

July 24, 2020

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
1832 ASSET MANAGEMENT L.P.
BMO INVESTMENTS INC.
CI INVESTMENTS INC.
CIBC ASSET MANAGEMENT INC.
INVESCO CANADA LTD.
MD FINANCIAL MANAGEMENT INC.
RBC GLOBAL ASSET MANAGEMENT INC.
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.**

(each a **Filer**, and collectively, the **Filers**)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from each Filer, on behalf of current and future mutual funds that are or will be reporting issuers, that qualify or will qualify as a money market fund (as defined in National Instrument 81-102 *Investment Funds (NI 81-102)*), and that are or will be managed by the Filers or by affiliates or successors of the Filers (each a **Fund** and collectively, the **Funds**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting an exemption to allow each Fund to continue to describe itself as a “money market fund” in its prospectus, a continuous disclosure document or a sales communication, even though the Fund holds a Security (as defined below) that has been downgraded below its designated rating (as defined in NI 81-102), provided that the Security had a designated rating at the time of purchase and continues to hold a Temporary Acceptable Rating (as defined below) after the downgrade (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) each Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 Passport System (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon (together with the Jurisdiction, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 81-102 and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Corporate Debt means those securities described in subparagraphs 2.18(1)(a)(iii) and (iv) of NI 81-102.

Designated Rating Cash Equivalents means those securities described in paragraphs (b) and (c) of the definition of “cash equivalent” in NI 81-102.

Designated Rating Organization means any of:

- (i) DBRS Limited, Fitch Ratings, Inc., Moody’s Canada Inc. or S&P Global Ratings Canada; or
- (ii) an affiliate of one of the foregoing that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate; or
- (iii) a successor of one of the foregoing.

Designated Rating Threshold means the lowest acceptable credit rating for a Security under NI 81-102.

Existing Funds are those Funds set out in Schedule “A”.

NAV means net asset value.

Portfolio Manager means the portfolio manager of a Fund.

Security means either a Designated Rating Cash Equivalent or Corporate Debt.

Temporary Acceptable Rating means a credit rating for a Security, from a Designated Rating Organization that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-2 (mid)	BBB
Fitch Ratings, Inc.	F2	BBB

Moody's Canada Inc.	P-2	Baa2
S&P Global Ratings Canada	A-2	BBB

provided that

- (i) there has been no announcement from the Designated Rating Organization, of which the Fund or its manager is or reasonably should be aware, that the credit rating of the Security may be downgraded to a rating category that would not meet such rating category, and
- (ii) no other Designated Rating Organization has rated the Security in a rating category that would not meet such rating category.

Representations

This decision is based on the following facts represented by each Filer:

The Filers

1. The head office of each Filer is set out in Schedule "A".
2. The Canadian Jurisdictions in which each Filer is registered and the specific categories of registration for each Filer are provided in Schedule "A".
3. The Funds are, or will be, managed by the Filers or by an affiliate or successor of the Filers.
4. A Filer, or an affiliate of a Filer, is the Portfolio Manager of the Existing Funds.
5. None of the Filers are in default of securities legislation in any Canadian Jurisdiction.

The Funds

6. Each Fund is, or will be, a mutual fund that is formed as a trust or as a class of shares of a mutual fund corporation, the securities of which are, or will be, in continuous distribution.
7. Each Existing Fund is a reporting issuer in each of the Canadian Jurisdictions and is subject to NI 81-102. Each future Fund will be a reporting issuer in some or all of the Canadian Jurisdictions and will be subject to NI 81-102.
8. The securities of the Funds are, or will be, qualified for distribution under a simplified prospectus, annual information form and fund facts document that have been, or will be, prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.
9. Each of the Funds is or will be a "money market fund" as that term is defined in NI 81-102.

10. The Existing Funds are not in default of securities legislation in any Canadian Jurisdiction, other than an Existing Fund which holds Securities of a single issuer that has been downgraded below the Designated Rating Threshold, in accordance with the terms of this decision.

Reasons for the Exemption Sought

11. Section 2.18 of NI 81-102 prescribes that a mutual fund must not describe itself as a “money market fund” in its prospectus, a continuous disclosure document or a sales communication unless it has all of its assets invested in one or more of (i) cash, (ii) cash equivalents (which include Designated Rating Cash Equivalents), (iii) Corporate Debt or (iv) securities issued by one or more money market funds (**Money Market Fund Requirements**).
12. In order for a Security to qualify as a Designated Rating Cash Equivalent or Corporate Debt, it must maintain a designated rating.
13. Each of the Existing Funds currently has all or a portion of its portfolio invested in Securities. These Securities were selected after the Portfolio Manager performed the necessary due diligence and satisfied itself that each Security was suitable for the Existing Fund and met the investment objectives of the Existing Fund.
14. Under normal market conditions, if a Security in a Fund’s portfolio was downgraded below the Designated Rating Threshold, the Fund would sell such Security as soon as commercially reasonable, to maintain compliance with the Money Market Fund Requirements.
15. Under current market conditions, Designated Rating Organizations have begun to downgrade credit ratings as a result of the economic slowdown related to COVID-19. These credit rating changes have resulted in Securities, that are considered to be high quality investment grade debt and which may be suitable for a Fund to continue to hold, being downgraded below the Designated Rating Threshold.
16. Requiring the Funds, along with any other money market fund subject to NI 81-102, to immediately dispose of a Security upon the occurrence of a downgrade below the Designated Rating Threshold, will result in the same security coming onto the market at the same time, which event may cause a Fund to dispose of the Security at a price that is less than it was valued in the Fund’s portfolio. Causing the Funds to realize losses, given the otherwise strong credit quality of such Securities, could have a material negative impact on the Funds.
17. In order to minimize such industry wide selling and the impact on the Funds, the Exemption Sought, combined with similar relief granted to money market funds managed by other investment fund managers, contributes to market stability by allowing the Funds to continue to hold a Security after it no longer meets the Designated Rating Threshold.
18. All Securities currently held in the portfolios of the Existing Funds were suitable for the Funds and in compliance with the designated rating requirement in NI 81-102 at the time of

purchase. Any new Securities purchased by the Funds will be suitable for the Funds and hold a designated rating at the time of purchase.

19. Permitting the Funds to continue to hold a Security after it has been downgraded below the Designated Rating Threshold is unlikely to negatively impact the risk of default in a Fund's portfolio. If a Security is downgraded below the Designated Rating Threshold to a rating that is at or above a Temporary Acceptable Rating, from a credit perspective, the risk of default, while increased, will still be low and has only risen by an incremental amount.
20. An assessment of the creditworthiness of a Security, independent of the credit rating assigned to such Security by Designated Rating Organizations, is conducted for each Security held by a Fund. While Designated Rating Organizations provide valuable industry analysis, comparative statistics and an added level of oversight on an issuer, credit ratings are, at their core, only opinions, and credit ratings are only one way in which credit risk is monitored in a Fund's portfolio.
21. The procedures to select issuers and to monitor and manage Securities held by the Funds include conducting independent research on potential securities, establishing an approved list of securities, doing an initial evaluation of the credit quality of an issuer prior to being added to the approved list, monitoring the credit risk of issuers on the approved list on an ongoing basis, and monitoring all other significant portfolio risk parameters on a regular basis.
22. To the extent a Security is determined not to be creditworthy and/or it is anticipated that the issuer will be unable to make its payments of principal and interest to a Fund when due, the Portfolio Manager must make a determination, consistent with its fiduciary obligation to the Fund, of whether it is appropriate to dispose of such Security or continue to hold it to maturity. The granting of the Exemption Sought will not change this ongoing suitability obligation of the Portfolio Manager.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted in respect of each Fund, provided that:

1. the Fund must, as soon as reasonably practicable, notify the Director of the Investment Funds and Structured Products Branch by email at IFSPDirector@osc.gov.on.ca stating that the Fund is relying on the order in the following circumstances:
 - (a) the first time the Fund relies on the Exemption Sought, and
 - (b) the first time the Fund holds Securities in reliance on the Exemption Sought that collectively comprise 10% or more of the Fund's NAV,

2. the Fund maintains records of its reliance on the Exemption Sought, including the name and particulars of any applicable Securities, in a place and format that is reasonably accessible, and
3. if any Security held by the Fund is downgraded below a Temporary Acceptable Rating, the Fund will sell the Security as soon as commercially reasonable following the downgrade.

The Exemption Sought expires on July 31, 2021.

“Darren McKall”

Darren McKall
Manager, Investment Funds and Structured Products

Ontario Securities Commission

Application No. 2020/0319

Schedule "A"

List of Filers, Existing Funds and Related Relevant Information

	Name of Fund Manager (Filer)	Head Office Location	Category of Registration	Jurisdiction of Registration	Existing Fund(s) for Which Exemption is Sought
1.	1832 Asset Management L.P.	Toronto, Ontario	Exempt Market Dealer	Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Quebec	Scotia Money Market Fund Scotia U.S. \$ Money Market Fund
			Investment Fund Manager	Newfoundland and Labrador, Northwest Territories, Ontario and Quebec	Dynamic Money Market Fund Dynamic Money Market Class Fund
			Portfolio Manager	Each province and territory of Canada except Nunavut	Scotia T-Bill Fund
			Commodity Trading Manager	Ontario	Scotia Premium T-Bill Fund
2.	BMO Investments Inc.	Toronto, Ontario	Mutual Fund Dealer	Each province and territory of Canada	BMO Money Market Fund BMO U.S. Dollar Money Market Fund
			Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	
3.	CI Investments Inc.	Toronto, Ontario	Exempt Market Dealer	Each province and territory of Canada	CI Money Market Fund
			Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	CI Money Market Class
			Portfolio Manager	Each province and territory of Canada	CI Short-Term Corporate Class
			Commodity Trading Manager	Ontario	CI US Money Market Fund

	Name of Fund Manager (Filer)	Head Office Location	Category of Registration	Jurisdiction of Registration	Existing Fund(s) for Which Exemption is Sought
			Commodity Trading Counsel	Ontario	CI Short-Term US\$ Corporate Class Cash Management Pool
4.	CIBC Asset Management Inc.	Toronto, Ontario	Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	Renaissance Money Market Fund
			Portfolio Manager	Each province and territory of Canada	Renaissance Canadian T-Bill Fund
			Derivatives Portfolio Manager	Quebec	Renaissance U.S. Money Market Fund
			Commodity Trading Manager	Ontario	
5.	Invesco Canada Ltd.	Toronto, Ontario	Exempt Market Dealer	Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan	Invesco Allocation Fund Invesco Canada Money Market Fund
			Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	Invesco Canadian Interest Fund
			Portfolio Manager	Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan	Canadian Dollar Cash Management Fund
			Mutual Fund Dealer	Alberta, British Columbia, Nova Scotia, Ontario, Prince Edward Island and Quebec	US Dollar Cash Management Fund
			Commodity Trading Manager	Ontario	
6.	MD Financial Management Inc.	Ottawa, Ontario	Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	MD Money Fund

	Name of Fund Manager (Filer)	Head Office Location	Category of Registration	Jurisdiction of Registration	Existing Fund(s) for Which Exemption is Sought
			Portfolio Manager	Each province and territory of Canada	
			Commodity Trading Manager	Ontario	
7.	RBC Global Asset Management Inc.	Toronto, Ontario	Exempt Market Dealer	Each province and territory of Canada	RBC Canadian Money Market Fund
			Investment Fund Manager	British Columbia, Newfoundland and Labrador, Ontario and Quebec	RBC Canadian T-Bill Fund
			Portfolio Manager	Each province and territory of Canada	RBC Premium Money Market Fund
			Commodity Trading Manager	Ontario	RBC \$U.S. Money Market Fund
					RBC Premium \$U.S. Money Market Fund
					Phillips, Hager & North Canadian Money Market Fund
					Phillips, Hager & North \$U.S. Money Market Fund
8.	Sun Life Global Investments (Canada) Inc.	Toronto, Ontario	Mutual Fund Dealer	Northwest Territories, Nunavut, Ontario, Prince Edward Island and Quebec	Sun Life Money Market Fund
			Portfolio Manager	Ontario	Sun Life Money Market Class
			Investment Fund Manager	Newfoundland and Labrador, Ontario and Quebec	

	Name of Fund Manager (Filer)	Head Office Location	Category of Registration	Jurisdiction of Registration	Existing Fund(s) for Which Exemption is Sought
			Commodity Trading Manager	Ontario	