarship plan that were used to fund commissions or other promotional activities of the investment fund family in the most recently completed financial year of the investment fund manager of the scholarship plan.

(3) The calculations made under this Item must take into account the payment of sales commissions, other commissions and the costs of participation in co-operative marketing, fund promotion and educational conferences.

(4) If the investment fund manager of the scholarship plans charges an “all-inclusive fee”, which includes the management or administrative fee, and other types of fees normally paid by the plan, such as custodian or trustee or portfolio management fees, then only the portion of that all-inclusive fee that is attributable to the management or administrative fees payable to the investment fund manager must be used in calculating the denominator referred to in paragraph 2.8(2)(b).

## 2.9 – Custodian

(1) Under the sub-heading “Custodian”, state the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the scholarship plan.

(2) Describe generally the sub-custodial arrangements of the scholarship plan.

**INSTRUCTION**

A “principal sub-custodian” is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the scholarship plan.

**2.10 – Auditor**

Under the sub-heading “Auditor”, state the name and address of the auditor of the scholarship plan.

**2.11 – Transfer Agent and Registrar**

Under the sub-heading “Transfer agent and registrar”, for each class or series of securities offered by the scholarship plan under the prospectus, state the name of the scholarship plan’s transfer agent(s), registrar(s), trustee, or other agent appointed by the scholarship plan to maintain the securities register and the register of transfers for such securities and indicate the location (by municipalities) of each of the offices of the scholarship plan or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

**2.12 – Promoter**

(1) Under the sub-heading “Promoter”, for a person or company that is, or has been within the two years immediately preceding the date of the prospectus or pro forma prospectus, a promoter of the scholarship plan, if that person or company is not otherwise identified as the investment fund manager or dealer of the scholarship plan, state

- (a) the person or company’s name and municipality and the province or country of residence,
- (b) the number and percentage of each class or series of voting securities and equity securities of the scholarship plan or any of its subsidiaries owned, or controlled or directed, directly or indirectly, by the person or company,
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the scholarship plan or from an associate or an affiliate of the scholarship plan, and the nature and amount of any assets, services or other consideration received or to be received by the scholarship plan, or an associate or an affiliate of the scholarship plan, in return, and
- (d) for an asset acquired within the two years before the date of the preliminary prospectus or pro forma prospectus, or to be acquired, by the scholarship plan or by an associate or an affiliate of the scholarship plan from a promoter,
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
  - (ii) the person or company making the determination referred to in subparagraph (i) and the person’s or company’s relationship with the scholarship plan, the promoter or an associate or an affiliate of the scholarship plan or of the promoter, and
  - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company that was subject to an order that was issued while the promoter was acting in the capacity of director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company that was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect.

(4) For the purposes of subsections (2) and (3), “order” means any of the following, if in effect for a period of more than 30 consecutive days:

- (a) a cease trade order,
- (b) an order similar to a cease trade order, or
- (c) an order that denied the relevant person or company access to any exemption under securities legislation.

(5) State if a promoter referred to in subsection (1)

- (a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a partner, director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

#### INSTRUCTIONS

*(1) The disclosure required by subsections (2), (3) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (3), and (5).*

*(2) A management cease trade order that applies to a promoter referred to in subsection (1) is an “order” for the purposes of subsections (2) and (3) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

*(3) The disclosure requirement in subsections (2) and (3) applies only if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The scholarship plan does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.*

#### 2.13 – Other Service Providers

Under the sub-heading “Other service providers”, state the name, municipality of the principal or head office, and the nature of business of each other person or company that provides services relating to portfolio valuation, securityholder records, fund accounting or other material services, in respect of the scholarship plan, and describe the material features of the contractual arrangements by which the person or company has been retained.

#### 2.14 – Ownership of the Investment Fund Manager and Other Service Providers

(1) The information required in response to this Item must be given as of a specified date within 30 days before the date of the prospectus.

(2) Under the sub-heading “Ownership of the manager and other service providers”, disclose the percentage of securities of each class or series of voting securities of the investment fund manager of the scholarship plan owned of record or beneficially, directly or indirectly, by each person or company that owns of record, or is known by the investment fund manager to own beneficially, directly or indirectly, more than 10% of any class or series of voting securities of the investment fund manager, and disclose whether the securities are owned both of record and beneficially, of record only, or beneficially only.

(3) For any entity that is named in response to subsection (2), disclose the name of any person or company of which that entity is a “controlled entity”.

(4) If any person or company named in subsection (2) owns of record or beneficially, directly or indirectly, more than 10% of any class or series of voting securities of the principal distributor of the scholarship plan, disclose the number and percentage of securities of the class or series so owned.

(5) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate,

- (a) by all the directors and executive officers of the scholarship plan
  - (i) in the investment fund manager, or
  - (ii) in any person or company that provides services to the scholarship plan or the investment fund manager; and
- (b) by all the directors and executive officers of the investment fund manager of the scholarship plan
  - (i) in the investment fund manager, or
  - (ii) in any person or company that provides services to the scholarship plan or the investment fund manager;
- (c) by all the members of the independent review committee of the scholarship plan
  - (i) in the investment fund manager, or
  - (ii) in any person or company that provides services to the scholarship plan or the investment fund manager; and
- (d) by all the directors and executive officers of the foundation
  - (i) in the investment fund manager, or
  - (ii) in any person or company that provides services to the scholarship plan or the investment fund manager.

#### INSTRUCTION

*A person or company is a “controlled entity” of a person or company if*

- (a) *in the case of the person or company*
  - (i) *voting securities of the first-mentioned person or company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and*
  - (ii) *the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;*
- (b) *in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50% of the interests in the partnership; or*
- (c) *in the case of a limited partnership, the general partner is the second-mentioned entity or company.*

#### 2.15 – Affiliates of the Investment Fund Manager

(1) If any person or company that provides services to the scholarship plan or the investment fund manager in relation to the scholarship plan is an affiliate of the investment fund manager, show the relationships of those affiliates in the form of an appropriately labelled diagram, under the sub-heading “Affiliates of the manager”.

(2) Identify any individual who is a director or executive officer of the scholarship plan or the investment fund manager and also of any affiliate of the investment fund manager described in response to subsection (1), and give particulars of the relationship.

#### Item 3 – Experts

##### 3.1 – Names of Experts

Under the heading “Experts who contributed to this prospectus”, name each person or company

- (a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or any amendment to the prospectus, and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

### **3.2 – Interests of Experts**

(1) Disclose all ownership, directly or indirectly, in any securities, assets or other property of the scholarship plan or of an associate or an affiliate of the scholarship plan received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the scholarship plan prospectus or prepared or certified a report, valuation, statement or opinion described or included in the prospectus.

(2) For the purpose of subsection (1), if the ownership is less than 1%, a general statement to that effect is sufficient.

(3) If an individual, or a director, officer or employee of a person or company, referred to in subsection (1), is or is expected to be elected, appointed or employed as a director, officer or employee of the scholarship plan or of any associate or affiliate of the scholarship plan, disclose that fact.

(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or has performed an audit in accordance with the US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.

#### **INSTRUCTION**

*In addition to the scholarship plan's current auditor, the disclosure referred to in section 3.2 must be provided for the scholarship plan's predecessor auditor for those periods for which it was the scholarship plan's auditor.*

### **Item 4 – Subscriber Matters**

#### **4.1 – Subscriber Matters**

Under the heading, "Subscriber matters" and the sub-heading "Meetings of subscribers", describe the circumstances, processes and procedures for holding a subscriber meeting and for any extraordinary resolutions.

#### **4.2 – Matters Requiring Subscriber Approval**

Under the sub-heading "Matters requiring subscriber approval", describe the matters that require subscriber approval.

#### **4.3 – Amendments to Declaration of Trust**

For a scholarship plan established pursuant to a declaration of trust, under the sub-heading "Amendments to the declaration of trust", describe the circumstances, processes and procedures required to amend the declaration of trust.

#### **4.4 – Reporting to Subscribers and Beneficiaries**

Under the sub-heading "Reporting to subscribers and beneficiaries", describe the information or reports that will be delivered or made available to subscribers and beneficiaries and the frequency with which such information or reports will be delivered or made available to subscribers, including any requirements under securities legislation.

### **Item 5 – Business Practices**

#### **5.1 – Policies**

Describe, under the heading "Business Practices" with the sub-heading "Our policies", the policies, practices and guidelines of the scholarship plan or the investment fund manager relating to business practices, sales practices, risk management controls and internal conflicts of interest and, if the scholarship plan or the investment fund manager of the scholarship plan has no such policies, practices or guidelines, state that fact.

## 5.2 – Brokerage Arrangements

(1) If any brokerage transactions involving the client brokerage commissions of the scholarship plan have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state, under the sub-heading “Brokerage arrangements”

- (a) the process for, and factors considered in, selecting a dealer to effect securities transactions for the scholarship plan, including whether receiving goods or services in addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;
- (b) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;
- (c) each type of good or service, other than order execution, that might be provided; and
- (d) the method by which the portfolio adviser makes a good faith determination that the scholarship plan, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid.

(2) Since the date of the last prospectus, if any brokerage transactions involving the client brokerage commissions of the scholarship plan have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or third party, other than order execution, state

- (a) each type of good or service, other than order execution, that has been provided to the manager or portfolio adviser of the scholarship plan; and
- (b) the name of any affiliated entity that provided any good or service referred to in paragraph (a), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity.

(3) If any brokerage transactions involving the client brokerage commissions of the scholarship plan have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (2)(a), that was not disclosed under paragraph (2)(b), will be provided upon request by contacting the scholarship plan at [insert telephone number and email address for the scholarship plan].

### INSTRUCTION

*Terms defined in National Instrument 23-102 Use of Client Brokerage Commissions have the same meaning where used in this Item.*

## 5.3 – Valuation of Portfolio Investments

(1) Under the sub-heading “Valuation of portfolio investments”, describe the methods used to value the various types or classes of portfolio assets of the scholarship plan and its liabilities.

(2) If the valuation principles and practices established by the investment fund manager differ from Canadian GAAP, describe the differences.

(3) If the investment fund manager has discretion to deviate from the scholarship plan’s valuation practices described in subsection (1), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, state that fact.

## 5.4 – Proxy Voting Disclosure for Portfolio Securities Held

(1) Unless the scholarship plan invests exclusively in non-voting securities, under the sub-heading “Proxy voting”, describe the policies and procedures that the scholarship plan follows when voting proxies relating to portfolio securities including

- (a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the scholarship plan’s investment fund manager, portfolio adviser, or any associate or affiliate of the scholarship plan, its investment fund manager or its portfolio adviser, and



- (b) any policies and procedures of the scholarship plan's portfolio adviser, or any other third party that the scholarship plan follows, or that are followed on the scholarship plan's behalf, to determine how to vote proxies relating to portfolio securities.

(2) State the following:

The policies and procedures that the scholarship plan follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling [*insert toll-free/collect call telephone number*] or by writing to [*insert mailing address*].

(3) State that the scholarship plan's proxy voting record for the most recent period ended June 30 of each year is available free of charge to any securityholder of the scholarship plan upon request at any time after August 31 of that year. Provide the scholarship plan's website address where the proxy voting record is available for review.

## Item 6 – Conflicts of Interest

### 6.1 – Conflicts of Interest

Under the heading "Conflicts of interest", disclose particulars of existing or potential material conflicts of interest between

- (a) the scholarship plan and the foundation or any partner, director or executive officer of the foundation
- (b) the scholarship plan and the investment fund manager or promoter or any partner, director or executive officer of the investment fund manager or promoter, and
- (c) the scholarship plan and the portfolio adviser or any partner, director or executive officer of the portfolio adviser of the scholarship plan.

### 6.2 – Interests of Management and Others in Material Transactions

(1) Under the sub-heading "Interests of management and others in material transactions", describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the prospectus or pro forma prospectus that has materially affected or is reasonably expected to materially affect the scholarship plan:

- (a) a partner, director or executive officer of the investment fund manager,
- (b) a person or company that owns, or controls or directs, directly or indirectly as agent or as principal, more than 10% of any class or series of the outstanding voting securities of the scholarship plan, the investment fund manager, or
- (c) an associate or an affiliate of any of the persons or companies referred to in paragraph (a) or (b).

## Item 7 – Material Contracts

### 7.1 – Material Contracts

(1) Under the heading "Key business documents", list and provide particulars of:

- (a) the subscribers' sales agreement or contract,
- (b) the articles of incorporation, the declaration of trust or trust agreement of the scholarship plan or any other constating document,
- (c) any agreement of the scholarship plan or trustee with the investment fund manager of the scholarship plan,
- (d) any agreement of the scholarship plan, the investment fund manager or trustee with the portfolio adviser of the scholarship plan,
- (e) any agreement of the scholarship plan, the investment fund manager or trustee with the custodian of the scholarship plan,

- (f) any agreement of the scholarship plan, the investment fund manager or trustee with the principal distributor of the scholarship plan,
- (g) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the scholarship plan, and
- (h) any contract or agreement with governmental bodies to assist beneficiaries in obtaining grants and incentives.

(2) State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing subscribers.

(3) Include, in describing particulars of contracts, the date of, parties to, consideration paid by the scholarship plan under, key terms including termination provisions of, and general nature of the contracts.

#### **INSTRUCTION**

*Set out a complete list of all contracts for which particulars must be given under this Item, indicating those that are disclosed elsewhere in the prospectus. Provide particulars only for those contracts that are not set out elsewhere in the prospectus.*

### **Item 8 – Legal Matters**

#### **8.1 – Exemptions and Approvals**

Under the heading “Legal matters” with the sub-heading “Exemptions and approvals under securities laws”, describe all exemptions from or approvals under securities legislation that are not otherwise disclosed under Item 9 of Part B or Item 9 of Part C of the Form, as applicable, obtained by the scholarship plan or the investment fund manager that continue to be relied upon by the scholarship plan or the investment fund manager, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

#### **8.2 – Legal and Administrative Proceedings**

(1) Under the sub-heading “Legal and administrative proceedings”, describe briefly any ongoing legal and administrative proceedings material to the scholarship plan, to which the scholarship plan, the investment fund manager, the promoter, the foundation, or the principal dealer is a party.

(2) For all matters disclosed under subsection (1), state

- (a) the name of the court or agency having jurisdiction,
- (b) the date on which the proceeding was instituted,
- (c) the principal parties to the proceeding,
- (d) the nature of the proceeding and, if applicable, the amount claimed, and
- (e) whether the proceedings are being contested and the present status of the proceedings.

(3) Provide similar disclosure about any proceedings known to be contemplated.

(4) If the investment fund manager, the foundation, or promoter of the scholarship plan, or a director or officer of the scholarship plan or the partner, director or officer of the investment fund manager or the foundation has, within the 10 years before the date of the prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of an investment fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the ground on which they were imposed or the terms of the settlement agreement.

### **Item 9 – Certificates**

#### **9.1 – Certificate of the Scholarship Plan**

Include a certificate of the scholarship plan in the following form:

“This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus, as required by the securities legislation of *[insert the jurisdictions in which qualified]*.”

### **9.2 – Certificate of the Investment Fund Manager**

Include a certificate of the investment fund manager of the scholarship plan in the same form as the certificate of the scholarship plan.

### **9.3 – Certificate of the Principal Distributor**

If there is a principal distributor of the scholarship plan, include a certificate of the principal distributor of the scholarship plan in the same form as the certificate of the scholarship plan.

### **9.4 – Certificate of the Promoter**

If there is a promoter of the scholarship plan, include a certificate of each promoter of the scholarship plan in the same form as the certificate of the scholarship plan.

### **9.5 – Amendments**

(1) For an amendment to a scholarship plan prospectus that does not restate the prospectus, change “prospectus” to “prospectus dated [insert date] as amended by this amendment” wherever it appears in the statements in sections 9.1 to 9.4.

(2) For an amended and restated scholarship plan prospectus, change “prospectus” to “amended and restated prospectus” wherever it appears in the statements in sections 9.1 to 9.4.

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## APPENDIX E

### PROPOSED CHANGE TO COMPANION POLICY 41-101CP COMPANION POLICY TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. A proposed change to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements* is set out below.
2. The following section is added after section 4.1:  
**Plan summary for a scholarship plan**
  - 4.1.1 To help write the plan summary for a scholarship plan in plain language, scholarship plan providers may use the Flesch-Kincaid methodology to assess the readability of a plan summary. The Flesch-Kincaid grade level scale is a methodology that rates the readability of a text to a corresponding grade level and can be determined by the use of Flesch-Kincaid tests built into commonly used word processing programs. The CSA will generally consider a grade level of 6.0 or less on the Flesch-Kincaid grade level scale to indicate that a plan summary is written in plain language. For French-language documents, scholarship plan providers may wish to consider using other appropriate readability tools.
3. This change becomes effective on ●.

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## ANNEX I ONTARIO RULE-MAKING AUTHORITY

### AUTHORITY FOR THE INSTRUMENT

The following provisions of the *Securities Act* (Ontario) (the Act) provide the Commission with authority to adopt the proposed Instrument:

**Paragraph 143(1)2(i)** of the Act authorizes the Commission to make rules prescribing the standards of practice and business conduct of registrants in dealing with their customers and clients and prospective customers and clients.

**Paragraph 143(1)7** of the Act authorizes the Commission to make rules prescribing requirements in respect of the disclosure or furnishing of information to the public or the Commission by registrants or providing for exemptions from or varying the requirements under this Act in respect of the disclosure or furnishing of information to the public or the Commission by registrants.

**Paragraph 143(1)15** of the Act authorizes the Commission to make rules prescribing categories or subcategories of issuers for purposes of the prospectus requirements under the Act, the regulations and the rules and classifying issuers into categories or subcategories.

**Paragraph 143(1)16** of the Act authorizes the Commission to make rules regulating in respect of, or varying the Act to facilitate, expedite or regulate in respect of, the distribution of securities, or the issuing of receipts.

**Paragraph 143(1)16(i)** of the Act authorizes the Commission to make rules establishing requirements in respect of distributions of securities by means of a prospectus incorporating other documents by reference.

**Paragraph 143(1)16(ii)** of the Act authorizes the Commission to make rules establishing requirements in respect of distributions of securities by means of a simplified or summary prospectus or other form of disclosure document.

**Paragraph 143(1)16(iii)** of the Act authorizes the Commission to make rules establishing requirements in respect of distributions of securities on a continuous or delayed basis.

**Paragraph 143(1)16(vi)** of the Act authorizes the Commission to make rules establishing provisions for the incorporation by reference of certain documents in a prospectus and the effect, including from a liability and evidentiary perspective, of modifying or superseding statements.

**Paragraph 143(1)16(vii)** of the Act authorizes the Commission to make rules establishing requirements for the form of a prospectus certificate, including providing for alternative forms in circumstances other than those referred to in subsection 63(2) of this Act.

**Paragraph 143(1)16(viii)** of the Act authorizes the Commission to make rules establishing provisions for eligibility requirements to obtain a receipt for, or distribute under, a particular form of prospectus.

**Paragraph 143(1)16(ix)** of the Act authorizes the Commission to make rules establishing provisions for varying withdrawal rights.

**Paragraph 143(1)16.1** of the Act authorizes the Commission to make rules establishing requirements for certification of prospectuses by persons and companies.

**Paragraph 143(1)18** of the Act authorizes the Commission to make rules designating activities, including the use of documents or advertising, in which registrants or issuers are permitted to engage or are prohibited from engaging in connection with distributions.

**Paragraph 143(1)31** of the Act authorizes the Commission to make rules regulating investment funds and the distribution and trading of the securities of investment funds.

**Paragraph 143(1)31(i)** of the Act authorizes the Commission to make rules varying Part XV (Prospectuses – Distribution) or Part XVIII (Continuous Disclosure) by prescribing additional disclosure requirements in respect of investment funds and requiring or permitting the use of particular forms or types of additional offering or other documents in connection with the funds.

**Paragraph 143(1)31(xi)** of the Act authorizes the Commission to make rules prescribing procedures applicable to investment funds, registrants and any other person or company in respect of sales and redemptions of investment fund securities.

**Paragraph 143(1)31(xii)** of the Act authorizes the Commission to make rules prescribing requirements in respect of, or in relation to, promoters, advisers or persons and companies who administer or participate in the administration of the affairs of investment funds.

**Paragraph 143(1)39** of the Act authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by this Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents.

**Paragraph 143(1)47** of the Act authorizes the Commission to make rules regulating scholarship plans and the distribution and trading of the securities of scholarship plans.

**Paragraph 143(1)49** of the Act authorizes the Commission to make rules permitting or requiring, or varying this Act to permit or require, methods of filing or delivery, to or by the Commission, issuers, registrants, security holders or others, of documents, information, notices, books, records, things, reports, orders, authorizations or other communications required under or governed by Ontario securities law.

**Paragraph 143(1)52** of the Act authorizes the Commission to make rules providing for exemptions from or varying the requirements under this Act in respect of amendments to prospectuses or preliminary prospectuses, or prescribing circumstances under which an amendment to a preliminary prospectus or prospectus must be filed.

**Paragraph 143(1)53** of the Act authorizes the Commission to make rules providing for exemptions from or varying the requirements of section 62, 65 or 71.

**Paragraph 143(1)56** of the Act authorizes the Commission to make rules prescribing, providing for exemptions from or varying any or all of the time periods in this Act or the regulations.

**Subsection 143(3)** of the Act authorizes the Commission to, concurrently with making a rule, make a regulation that amends or revokes any provision of a regulation made by the Lieutenant Governor in Council under the Act or by the OSC under this subsection that in the opinion of the OSC is necessary or advisable to effectively implement the rule.