

Chapter 9

Legislation

9.1.1 O. Reg. 500/06, Amending R.R.O. 1990, Reg. 1015

**ONTARIO REGULATION 500/06
MADE UNDER THE
SECURITIES ACT
AMENDING REG. 1015 OF R.R.O. 1990
(GENERAL)**

Note: Regulation 1015 has previously been amended. Those amendments are listed in the Table of Regulations – Legislative History Overview which can be found at www.e-laws.gov.on.ca.

1. Section 115 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by adding the following subsection:

(7) Subsection (6) does not apply in the case of an investment counsel who is acting as a portfolio manager of an investment fund, with respect to a purchase or sale of a security referred to in subsection 6.1 (2) of National Instrument 81-107 *Independent Review Committee for Investment Funds* if the purchase or sale is made in accordance with that subsection.

2. Subsection 227 (2) of the Regulation is amended by striking out “or” at the end of clause (b) and by adding the following clause:

(b.1) in the case of a registrant who is acting as a portfolio manager in respect of a transaction made in accordance with subsection 4.1 (4) of National Instrument 81-102 *Mutual Funds*; or

3. Form 15 of the Regulation is revoked and the following substituted:

FORM 15
INFORMATION REQUIRED IN PROSPECTUS OF A MUTUAL FUND

Securities Act

Item 1 — Price of Securities on Sale or Redemption:

- (a) Describe briefly the method followed or to be followed by the issuer in determining the price at which its securities will be offered for sale and redeemed.
- (b) State the sales charge expressed as a percentage of the total amount paid by the purchaser and as a percentage of the net amount invested in securities of the issuer. State the redemption charge, if any, expressed as a percentage of the redemption price.
- (c) Describe briefly any specific authorization or requirement to reinvest the proceeds of dividends or similar distributions in the issuer's securities.
- (d) State the penalty, if any, for early redemption.

Instructions:

- 1. In clause (a),
 - (i) state the frequency with which the offering or redemption price is determined and the time when the price becomes effective;

- (ii) describe the rules used for the valuation of the issuer's assets and liabilities for the purpose of calculating net asset value and disclose all instances, within the past three years, when the discretion to deviate from these rules, if any, was exercised; and
 - (iii) explain fully any difference in the price at which securities are offered for sale and the redemption price.
- 2. In clause (b),
 - (i) if the sales or redemption charge varies on a quantity basis give particulars thereof indicating the quantities and the respective charges applicable thereto;
 - (ii) indicate briefly any difference in the sales charge imposed upon the sale of securities in connection with the conversion or exchange of securities or the reinvestment of dividends and similar distributions;
 - (iii) when giving particulars of the sales charge with respect to a contractual plan indicate when during the term of the plan the sales charge will be deducted; and
 - (iv) give particulars of the entitlement of the purchaser of a contractual plan to a refund of any sales charge incurred if the contractual plan is terminated during the term of such plan.
- 3. In this Form, "sales charge" includes all service charges including charges relating to such matters as cost of the establishment of a contractual plan and the cost of the continuing administration and maintenance of such a plan.

Item 2 — Method of Distribution:

Outline briefly the method of distribution of the securities being offered. If sales of securities are to be effected through an arrangement with a principal distributor, give brief details of any arrangements made with the principal distributor. See items 22 and 23.

Instructions:

- 1. State whether it is the intention of the issuer to engage in the continuous sale of the securities of the issuer.
- 2. If the securities being offered are to be sold by way of a contractual plan whereby the purchaser agrees to make regular periodic payments for the securities offered, give brief particulars of the contractual plan, including,
 - (i) minimum initial investment;
 - (ii) subsequent minimum investment;
 - (iii) sales charge deductions from such minimum investments;
 - (iv) sales charges as a percentage of the amount paid by the purchaser and as a percentage of the net amount invested in securities of the issuer; and
 - (v) the total amount invested contrasted to the amount paid by the purchaser.
- 3. As used in this Form, "principal distribution" includes,
 - (i) a person or company through whom securities of the issuer are distributed pursuant to a contractual arrangement with the issuer or the manager providing for an exclusive right to distribute the securities in a particular area or any feature which gives or is intended to give a distributor a material competitive advantage over other distributors in respect of the securities offered; or
 - (ii) a person or company, together with any affiliate, by or through whom 25 per cent or more of the securities of the issuer which were distributed during the last completed financial year of the issuer, were distributed.

4. With the consent of the Director, a person or company who would otherwise be a principal distributor may, with respect to any one or more of the items of disclosure required by this Form be treated as not coming within the definition of a principal contributor.
5. See Instruction 3 to Item 1(b).

Item 3 — Summary of Prospectus:

Give a synopsis near the beginning of the prospectus of that information in the body of the prospectus which in the opinion of the issuer would be the most likely to influence the investor's decision to purchase the security.

Instructions:

1. This summary should highlight in condensed form the information, both favourable and adverse, including risk factors in Item 6, particularly pertinent to a decision to purchase the securities offered, including information about both the issuer and the securities.
2. Appropriate cross-references may be made to items in the prospectus where information is difficult to summarize accurately, but this shall not detract from the necessity to have the salient points summarized in the summary.

Item 4 — Name and Incorporation of Issuer:

State the full name of the issuer and the address of its head office and principal office. State the laws under which the issuer was formed, and whether by articles of incorporation, trust indenture or otherwise and the date the issuer came into existence. If material, state whether the documents have been amended.

Instruction:

Particulars of any such documents need be set out only if material to the securities offered by the prospectus. See Item 15.

Item 5 — Description of Business:

- (a) Briefly describe the business of the issuer.
- (b) If the issuer has engaged in any business other than that of a mutual fund during the past five years, state the nature of the other business and give the approximate date on which the issuer commenced to operate as a mutual fund. If the issuer's name was changed during the period, state its former name and the date on which it was changed. Indicate briefly the nature and results of any bankruptcy, receivership or similar proceedings or any other material reorganization of the issuer during the period.
- (c) If during the past two years any affiliate of the issuer had any material interest, direct or indirect, in any transaction involving the purchase of any substantial amount of assets presently held by the issuer, describe the interest of the affiliate in such transaction and state the cost of such assets to the purchaser and to the seller.

Item 6 — Risk Factors:

- (a) Where appropriate to a clear understanding by investors of the risk factors and speculative nature of the enterprise or the securities being offered, an introductory statement shall be made on the first page or in the summary of the prospectus, summarizing the factors which make the purchase a risk or speculation. The information may be given in the body of the prospectus if an appropriate reference is made on the first page of the prospectus to the risks and the speculative or promotional nature of the enterprise and a cross-reference is made to the place in the prospectus where the information is contained.
- (b) Where there is a risk that purchasers of the securities offered may become liable to make an additional contribution beyond the price of the security, disclose any information or facts that may bear on the securityholder's assessment of risk associated with the investment.

Item 7 — Investment Objectives:

Precisely state the investment objectives of the issuer.

Instruction:

Aims such as long-term capital appreciation or current income and the types of securities in which the issuer will invest should be described.

Item 8 — Investment Practices and Restrictions:

Where it is the policy or proposed policy of the issuer to engage in any of the following types of activities state the policy and the activity. Outline the extent, if any, to which the issuer has engaged in each of the activities during the last five years. Indicate which of the policies may not be changed without securityholder approval:

- (a) the issuance of securities other than the securities offered;
- (b) the borrowing of money;
- (c) the underwriting of securities of other issuers;
- (d) the concentration of investments in a particular class or kind of industry;
- (e) the purchase and sale of real estate;
- (f) the purchase and sale of commodities or commodity future contracts;
- (g) the making of loans, whether secured or unsecured;
- (h) the investment of a specific proportion of assets of the issuer in a specific type of security (e.g., bonds, preferred shares, money market instruments);
- (i) the investment of more than 10 per cent of the assets of the issuer in the securities of any one company;
- (j) the investment in more than 10 per cent of the securities of any one company;
- (k) the investment in securities of companies for the purpose of exercising control or management;
- (l) the investment in securities of investment companies or other mutual funds;
- (m) the purchase or sale of mortgages;
- (n) the purchase of securities on margin or selling short;
- (o) the investment in securities which are not fully paid;
- (p) the investment in illiquid securities and securities subject to restriction on resale;
- (q) the investment in foreign securities;
- (r) the investment in gold or gold securities;
- (s) the pledging, mortgaging or hypothecating of the issuer's assets;
- (t) the sale or purchase of portfolio securities to or from directors or officers of the issuer or of the manager;
- (u) the guaranteeing of securities or obligations of any issuer;
- (v) the purchase of options, rights and warrants;
- (w) the writing of covered or uncovered clearing corporation options;
- (x) the investment in a security which may require the purchaser to make an additional contribution beyond the price of the security;
- (y) any investment other than in securities.

Instructions:

1. It is not necessary to state the policy or list an activity in which the issuer has not and does not propose to be engaged.
2. For the purposes of clause (g), the purchase of debt securities for investment purposes is not to be considered the making of a loan by the issuer.
3. For the purposes of clause (p), where the issuer invests in securities subject to restriction on resale, describe how the securities are to be valued in the determination of net asset value of the fund.

Item 9 — Diversification of Assets:

Furnish in substantially the tabular form indicated the following information as at a date within thirty days of the date of the preliminary prospectus or *pro forma* prospectus with respect to each issuer 5 per cent or more of whose securities of any class are beneficially owned directly or indirectly by the mutual fund or any of its subsidiaries.

TABLE

Name and address of company	Nature of its principal business	Percentage of securities of and class owned by issuer	Percentage of value of issuer's assets invested therein
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Instruction:

Where no material change has occurred in the information required by this Item since the date of the financial statements included in the prospectus, the information may be given as at the date of the financial statements.

Item 10 — Management Fees:

- (a) Indicate the method of determining the amount of management fees and, distinguishing between those charged to the issuer and those charged directly to securityholders, other expenses, if any, and make a cross reference to the financial statements for details as to the amount of management fees and other expenses, if any, which have been charged to the issuer.
- (b) Set out in tabular form a record of management expense ratio comprising the aggregate of all fees and other expenses paid or payable by the issuer during each of the last five completed financial years as a percentage of average net assets under administration during each of those periods. Such disclosure should also include a brief description of the method of calculating the percentage and a statement that the management expense ratio may vary from mutual fund to mutual fund.

Instructions:

1. Where management fees are changed or are proposed to be changed and where such change would have had an effect on the management expense ratio for the most recent financial year, if the change had been in effect throughout that year, the effect of such change should be disclosed.
2. Where the financial year is other than a full year, the management expense ratio should be annualized, the period covered specified and a statement made that the management expense ratio is annualized.
3. For the purposes of this Item, "average net assets" should be calculated to be the average of the net assets determined at each valuation date of the issuer and before the deduction of management fees and other expenses, and the term "other expenses" means all other expenses incurred in the course of ordinary business relating to the organization, management and operation of the issuer with exception of the commissions and brokerage fees on the purchase and sale of portfolio securities and taxes of all kinds, other than penalties, to which the issuer is subject.
4. Where an issuer invests in another mutual fund the management expense ratio shall be calculated on the basis of those assets of the issuer on which a management fee is charged.
5. The financial statements should set out in appropriate detail the amounts of the management fee and other expenses, if any, which have been charged to the issuer.
6. The basis or rates of charges levied against securityholders rather than the issuer for special services such as trustee fees for registered retirement savings plans, redemption fees, conversion of investments from one

fund to another within related mutual funds, or any other specific service charge to a class of investors, should be disclosed separately, in a single table, and should not be included as part of the management expense ratio.

Item 11 — Tax Status of Issuer:

State in general terms the bases upon which the income and capital receipts of the issuer are taxed.

Item 12 — Tax Status of Securityholder:

State in general terms the income tax consequences to the holders of the securities offered hereby of:

- (a) any distribution to such holders in the form of dividends or otherwise, including amounts beneficially received by way of reinvestment;
- (b) redemption;
- (c) sale;
- (d) transfer to another mutual fund, if applicable.

Item 13 — Promoters:

If any person or company is or has been a promoter of the issuer within the five years immediately preceding the date of the preliminary prospectus or *pro forma* prospectus, furnish the following information:

- (a) state the names of the promoters, the nature and amount of anything of value (including money, property, contracts, options or rights of any kind) received or to be received by each promoter directly or indirectly from the issuer and the nature and amount of any assets, services or other consideration therefor received or to be received by the issuer;
- (b) as to any assets acquired within the past two years or to be acquired by the issuer from a promoter, state the amount at which acquired or to be acquired and the principle followed or to be followed in determining the amount. Identify the person making the determination and state the person's relationship, if any, with the issuer or any promoter. State the date that the assets were acquired by the promoter and the cost thereof to the promoter.

Item 14 — Legal Proceedings:

Briefly describe any legal proceedings material to the issuer to which the issuer is a party or of which any of its property is the subject. Make a similar statement as to any such proceedings known to be contemplated.

Instruction:

Include the name of the court or agency, the date instituted, the principal parties thereto, the nature of the claim, the amount claimed, if any, whether the proceedings are being contested and the present status of the proceedings.

Item 15 — Description of Shares Offered:

- (a) If shares are being offered, state the description or the designation of the class of shares offered and furnish all material attributes and characteristics including, without limiting the generality of the foregoing, the following information:
 - (i) dividend rights;
 - (ii) voting rights;
 - (iii) liquidation or distribution rights;
 - (iv) pre-emptive rights;
 - (v) conversion rights;

- (vi) redemption, purchase for cancellation or surrender provisions;
 - (vii) liability to further calls or to assessment by the issuer; and
 - (viii) provisions as to modification, amendment or variation of any such rights or provisions.
- (b) If the rights of holders of such shares may be modified otherwise than in accordance with the provisions attaching to such shares or the provisions of the governing Act relating thereto, so state and explain briefly.

Instructions:

1. This Item requires only a brief summary of the provisions that are material from an investment standpoint. Do not set out verbatim the provisions attaching to the shares; only a succinct resume is required.
2. If the rights attaching to the shares being offered are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the shares being offered, include information regarding such other securities that will enable investors to understand the rights attaching to the shares being offered. If any shares being offered are to be offered in exchange for other securities, an appropriate description of the other securities shall be given. No information need be given, however, as to any class of securities that is to be redeemed or otherwise retired, provided appropriate steps to assure redemption or retirement have been or will be taken prior to or contemporaneously with the delivery of the shares being offered.
3. In addition to the summary referred to in Instruction 1, the issuer may set out verbatim in a schedule to the prospectus the provisions attaching to the shares being offered.

Item 16 — Issuance of Other Securities:

If securities other than shares are being offered, outline briefly the rights evidenced thereby.

Instruction:

The instructions to Item 15 apply to this Item with due alteration for points of detail.

Item 17 — Dividend Record:

State the amount of dividends or other distributions, if any, paid by the issuer including income beneficially received by way of dividend reinvestment, during its last five completed financial years preceding the date of the preliminary prospectus or *pro forma* prospectus.

Instruction:

Dividends should be set out on a per security basis, shown separately for each class of security in respect of each of the financial years. Appropriate adjustments shall be made to reflect changes in capitalization during the period.

Item 18 — Directors and Officers:

List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, of all directors, trustees and officers of the issuer and indicate all positions and offices with the issuer held by each person named, and the principal occupations, within the five preceding years, of each director, trustee and officer.

Instructions:

1. Where the municipality of residence or postal address is listed, the Director may request that the home address in full be furnished to the Commission.
2. Where the principal occupation of a director, trustee or officer is that of an officer of a company other than the mutual fund, state the business in which such company is engaged.
3. Where a director or officer has held more than one position in the issuer, or a parent or subsidiary thereof, state only the first and last position held.

Item 19 — Executive Compensation:

Complete and attach to or include in this Form a Statement of Executive Compensation in Form 40, provided however, that the disclosure required by Items V, VIII, IX and X of Form 40 may be omitted for purposes of this Form.

Item 20 — Indebtedness of Directors, Executive Officers and Senior Officers:

- (a) The information required by this Item must be provided for each individual who is or, at any time during the most recently completed financial year, was a director, executive officer and senior officer of the issuer, each proposed nominee for election as a director of the issuer, and each associate of any such director, officer or proposed nominee,
 - (i) who is, or at any time since the beginning of the most recently completed financial year of the issuer has been, indebted to the issuer or any of its subsidiaries, or
 - (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of the issuer has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries.
- (b) State in the tabular form under the caption set out, for any indebtedness referred to in paragraph (a) of this Item:
 - (i) The name of the borrower (column (a)).
 - (ii) If the borrower is a director, executive officer or senior officer, the principal position of the borrower. If the borrower was, during the year, but no longer is a director or officer, include a statement to that effect. If the borrower is a proposed nominee for election as a director, include a statement to that effect. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director, executive officer or senior officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual (column (a)).
 - (iii) Whether the issuer or a subsidiary of the issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).
 - (iv) The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).
 - (v) The aggregate amount of indebtedness outstanding as at a date within thirty days of certification of the prospectus (column (d)).

TABLE OF INDEBTEDNESS OF DIRECTORS,
EXECUTIVE OFFICERS AND SENIOR OFFICERS

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Last Completed Financial Year]	Amount Outstanding as at [Current Date]
(a)	(b)	(\$) (c)	(\$) (d)

- (c) State in the introduction immediately preceding the table required by paragraph (b) of this Item, separately, the aggregate indebtedness,
 - (i) to the issuer or any of its subsidiaries, and
 - (ii) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries,

of all officers, directors, employees and former officers, directors and employees of the issuer or any of its subsidiaries outstanding as at a date within thirty days of certification of the prospectus.
- (d) Disclose in a footnote to, or a narrative accompanying, the table required by this Item,

- (i) the material items of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including without limitation the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, any security for the indebtedness and the nature of the transaction in which the indebtedness was incurred, and
 - (ii) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding.
- (e) No disclosure need be made under this Item of an incidence of indebtedness that has been entirely repaid on or before the date of certification of the prospectus or of routine indebtedness.

"Routine indebtedness" means indebtedness described in any of the following:

- (i) If an issuer makes loans to employees generally, whether or not in the ordinary course of business, loans are considered routine indebtedness if made on terms, including those as to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the issuer to employees generally, but the amount at any time during the last completed financial year remaining unpaid under the loans to any one director, executive officer, senior officer or proposed nominee together with his or her associates that are treated as routine indebtedness under this clause must not exceed \$25,000.
 - (ii) Whether or not the issuer makes loans in the ordinary course of business, a loan to a director, executive officer or senior officer is considered routine indebtedness if,
 - A. the borrower is a full-time employee of the issuer,
 - B. the loan is fully secured against the residence of the borrower, and
 - C. the amount of the loan does not exceed the annual salary of the borrower.
 - (iii) If the issuer makes loans in the ordinary course of business, a loan is considered routine indebtedness if made to a person or company other than a full-time employee of the issuer, and if the loan,
 - A. is made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the issuer with comparable credit ratings, and
 - B. involves no more than usual risks of collectibility.
 - (iv) Indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons is considered routine indebtedness if the repayment arrangements are in accord with usual commercial practice.
- (f) For purposes of this Item, "executive officer" has the same meaning as in Form 40 and "support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

Item 21 — Custodian of Portfolio Securities:

- (a) State the name, principal business address and the nature of the business of each person or company holding portfolio securities of the issuer as custodian and the jurisdiction in which the portfolio securities are physically situate. The name of the custodian may be omitted if it is a bank listed in Schedule I or II to the Bank Act (Canada), or otherwise with the consent of the Director.
- (b) Give brief details of the contractual arrangements made with the custodian.

Item 22 — Statement of Functions of Issuer and Distribution of Securities:

- (a) Give a concise statement of the manner in which the following functions of the issuer are performed and who is responsible therefor, stating how such functions are co-ordinated and to the extent that any such functions are not performed by employees of the issuer, the names and addresses of the persons or companies responsible for performing such functions:
 - (i) management of the issuer other than management of the investment portfolio;
 - (ii) management of the investment portfolio;
 - (iii) providing investment analysis;
 - (iv) providing investment recommendations;
 - (v) making investment decisions;
 - (vi) purchase and sale of the investment portfolio and brokerage arrangements relating thereto; and
 - (vii) distribution of the securities offered.
- (b) List the names and addresses in full, or, alternatively, solely the municipality of residence or postal address of all directors and officers of the companies named in answer to paragraph (a) of this Item.
- (c) Indicate the method of determining the amount of management fees and state the total of such fees paid during each of the last five completed financial years and separately for the period from the last completed financial year to a date within thirty days of the preliminary prospectus or *pro forma* prospectus.
- (d) Indicate the circumstances under which the management agreement may be terminated.
- (e) Indicate conflicts of interest or potential conflicts of interest between the issuer and the persons and companies named in answer to (a).

Instructions:

- 1. Where an alternate address is listed, the Director may request that the home address in full be furnished to the Commission.
- 2. In giving information regarding distribution of securities the name and address of only the principal distributor need be given.
- 3. In giving information regarding the purchase and sale of the investment portfolio and brokerage arrangements relating thereto the name and address of only the principal broker need be given.
- 4. In giving information regarding the purchase and sale of the investment portfolio and brokerage arrangements relating thereto give brief details of the following matters:
 - (i) the total cost during the last completed financial year of the issuer of securities acquired, distinguishing between,
 - (A) securities of or guaranteed by the government of any country, or any political subdivision thereof,
 - (B) short-term notes, and
 - (C) other securities;
 - (ii) the total cost of securities held at the beginning and at the end of the issuer's last completed financial year;
 - (iii) the formula, method or criteria used in allocating brokerage business to persons or companies engaged in the distribution of the securities of the issuer;

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- (iv) the formula, method or criteria used in allocating brokerage business to persons or companies furnishing statistical, research or other services to the issuer or the manager of the issuer; and
 - (v) the amount of brokerage paid to the principal broker for the last three completed financial years, giving the total amount paid in each year and expressing the amount paid in each year as a percentage of the total brokerage paid by the issuer.
5. If one or more persons or companies performs more than one of the functions referred to in this Item, so state, giving details of all functions so performed.
6. As used in this Form:

"principal broker" includes,

- (i) a person or company through whom the investment portfolio of the issuer is purchased or sold pursuant to a contractual arrangement with the issuer or the manager of the issuer providing for an exclusive right to purchase or sell the investment portfolio of the issuer or any feature which gives or is intended to give a broker or dealer a material competitive advantage over other brokers or dealers in respect of the purchase or sale of the investment portfolio of the issuer, or
- (ii) a person or company, together with any affiliate, by or through whom 15 per cent or more of the securities transactions of the issuer were carried out; and

"brokerage arrangements" or "brokerage business" include all purchases and sales of the investment portfolio, whether effected directly or through an agent.

7. With the consent of the Director, a person or company who would otherwise be a principal broker may, with respect to any one or more of the items of disclosure required by this Form, be treated as not coming within the definition of a principal broker.

Item 23 — Associated Persons:

Furnish the following information as to each person or company named in answer to paragraph (a) of Item 22:

- 1. If a named person or company is associated with the issuer or is a director or senior officer of or is associated with any affiliate of the issuer or is a director or senior officer of or is associated with any company which is associated with the issuer, so state, and give particulars of the relationship.
- 2. If the issuer is associated with a named person or company or is associated with any affiliate of a named company or is associated with any company which is associated with the named person or company, so state, and give particulars of the relationship.
- 3. If any person or company associated with the issuer is also associated with a named person or company, so state, and give particulars of the relationship.
- 4. If a named person or company has a contract or arrangement with the issuer, give a brief description of the contract or arrangement, including the basis for determining the remuneration of the named person or company and give the amount of remuneration paid or payable by the issuer and its subsidiaries to such person or company during the last completed financial year of the issuer.
- 5. If a named person or company is associated with any other named person or company, so state, and give particulars of the relationship.
- 6. Where and to the extent required by the Director, give the business experience of each named person or company and, in the case of a named company, the directors and officers thereof.

Item 24 — Principal Holders of Securities:

Furnish the following information as of a specified date within thirty days prior to the date of the preliminary prospectus or *pro forma* prospectus, in substantially the tabular form indicated:

- (a) The number of securities of each class of voting securities of:

- (i) the issuer, and
- (ii) the manager of the issuer,

owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by such issuer or manager to own beneficially, directly or indirectly, more than 10 per cent of any class of such securities. Show in Column 5 whether the securities are owned both of record and beneficially, of record only, or beneficially only, and show in Columns 6 and 7 the respective amounts and percentages known by the issuer or manager to be owned in each such manner.

TABLE

Column 1 Name and address	Column 2 Name of company	Column 3 Issuer or relationship thereto	Column 4 Designation of class	Column 5 Type of ownership	Column 6 Number of securities owned	Column 7 Percentage of class
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- (b) If any person or company named in answer to paragraph (a) owns of record or beneficially, directly or indirectly, more than 10 per cent of,
 - (i) any class of voting securities of the principal distributor or the principal broker of the issuer or any parent or subsidiary thereof, or
 - (ii) any proprietorship interest in the principal distributor or the principal broker of the issuer,
 give the percentage of such securities or the percentage of such proprietorship interest so owned by such person or company.
- (c) The percentage of securities of each class of voting securities beneficially owned, directly or indirectly, by all the directors, trustees and senior officers,
 - (i) of the issuer in the issuer or in a parent or subsidiary thereof, and
 - (ii) of the manager of the issuer in such manager or in a parent or subsidiary thereof,
 in the case of each company as a group, without naming them.

TABLE

Column 1 Name of Company	Column 2 Issuer or relationship thereto	Column 3 Designation of class	Column 4 Percentage of class
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Instructions:

1. Where a company is shown by the issuer as owning directly or indirectly more than 10 per cent of any class of such securities, the Director may require the disclosure of such additional information as is necessary to identify any individual who, through direct or indirect ownership of voting securities in the company owns directly or indirectly more than 10 per cent of any class of such securities. The name of such an individual should be disclosed in a footnote to the table described in paragraph (a).
2. For the purposes of paragraph (a), securities owned beneficially, directly or indirectly, and of record shall be aggregated in determining whether any person or company owns more than 10 per cent of the securities of any class.
3. For the purposes of clause (i) of paragraph (a), where no material change has occurred in the information required by such clause since the date of the financial statements included in the prospectus, information may be given as of the date of the financial statements.
4. If voting securities are being offered in connection with, or pursuant to, a plan of acquisition, amalgamation or reorganization, indicate, as far as practicable, the respective holdings of voting securities that will exist after giving effect to the plan.
5. If, to the knowledge of the issuer, more than 10 per cent of any class of voting securities of the issuer or if, to the knowledge of the manager of the issuer, more than 10 per cent of any class of voting securities of such

manager are held or are to be held subject to any voting trust or other similar agreement, state the designation of such securities, the number held or to be held and the duration of the agreement. Give the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

6. If, to the knowledge of the issuer, the parent of the issuer, the manager or the parent of the manager, any person or company named in answer to paragraph (a) is an associate or affiliate of any other person or company named therein, disclose, in so far as known, the material facts of such relationship, including any basis for influence over the issuer enjoyed by the person or company other than the holding of voting securities of the issuer.

Item 25 — Interest of Management and Others in Material Transactions:

Describe briefly, and where practicable 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 prior to the date of the preliminary prospectus or *pro forma* prospectus, or in any proposed transaction which has materially affected or will materially affect the issuer:

- (i) the manager of the issuer;
- (ii) the principal distributor of the issuer;
- (iii) the principal broker of the issuer;
- (iv) any director, senior officer or trustee of the issuer or of any company referred to in clauses (i), (ii) or (iii) hereof;
- (v) any securityholder named in answer to paragraph (a) of Item 24; and
- (vi) any associate or affiliate of any of the foregoing persons or companies.

Instructions:

1. Give a brief description of the material transaction. Include the name and address of each person or company whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described.
2. As to any transaction involving the purchase or sale of assets by or to the issuer otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.
3. This Item does not apply to any interest arising from the ownership of securities of the issuer where the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.
4. No information need be given in answer to this Item as to any transaction or any interest therein, where,
 - (i) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;
 - (ii) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;
 - (iii) the transaction involves services as a bank or other depository of funds, transfer agent, registrar, trustee under a trust indenture or other similar services;
 - (iv) the interest of a specified person or company, including all periodic instalments in the case of any lease or other agreement providing for periodic payments or instalments, does not exceed \$50,000; or
 - (v) the transaction does not, directly or indirectly, involve remuneration for services, and
 - (A) the interest of a specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company that is a party to the transaction, and

(B) the transaction is in the ordinary course of business of the issuer.

5. Information shall be furnished in answer to this Item with respect to transactions not excluded above that involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company furnishing the services to the issuer or its subsidiaries.
6. This Item does not require the disclosure of any interest in any transaction unless such interest and transaction are material.

Item 26 — Auditors, Transfer Agents and Registrars:

- (a) State the name and address of the auditor of the issuer.
- (b) Where shares are offered, state the names of the issuer's transfer agents and registrars and the location (by municipalities) of the registers of transfers of each class of shares of the issuer. Where securities other than shares are offered, state the location (by municipalities) of each register on which transfers of such securities may be recorded.

Item 27 — Material Contracts:

Give particulars of every material contract entered into within the two years prior to the date of the preliminary prospectus or *pro forma* prospectus, by the issuer and state a reasonable time and place at which any such contract or a copy thereof may be inspected during distribution of the securities being offered.

Instructions:

1. The term "material contract" for this purpose means any contract that can reasonably be regarded as presently material to the proposed investor in the securities being offered.
2. Set out a complete list of all material contracts, indicating those which are disclosed elsewhere in the prospectus and provide particulars with respect to those material contracts about which particulars are not given elsewhere in the prospectus. This Item does not require disclosure of contracts entered into in the ordinary course of business of the issuer.
3. Particulars of contracts should include the dates of, parties to, consideration and general nature of the contracts, succinctly described.
4. Particulars of contracts need not be disclosed, or copies of such contracts made available for inspection, if the Director determines that such disclosure or making-available would impair the value of the contract and would not be necessary for the protection of investors.

Item 28 — Other Material Facts:

Give particulars of any other material facts relating to the securities proposed to be offered and not disclosed pursuant to the foregoing Items.

Item 29 — Independent Review Committee:

Disclose a description of the independent review committee of the mutual fund established under National Instrument 81-107 *Independent Review Committee for Investment Funds*, including

- (a) an appropriate summary of its mandate;
- (b) its composition;
- (c) that it prepares a report at least annually of its activities for securityholders which is available on the [mutual fund's/mutual fund family's] Internet site at [insert mutual fund's Internet site address], or at the securityholders request, at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund's/mutual fund family's e-mail address]; and

- (d) the amount of fees and expenses payable in connection with the independent review committee paid by the mutual fund, including whether the mutual fund pays all of the fees payable to the independent review committee and listing the main components of the fees.

4. Form 45 of the Regulation is revoked and the following substituted:

FORM 45
INFORMATION REQUIRED TO BE INCLUDED IN PROSPECTUS OF A LABOUR
SPONSORED INVESTMENT FUND CORPORATION

Securities Act

General Instruction

This prospectus is intended to be a concise presentation in plain language of the information required. The requirements and the instructions relating thereto should be read in light of this intention and the presentation of such information in the prospectus should reflect this intention.

Item 1 — Cover Statement

Language in substantially the following form should appear on the outside cover page of the prospectus:

"Along with this prospectus you must receive audited annual financial statements of the Fund for its last completed financial year and interim financial statements for the current financial year. You should read the prospectus and review the financial statements carefully before making an investment decision. Careful consideration should be given to the Risk Factors associated with making an investment in the Fund. You should also consult with a professional adviser.

These securities may be highly speculative in nature. An investment in the Fund may be appropriate only for investors who are prepared to have their money in the Fund for a long period of time. Although the Fund is a mutual fund, some of the rules designed to protect investors who purchase securities of mutual funds sold in Ontario do not apply to the Fund.

Mutual funds generally value their investments at the closing market price at which they can be bought and sold. Although the Fund values its investments based on appraisals prepared by qualified independent valuers, these appraisals may not reflect the prices at which the investments can actually be sold, particularly after taking into account associated selling costs such as sales commissions and legal fees.

The Fund may have contingent liability for the repayment of tax credits in certain circumstances. In most cases investors must repay any tax credit received as a result of their investment in the Fund if their Class A shares are sold or redeemed within five years of purchase. The Fund is prohibited by law from making redemptions in certain circumstances and may also suspend redemptions for substantial periods of time in certain circumstances. Investors may not be able to sell their Class A shares as there is no formal market, such as a stock exchange, through which Class A shares may be sold.

The Fund is registered under the Labour Sponsored Venture Capital Corporations Act, 1992. The sponsor of the Fund is

Neither the Ontario Securities Commission nor any other department or agency of the Government of Ontario has assessed the merits of an investment in the Fund. The Ontario Securities Commission and the Government of Ontario make no recommendation concerning such an investment and assume no liability or obligation to any investor in the Fund."

Item 2 — Name and Formation of Fund

- (a) State the full name of the Fund and the address of its head or registered office.
- (b) State the laws under which the Fund was formed and the manner and date of formation.
- (c) If the Fund's name was changed during the past twelve months, state its former name and the date on which it was changed.
- (d) Indicate briefly the nature and results of any bankruptcy, receivership or similar proceedings or any other material reorganization of the Fund during the past twelve months.
- (e) State the name and address of the promoter, if any.
- (f) If material, state whether the Fund's constating documents have been amended.

- (g) If, during the past two years, any affiliate of the Fund has had any material interest, direct or indirect, in any transaction involving the purchase of any substantial amount of assets presently held by the Fund, describe the interest of the affiliate in such transaction and state the cost of such assets to the purchaser and to the seller.

Item 3 — Description of Business

Briefly describe the business of the Fund.

Item 4 — Risk Factors

If appropriate to a clear understanding by investors of the risk factors and speculative nature of the Fund's activities or of the securities being offered, make an introductory statement on the first page summarizing the factors which make the purchase a risk or speculation. The information may be given in the body of the prospectus if an appropriate reference is made on the first page to the risks and the speculative nature of the Fund's activities and a cross-reference is made to the place in the prospectus where the information is contained.

Item 5 — Description of Securities Offered

- (a) State the description or the designation of the class of securities offered by the prospectus and describe all material attributes and characteristics including, without limiting the generality of the foregoing, the following:
 - (1) dividend rights;
 - (2) voting rights;
 - (3) liquidation or distribution rights;
 - (4) pre-emptive rights;
 - (5) conversion rights;
 - (6) transfer restrictions;
 - (7) redemption or purchase for cancellation or surrender rights;
 - (8) liability for tax credit repayment; and
 - (9) provisions as to modification, amendment or variation of any such rights or provisions.
- (b) If the rights of securityholders may be modified otherwise than in accordance with the provisions attaching to such securities or the provisions of the governing Act relating thereto, so state and explain briefly.

Instructions:

- 1. This item requires only a brief summary of the provisions that are material from an investment standpoint.

Item 6 — Price of Securities on Sale or Redemption

- (a) Describe briefly the method followed or to be followed by the Fund in determining the price at which its securities will be offered for sale and redeemed and state the frequency with which the issue price is determined and the time when the price becomes effective and how long it remains in effect.
- (b) State, if applicable, the sales charges expressed as a percentage of the total amount paid by the purchaser and expressed as a percentage of the net amount invested in securities of the Fund. If these sales charges vary on a quantity basis, give particulars of the quantities and the respective sales charges applicable thereto.
- (c) Indicate briefly any difference in the sales charges imposed upon the sale of securities in connection with the conversion or exchange of securities or the reinvestment of dividends or distributions.
- (d) Give particulars of the entitlement of the purchaser of a contractual plan to a refund of any sales charge incurred if the contractual plan is terminated during its term.

Legislation

- (e) Describe briefly the procedure followed or to be followed by investors who desire to purchase securities or to redeem securities, including particulars relating to any special arrangements which may exist and any penalty for early redemption. State, if applicable, any redemption charge expressed as a percentage of the redemption price. If redemption charges vary on any basis, give particulars of the same. State, if applicable, any requirement for tax credit payment as a result of redemption.
- (f) If applicable, disclose the obligation of:
 - (i) the Fund to reverse a purchase order placed by an investor who, after placing the purchase order, fails to make payment of the issue price, by causing the securities allotted pursuant to such purchase order to be redeemed, and
 - (ii) the investor to pay any difference if the redemption price is less than the issue price of such securities.
- (g) If applicable, disclose the obligation of:
 - (i) the Fund to reverse a redemption order placed by an investor who, after requesting redemption, fails to deliver all documentation required to complete the redemption, by causing the investor to repurchase that number of securities of the Fund as is equal to the number of such securities that were redeemed, and
 - (ii) the investor to pay any difference if the repurchase price exceeds the redemption price.
- (h) Describe briefly any right or requirement to reinvest the proceeds of dividends or other distributions in the Fund's securities.
- (i) Describe the basis for valuing the Fund's assets and liabilities for the purpose of calculating net asset value and, if there is discretion to deviate from these rules, disclose all instances within the past three years where the discretion to deviate from these rules was exercised.

Instructions:

1. As used in this Item and in Items 7 and 9, the term "special arrangement" includes a periodic accumulation plan, an open account plan, a contractual plan, a withdrawal plan, a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, an exchange or transfer privilege and any other type of arrangement respecting the acquisition or disposition of securities of the Fund.

Item 7 — Method of Distribution

Outline briefly the method of distribution of the securities being offered. If sales are to be effected through a principal distributor, give brief details of any arrangements with the principal distributor.

Instructions:

1. If the Fund is obligated or may become obligated for the payment of commissions, describe briefly such obligation.
2. If the securities are being offered by way of a special arrangement, give the main particulars of the special arrangement, including, if applicable, particulars of:
 - (1) any minimum initial investment;
 - (2) any subsequent minimum investment;
 - (3) any sales charge deductions from the initial investment and from the subsequent minimum investment;
 - (4) any sales charges expressed as a percentage of the amount paid by the purchaser and expressed as a percentage of the net amount invested in securities of the Fund, provided that in making this calculation, insurance premiums and the fees payable to a trustee of a registered retirement savings plan or of a registered retirement income fund or of a registered education savings plan may be excluded in determining the amount of the sales charges; and

- (5) the total amount invested contrasted to the total amount paid by the purchaser.
3. As used in this Item, the term "sales charges" includes all sales commissions, sales charges and other charges related to the establishment of the special arrangement and its continuing administration and maintenance.
4. Disclose when, during the term of a special arrangement, the sales charges will be deducted.
5. Give particulars of any special withdrawal rights that are applicable to a special arrangement.
6. Give particulars of any entitlement under a special arrangement to a refund of any sales charge if the special arrangement is terminated during its term.

Item 8 — Responsibility for Principal Functions

- (a) Give a concise statement of the manner in which the following functions of the Fund are performed, stating how such functions are co-ordinated and the names and addresses of the persons or companies responsible for performing such functions:
 - (1) the management of the Fund other than the management of the investment portfolio;
 - (2) the management of the investment portfolio;
 - (3) providing investment analysis;
 - (4) providing investment recommendations;
 - (5) making investment decisions;
 - (6) purchasing and selling the investment portfolio and making any brokerage arrangement relating thereto;
 - (7) the distribution of the securities offered.

Where a company is named as being responsible for the performance of any such functions, provide the names in full and the home addresses of each director and officer of the company.

- (b) Indicate the method of determining the amount of management fees, including any prescribed limit on such fees, and state the total of such fees paid during each of the last five completed financial years and during the period from the end of the last completed financial year to a date within thirty days of the date of the prospectus.
- (c) Indicate the circumstances under which the management agreement may be terminated.
- (d) Indicate conflicts of interest or potential conflicts of interest between the Fund and the persons or companies named in answer to paragraph (a).
- (e) If a named person or company is associated with the Fund, or is a director or senior officer of or is associated with any affiliate of the Fund, or is a director or senior officer of or is associated with any person or company which is associated with the Fund, so state, and give particulars of the relationship.
- (f) If the Fund is associated with a named person or company or is associated with any affiliate of a named company or is associated with any person or company which is associated with the named person or company, so state, and give particulars of the relationship.
- (g) If any person or company associated with the Fund is also associated with a named person or company, so state, and give particulars of the relationship.
- (h) If a named person or company has a contract or arrangement with the Fund, give a brief description of the contract or arrangement, including the basis for determining the remuneration of the named person or company, and state the amount of remuneration paid or payable by the Fund and its subsidiaries to such person or company during the last completed financial year of the Fund.

Legislation

- (i) If a named person or company is associated with any other named person or company, so state, and give particulars of the relationship.
- (j) Give particulars of the business experience of each person named under Item 8(a)(1), (2) or (5) and of the directors and officers of each company named under Item 8(a)(1), (2) or (5).

Instructions:

1. The address given may be the municipality of residence or a postal address, provided that upon request, the full residential address shall be furnished to any person or company requesting the same.
2. In giving information regarding the distribution of securities, the name and address of only the principal distributor need be given.
3. In giving information regarding brokerage arrangements, the name and address of only the principal broker need be given.
4. In giving information regarding the purchase and sale of the investment portfolio and brokerage arrangements, if any, state:
 - (i) the total cost of securities acquired during the last completed financial year of the Fund distinguishing between:
 - (a) securities of or guaranteed by the government of any country, or any political subdivision thereof,
 - (b) short-term notes, and
 - (c) other securities;
 - (ii) the total cost of securities held at the beginning and at the end of the Fund's last completed financial year;
 - (iii) the formula, method or criteria used in allocating brokerage business to persons or companies engaged in the distribution of the securities of the Fund;
 - (iv) the formula, method or criteria used in allocating brokerage business to persons or companies furnishing statistical, research or other services to the Fund or the manager of the Fund; and
 - (v) the amount of brokerage fees paid to the principal broker for the last three completed financial years, giving the total amount paid in each year and expressing the amount paid in each year as a percentage of the total brokerage fees paid in such year by the Fund.
5. In this Form:
 - (i) a "principal broker" means,
 - (a) a person or company through whom the investment portfolio of the Fund is purchased or sold pursuant to a contractual arrangement with the Fund or the manager of the Fund providing for an exclusive right to purchase or sell the investment portfolio of the Fund or any feature which gives or is intended to give a broker or dealer a material competitive advantage over other brokers or dealers in respect of the purchase or sale of the investment portfolio of the Fund, and
 - (b) any person, company or affiliated companies by or through whom 15 per cent or more of the securities transactions of the Fund were carried out;
 - (ii) "brokerage arrangements" or "brokerage business" includes all purchases and sales of the investment portfolio, whether effected directly or through an agent.
6. If one or more persons or companies performs more than one of the functions referred to in this Item, so state, giving details of all such functions performed.

Item 9 — Management Fees and Other Expenses

- (a) Indicate:
 - (i) the fees, charges and expenses charged to the Fund and the basis for calculating them,
 - (ii) if there is a manager of the Fund, the fees, charges and expenses borne by the manager, and
 - (iii) any incentive fees payable by the Fund and the basis for calculating them.
- (b) All fees, charges and other expenses which are charged directly to securityholders shall be summarized in tabular form as set forth in Table 1 under the heading "Summary of Fees, Charges and Other Expenses Payable by the Securityholder". Reference to this table shall be made on the outside cover page or on the first facing page of the prospectus.

TABLE 1
SUMMARY OF FEES, CHARGES AND EXPENSES
PAYABLE BY THE SECURITYHOLDER

This table contains a summary of the fees, charges and expenses payable directly by securityholders:

Type of Charge	Description including amount/rate
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INSTRUCTIONS

Include particulars of all fees, charges and expenses payable by securityholders, including amounts payable on:

- (a) the acquisition of securities;
 - (b) the exchange/transfer of securities with/to a related fund; and
 - (c) the redemption of securities.
- (c) Instruct the reader to refer to the financial statements for details as to the amount of fees, charges and expenses, if any, which have been charged to the Fund.
 - (d) Set out in tabular form in the prospectus or by way of note to the financial statements, a record of the management expense ratio for each of the last five completed financial years of the Fund with a brief description of the method of calculating the management expense ratio.

Instructions:

1. If the basis of calculating the management or incentive fees or the other fees, charges or expenses that are charged to the Fund is changed or is proposed to be changed and if such change would have had an effect on the management expense ratio for the last completed financial year of the Fund had the change been in effect throughout that year, the effect of such change should be disclosed.
2. If any financial period referred to in Item 9(d) is less than twelve months, the management expense ratio should be shown on an annualized basis, with reference to the period covered and to the fact that the management expense ratio for the period has been annualized.
3. The management expense ratio of a Fund for any financial year shall be calculated by dividing the aggregate of all fees, charges and expenses paid or payable by the Fund during or in respect of the financial year in question by the amount of the average net asset value of the Fund for the financial year in question, and multiplying the quotient by 100. For the purpose of making this calculation:
 - (a) the expression "the average net asset value of the Fund for the financial year" means the result obtained by:
 - (i) adding together the amounts determined to be the net asset value of the Fund as at the close of business of the Fund on each day during the financial year in question on which the net asset value of the Fund has been determined in the manner from time to time prescribed in the constating documents of the Fund; and

- (ii) dividing the amount resulting from the addition provided for in clause (i) by the number of days during the financial year in question on which the net asset value of the Fund has been determined;
- (b) the expression "fees, charges and expenses" means fees, charges and expenses paid or payable by the Fund, except,
 - (i) commissions and brokerage fees on the purchase and sale of portfolio securities;
 - (ii) interest charges (if any); and
 - (iii) taxes of all kinds to which the Fund is subject.
- 4. If the Fund invests in another mutual fund, the management expense ratio shall be calculated on the basis of those assets of the Fund on which a management fee is charged.
- 5. The financial statements should be set out in appropriate detail the amounts of the management fees and of all other fees, charges and expenses, if any, that have been charged to the Fund during the period covered by the financial statements.
- 6. The fees, charges and other expenses, if any, that are charged directly to all securityholders generally or to securityholders who participate in a special arrangement and the basis of calculation of the same are to be excluded in determining the management expense ratio of the Fund.

Item 10 — Investment Objectives and Practices

- (a) State the fundamental investment objectives of the Fund and, if relevant, any fundamental investment policies and practices.
- (b) Briefly indicate the nature of any securityholder or other approval that may be required in order to change any of the fundamental investment objectives and any of the fundamental investment policies and practices of the Fund.
- (c) State that the Fund is in compliance with all investment restrictions contained in the *Labour Sponsored Venture Capital Corporations Act, 1992*.

Instructions:

- 1. Aims such as long-term capital appreciation and the types of securities in which the Fund proposes to invest should be described.
- 2. If the securities of the Fund are or will be a qualified investment within the meaning of the *Income Tax Act* (Canada) for retirement savings plans, deferred profit sharing plans or other savings plans registered under the *Income Tax Act* (Canada) and if the Fund is or will be recognized as a registered investment within the meaning of that Act, provide the relevant information and state:
 - (i) the effect of the qualification;
 - (ii) the limitations, if any, imposed by that Act on the portion of the plans which may be invested in the securities of the Fund without subjecting the plans to taxes or penalties under that Act; and
 - (iii) whether the securities of the Fund will or will not be qualified investments for the plans.
- 3. Specifically disclose the business and activities the Fund is permitted to undertake that would not be permissible for an ordinary mutual fund, and state any restrictions on capitalization, investment and other business activities of the Fund under the *Labour Sponsored Venture Capital Corporation Act, 1992* and any investment policies and practices the Fund has adopted in pursuing its objectives, with particular reference in each case to the following types of activities:
 - (i) the issuing of securities other than those contemplated by the Fund's prospectus;
 - (ii) the borrowing of money;

- (iii) the making of loans, whether secured or unsecured;
- (iv) the investment of more than 10 per cent of the assets of the Fund in the securities of any one issuer;
- (v) the investment in more than 10 per cent of the securities of any one issuer;
- (vi) the investment in securities for the purpose of exercising control or management;
- (vii) the investment in securities of investment companies or other mutual funds;
- (viii) the investment in securities which are not fully paid;
- (ix) the investment in illiquid securities or securities whose resale is restricted;
- (x) the pledging, mortgaging or hypothecating of the Fund's assets;
- (xi) the sale of portfolio securities to directors or officers of the Fund or of the manager or the purchase of portfolio securities from such persons;
- (xii) the guaranteeing of the securities or the obligations of another issuer;
- (xiii) the purchase of options, rights and warrants;
- (xiv) the investment in a security which may require the purchaser to make an additional contribution beyond the price of the security.

Briefly indicate the nature of any securityholder or other approval that may be required in order to change any of the restrictions referred to in this Instruction 3.

- 4. For the purpose of Instruction 3(iii), the purchase of debt securities for investment purposes is not considered to be the making of a loan by the Fund.
- 5. For the purpose of Instruction 3(ix), if the Fund invests in securities whose resale is restricted, describe how those securities are valued for the purpose of computing the net asset value of the Fund.

Item 11 — Dividends or Distributions

Instruct the reader to refer to the Fund's financial statements for information as to the amount of dividends or other distributions per security paid by the Fund (including income allocated to securityholders by way of dividend reinvestment or otherwise) during each of the last five completed financial years of the Fund, and include such information by way of note to the Fund's financial statements.

Instructions:

- 1. Dividends and other distributions should be set out on a per security basis, shown separately for each class of securities in respect of each of the financial years. Appropriate adjustments should be made to reflect changes in capitalization during the period.
- 2. If dividends or other distributions have been paid by way of capitalizing the same (i.e. increasing the value of the securities held by securityholders of record), the amount per security of the dividends or other distributions so capitalized shall be referred to by way of note to the Fund's financial statements. As well, any statement in the Fund's prospectus or financial statements as to the amount of the net asset value per security as at any date shall be presented in such a manner so as to indicate clearly the portion of the net asset value per security that is represented by dividends or other distributions that were capitalized during the year or period in question and the portion of the net asset value per security that is represented by the changes that occurred in the market value of the assets and liabilities of the Fund during the year or period in question. The intention of this provision is to avoid any misunderstanding or double counting that may otherwise occur in evaluating the performance of the Fund during the year or period in question.

Item 12 — Significant Holdings in Other Entities

Furnish in substantially the tabular form indicated the following information as at a date within thirty days of the date of the prospectus with respect to each entity, 5 per cent or more of whose securities of any class are beneficially owned directly or indirectly by the Fund.

TABLE 2

Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund	Percentage of Value of Fund's Assets Invested
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Item 13 — Tax Status of Fund Securityholders

- (a) State in general terms the basis upon which the income and capital receipts of the Fund are taxed.
- (b) State in general terms the income tax consequences to the holders of the securities offered of:
 - (i) any distribution to such holders in the form of dividends or otherwise, including amounts reinvested;
 - (ii) the redemption of securities;
 - (iii) the sale of securities; and
 - (iv) any transfers between mutual funds.

Item 14 — Legal Proceedings

- (a) Describe briefly all legal proceedings that are material to the Fund and to which the Fund is a party or any of the Fund's property is subject.
- (b) Describe briefly all legal proceedings known to be contemplated that are material to the Fund and to which the Fund may be a party or any of the Fund's property may be subject.

Instructions:

- 1. Identify the name of the court or agency having jurisdiction, the date on which the suit was instituted, the principal parties thereto, the nature of the claim and the amount claimed, if any. State whether the proceedings are being contested and the present status of the proceedings.

Item 15 — Directors and Officers

List the name in full, the home address and the principal occupation, within the five preceding years, of each director and officer of the Fund, and indicate all positions and offices with the Fund held by each person named.

Instructions:

- 1. The address given may be the municipality of residence or a postal address, provided that, upon request, the full residential address shall be furnished to the Canadian securities authorities requesting the same.
- 2. If the principal occupation of a director or officer is that of an officer of a company other than the Fund, state the business in which such company is engaged.
- 3. If a director or officer has held more than one position in the Fund, state only the first and last position held.

Item 16 — Remuneration of Directors and Officers

- (a) Only Funds that directly employ directors or officers must comply fully with this Item.
- (b) Other Funds, the businesses of which are managed by a management company pursuant to a contractual arrangement with the Fund, or by a corporate trustee pursuant to the terms of a trust indenture, must report in their annual financial statement:
 - (i) the aggregate amount of the fees paid by the Fund to such management company or trustee in respect of the financial year reported upon; and

- (ii) the aggregate amount reimbursed by the Fund to such management company or trustee for expenses incurred in respect of the fulfilment of its duties as such.

As well, such Funds must confirm in the prospectus that the amounts reported in the financial statements as paid or reimbursed to management companies and trustees constitute the only compensation paid by the Fund to such management companies and trustees.

- (c) If any compensation is in non-cash form, the value of the benefit conferred should be stated or, if it is not possible to state the value, the benefit conferred should be described.
- (d) State any other information respecting executive compensation that is required to be disclosed by a mutual fund offering its securities in Ontario.

Item 17 — Indebtedness of Directors, Executive Officers and Senior Officers:

- (a) The information required by this Item must be provided for each individual who is or, at any time during the most recently completed financial year, was a director, executive officer and senior officer of the Fund, each proposed nominee for election as a director of the Fund, and each associate of any such director, officer or proposed nominee.
 - (i) who is, or at any time since the beginning of the most recently completed financial year of the Fund has been, indebted to the Fund, or
 - (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of the Fund has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund.
- (b) State in the tabular form under the caption set out, for any indebtedness referred to in paragraph (a) of this Item:
 - (i) The name of the borrower (column (a)).
 - (ii) If the borrower is a director, executive officer or senior officer, the principal position of the borrower. If the borrower was, during the year, but no longer is a director or officer, include a statement to that effect. If the borrower is a proposed nominee for election as a director, include a statement to that effect. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director, executive officer or senior officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual (column (a)).
 - (iii) Whether the Fund is the lender or the provided of a a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).
 - (iv) The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).
 - (v) The aggregate amount of indebtedness outstanding as a date within thirty days of certification of the prospectus (column (d)).

TABLE OF INDEBTEDNESS OF DIRECTORS,
EXECUTIVE OFFICERS AND SENIOR OFFICERS

Name and Principal Position	Involvement of Fund	Largest Amount Outstanding During [Last Completed Financial Year] (\$)	Amount Outstanding as at [Current Date]
(a)	(b)	(c)	(d)

- (c) State in the introduction immediately preceding the table required by paragraph (b) of this Item, separately, the aggregate indebtedness,
 - (i) to the Fund, and

- (ii) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund,

of all officers, directors, employees and former directors, officers and employees of the Fund outstanding as at a date within thirty days of certification of the prospectus.

- (d) Disclose in a footnote to, or a narrative accompanying, the table required by this Item,
 - (i) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including without limitation the term to maturity, rate of interest and any understanding, agreement or intention to limited recourse, any security for the indebtedness and the nature of the transaction in which the indebtedness was incurred, and
 - (ii) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding.
- (e) No disclosure need be made under this Item of an incidence of indebtedness that has been entirely repaid on or before the date of certification of the prospectus or of routine indebtedness.

"Routine indebtedness" means indebtedness described in any of the following:

- (i) If the Fund makes loans to employees generally, whether or not in the ordinary course of business, loans are considered routine indebtedness if made on terms, including those as to interest rate and security, no more favorable to the borrower than the terms on which loans are made by the Fund to employees generally, but the amount at any time during the last completed financial year remaining unpaid under the loans to any one director, executive officer, senior officer or proposed nominee together with his or her associates that are treated as routine indebtedness under this clause must not exceed \$25,000.
- (ii) Whether or not the Fund makes loans in the ordinary course of business, a loan to a director, executive officer or senior officer is considered routine indebtedness if,
 - A. the borrower is a full-time employee of the Fund,
 - B. the loan is fully secured against the residence of the borrower, and
 - C. the amount of the loan does not exceed the annual salary of the borrower.
- (iii) If the Fund makes loans in the ordinary course of business, a loan is considered routine indebtedness if made to a person or company other than a full-time employee of the Fund, and if the loan,
 - A. is made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the Fund with comparable credit ratings, and
 - B. involves no more than usual risks of collectibility.
- (iv) Indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons is considered routine indebtedness if the repayment arrangements are in accord with usual commercial practice.
- (f) For purposes of this Item, "executive officer" has the same meaning as in Form 40 and "support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

Item 18 — Promoter

If a person or company is a promoter of the Fund or has been a promoter of the Fund within the five years immediately preceding the date of this prospectus, furnish the following information:

- (a) State the name of each promoter, the nature and amount of anything of value (including money, property, contracts, options or rights of any kind) received or to be received by each promoter directly or indirectly from the Fund and the nature and amount of any assets, services or other consideration received or to be received by the Fund.
- (b) As to any assets acquired within the past two years or to be acquired by the Fund from a promoter, state the amount at which they were acquired or are to be acquired and the principle followed or to be followed in determining the amount. Identify the person making the determination and state such person's relationship, if any, with the Fund or the promoter. State the date on which the assets were acquired by the promoter and the cost thereof to the promoter.
- (c) State whether the promoter was incorporated for the purpose of distributing securities of the Fund.

Item 19 — Principal Holders of Securities

Furnish the following information as of a specified date within thirty days prior to the date of the prospectus:

- (a) In substantially the form of Table 3, indicate the number of securities of each class of voting securities of:
 - (i) the Fund; and
 - (ii) the manager of the Fund,

owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by such Fund or manager to own beneficially, directly or indirectly, more than 10 per cent of any class of securities. Show in Column 5 whether the securities are owned both of record and beneficially, of record only, or beneficially only, and show in Columns 6 and 7 the respective numbers and percentages known by the Fund or manager to be owned in each such manner.

TABLE 3

(1) Name and Address of Issuer or Manager	(2) Name of Person or Company that owns Securities	(3) Relationship to Issuer or Manager	(4) Designation of Class of Securities Owned	(5) Type of Ownership	(6) Number of Securities Owned	(7) Percentage of Class Owned
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- (b) If any person or company named in answer to paragraph (a) owns of record or beneficially, directly or indirectly:
 - (i) more than 10 per cent of any class of voting securities of the principal distributor or principal broker of the Fund;
 - (ii) more than a 10 per cent ownership interest in the principal distributor or principal broker of the Fund;
 - (iii) more than 10 per cent of any class of voting securities of any affiliate of the principal distributor or principal broker of the Fund; or
 - (iv) more than a 10 per cent ownership interest in any affiliate of the principal distributor or principal broker of the Fund,

identify the principal distributor or principal broker and give the percentage of such securities owned by or the percentage ownership interest of such person or company.
- (c) State the percentage of securities of each class of voting securities of the Fund beneficially owned, directly or indirectly, by the directors, trustees and senior officers of the Fund, as a group. The individual directors, trustees or senior officers who own voting securities need not be named.
- (d) State the percentage of securities of each class of voting securities of,
 - (i) the manager of the Fund; and
 - (ii) any affiliate of the manager of the Fund,

beneficially owned, directly or indirectly, by the directors, trustees and senior officers of the manager, as a group. The individual directors, trustees or senior officers who own voting securities need not be named.

Instructions:

1. For the purpose of Item 19(a), if a company is shown by the Fund as owning directly or indirectly more than 10 per cent of any class of securities, such additional information as is necessary to identify any individual who, through his or her direct or indirect ownership of voting securities in the company, owns directly or indirectly more than 10 per cent of any class of voting securities of the company may be requested. The name of such an individual should be disclosed in a footnote to Table 3.
2. For the purpose of Item 19(a), securities owned beneficially, directly or indirectly, and of record are to be aggregated in determining whether any person or company owns more than 10 per cent of the securities of any class.
3. For the purpose of Item 19(a)(i), if no material change has occurred in the information required by such Item since the date of the financial statements filed for the Fund's most recently completed financial year, the information may be given as of the date of the financial statements.
4. If,
 - (a) the Fund knows more than 10 per cent of any class of voting securities of the Fund are held or are to be held subject to any voting trust or other similar agreement, or
 - (b) the manager of the Fund knows that more than 10 per cent of any class of voting securities of such manager are held or are to be held subject to any voting trust or other similar agreement,state the designation of the securities so held or to be held, the number held or to be held and the duration of the agreement. Give the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
5. If, to the knowledge of the Fund, the manager or the parent of the manager, any person or company named in answer to Item 19(a) is an associate or affiliate of any other person or company named in Item 19(a), disclose, in so far as known, the material facts of such relationship, including any basis for influence over the Fund enjoyed by the person or company other than the holding of voting securities of the Fund.

Item 20 — Interest of Management and Others in Material Transactions

Describe briefly and, where practicable, state the approximate amount of any material interest, direct or indirect, of each of the following persons or companies in each transaction within three years prior to the date of the prospectus and in each proposed transaction, if the transaction has materially affected or will materially affect the Fund:

- (i) the manager of the Fund;
- (ii) the principal distributor of the Fund;
- (iii) the principal broker of the Fund;
- (iv) each director and each senior officer of the Fund or of a company referred to in paragraph (i), (ii) or (iii);
- (v) each securityholder named in answer to Item 19(a); and
- (vi) each associate and each affiliate of each of the persons or companies listed in paragraphs (i) to (v).

Instructions:

1. Give a brief description of the material transaction. Include the name and address of each person or company whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described.
2. For any transaction involving the purchase or sale of assets by or to the Fund otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.

3. This Item does not apply to any interest arising from the ownership of securities of the Fund where the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.
4. No information need be given in answer to this Item about an interest of a person or company in a transaction, if:
 - (i) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;
 - (ii) the interest of the person or company in the transaction is solely that of a director of another company that is a party to the transaction;
 - (iii) the transaction involves services by the person as a bank or other depository of funds, transfer agent, registrar, trustee under a trust indenture or other similar services;
 - (iv) the interest of the person or company in the transaction, including all periodic instalments in the case of any lease or other agreement providing for periodic payments or instalments, does not exceed \$50,000; or
 - (v) the transaction does not directly or indirectly involve remuneration for services, and
 - (a) the interest of the person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company that is a party to the transaction, and
 - (b) the transaction is in the ordinary course of business of the Fund.
5. Information shall be furnished in answer to this Item with respect to transactions not excluded above that involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity, unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company furnishing the services to the Fund or its subsidiaries.
6. This Item does not require the disclosure of any interest in any transaction unless such interest and transaction are material.

Item 21 — Material Contracts

Give particulars of every material contract entered into by the Fund within two years before the date of the prospectus, and state a reasonable time and place at which such contracts or copies thereof may be inspected during the distribution of the securities being offered. Indicate that there will also be available for inspection at the same time and place, originals or copies of all management agreements and principal distributorship agreements to which the Fund is a party.

Instructions:

1. The term "material contract" for this purpose means any contract that can reasonably be regarded as presently material to the proposed investor in the securities being offered. This Item does not require disclosure of contracts entered into in the ordinary course of business of the Fund.
2. Set out a complete list of all material contracts, indicating those which are disclosed elsewhere in the prospectus and provide particulars with respect to those material contracts about which particulars are not given elsewhere.
3. Particulars of contracts should include the date of, parties to, consideration and general nature of the contracts, succinctly described.

Item 22 — Other Material Facts

Give particulars of any other material facts relating to the securities proposed to be offered.

Item 23 — Auditors, Transfer Agent and Registrar

- (a) State the name and address of the Fund's auditor.

- (b) State the name of the Fund's transfer agent and registrar and the cities in which the registers of transfer of securities of the Fund are kept.

Item 24 — Purchasers' Statutory Rights

Include the following statement in the prospectus:

"Securities legislation in certain of the provinces and territories provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus or within forty-eight hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. In several of the provinces and territories securities legislation further provides a purchaser with the remedy of rescission or damages if the prospectus or any amendment contains a misrepresentation or is not delivered to the purchaser. Such remedy must be exercised by the purchaser within the time limit prescribed by the securities legislation of the province or territory in which the purchaser resided. The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser."

Item 25 — Certificate

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Item 26 — Independent Review Committee

Disclose a description of the independent review committee of the Fund established under National Instrument 81-107 *Independent Review Committee for Investment Funds*, including

- (a) an appropriate summary of its mandate;
- (b) its composition;
- (c) that it prepares a report at least annually of its activities for securityholders which is available on the [Fund's/Fund family's] Internet site at [insert Fund's Internet site address], or at the securityholders request, at no cost, by contacting the [Fund/Fund family] at [insert Fund's /Fund family's e-mail address]; and
- (d) the amount of fees and expenses payable in connection with the independent review committee paid by the Fund, including whether the Fund pays all of the fees payable to the independent review committee and listing the main components of the fees.

5. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on June 13, 2006 entitled "National Instrument 81-107 *Independent Review Committee for Investment Funds*" comes into force.

Made by:

ONTARIO SECURITIES COMMISSION:

"Paul M. Moore"
Paul M. Moore, Vice-Chair

"Harold P. Hands"
Harold P. Hands, Commissioner

Date made: June 13, 2006

I certify that I have approved this Regulation.

"Gerry Phillips"
Minister of Government Services

Date approved: September 19, 2006

Note: The rule made by the Ontario Securities Commission on June 13, 2006 entitled "National Instrument 81-107 *Independent Review Committee for Investment Funds*" comes into force on November 1, 2006.