SIMA AMVI

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SALES PRACTICES FREQUENTLY ASKED QUESTIONS (FAQ)

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National Instrument 81-105 *Mutual Fund Sales Practices* ("NI 81-105") regulates the sales practices and compensation arrangements for the distribution of mutual fund securities and applies to both fund managers and participating dealers (including their sales representatives). NI 81-105 imposes restrictions on certain sales practices and compensation arrangements which had developed in the mutual fund industry in Canada and were considered by the Canadian securities regulatory authorities to undermine, compromise or conflict with certain obligations of industry participants to their clients.

The purpose of this Sales Practices FAQ is to provide a framework regarding sales practices and compensation arrangements permitted under NI 81-105, the Companion Policy to NI 81-105 ("81-105CP") and other guidance from Canadian Securities Administrators (CSA) and Ontario Securities Commission (OSC) staff, in addition to providing clarification of activities, whether permitted or restricted, that are outlined in NI 81-105 and 81-105CP. The interpretations and/or clarifications provided here are intended solely to provide a framework to those interpreting NI 81-105 and 81-105CP. They do not constitute a legal opinion that any practice referred to is either permitted or prohibited under NI 81-105 or elsewhere under the law. We note that CSA and OSC interpretations in connection with sales practices are revisited from time to time. Firms or persons seeking such assurance should consult their legal counsel. Further, members are advised to refer to the text of NI 81-105 as the authority for permissible sales practices and compensation arrangements.

This Sales Practices FAQ is presented by topic and is in question-and-answer format; as well, several broader topical overviews also are provided. Members are asked to apply the contents to questions of similar substance only where applicable and exercise judgment when reviewing. The document does not identify those provisions from which discretionary relief has been granted by the CSA on a case-by-case basis, though a short summary of some exemptive relief applications is provided at the end of the materials.

This document is intended to be updated from time to time. Members are encouraged to view the Securities and Investment Management Association (SIMA) website periodically to confirm that their copy is the most current one (available on SIMA's website at www.sima-amvi.ca).

NOTE: In addition to this FAQ, SIMA publishes a number of FAQs and voluntary framework documents that may be of assistance to readers, as they specifically address co-op advertisements and sales communications.

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I) APPLICATION OF NI 81-105

NI 81-105 (the "Rule"), which has been adopted across Canada, applies to the distribution of securities of a mutual fund that offers or has offered securities under a prospectus or simplified prospectus, for so long as the mutual fund remains a reporting issuer. There are two key definitions relating to the distributors of a mutual fund, being the *principal distributor* and the *participating dealer* that are defined under NI 81-102:

"dealer representative" means, for a participating dealer,

a. a partner, director, officer or employee of the participating dealer
b. an individual who trades securities on behalf of the participating dealer, whether or not the individual is employed by the dealer, and
c. any company through which a person referred to in paragraphs (a) or (b) carries on activities in connection with services provided to the participating dealer.

"participating dealer" means a dealer other than the principal distributor that distributes securities of a mutual fund.

"principal distributor" means a person or company through whom securities of a mutual fund are distributed under an arrangement with the mutual fund or its manager that provides

a. an exclusive right to distribute the securities of the mutual fund in a particular area, or
b. a feature that gives or is intended to give the person or company a material competitive advantage over others in the distribution of the securities of the mutual fund.

Throughout this document participating dealers will be referred to as "dealers" and principal distributors will be referred to as "distributors".

II) GENERAL POLICY QUESTIONS ABOUT NI 81-105

1. How will regulators ensure that distributors, dealers and fund managers comply with NI 81- 105?

Securities regulatory authorities, including the self-regulatory organizations ("SROs"), perform compliance reviews of distributors and dealers selling mutual funds, as well as fund managers, to determine compliance with applicable regulatory requirements. If a fund manager, distributor or dealer fails to comply with NI 81-105, the securities regulatory authorities have a range of sanctions available for any breach of legislation, including imposing terms and conditions on a participant's registration, fines, or in severe cases, suspension of registration.

2. Are CIRO members bound by NI 81-105?

Yes, members of the Canadian Investment Regulatory Organization (CIRO) are bound by NI 81-105 as the National Instrument applies to all distributors and dealers of mutual funds.

3. To whom does NI 81-105 apply?

NI 81-105 regulates the sales practices and compensation arrangements for the distribution of mutual fund securities and applies to both fund managers and dealers (including their dealer representatives) but there are certain carve-outs in Part 4.2 for distributors.

4. Can a fund manager turn down a request that NI 81-105 permits?

Yes. The decision whether or not a fund manager provides support to a dealer for an event or sales communication is not within the scope of the Rule. For example, a fund manager may refuse to co-operatively support a dealer's investor seminar even though the seminar meets the requirements under section 5.1 of NI 81-105.

5. Can a fund manager turn down a request from one dealer that it has approved for another dealer?

Yes. NI 81-105 does not require a fund manager to approve all like requests from different dealers. Furthermore, a fund manager is not required to approve all requests from a particular dealer that apply to different dealer representatives. However, a fund manager should consider its provision of all non-monetary benefits on a holistic basis.

6. Can you tell me if NI 81-105 applies to exchange-traded funds (ETFs), hedge funds and other alternative investment products?

NI 81-105 applies to the distribution of securities of any mutual fund that has offered securities under a prospectus or simplified prospectus for so long as it remains a reporting issuer. This includes mutual funds, ETFs, commodity pools and liquid alternative funds for which a prospectus has been qualified under NI 81-102.

III) REQUEST, APPROVAL AND PAYMENT PROCESS

7. Can a fund manager engage in discussions with dealer representatives regarding their general marketing plans?

Yes. A fund manager can have general discussions with dealer representatives regarding the dealer representative's marketing plans provided there is no offer of payment by the fund manager, or request for payment by the dealer representative. For example, a fund manager can ask a dealer representative about his or her general marketing plans and the dealer representative can outline his or her advertising plans, brochure development or seminar schedule.

8. Under section 2 of NI 81-105, a dealer is not permitted to make a request, and a fund manager cannot accept a request unless the request is for a sales communication, seminar or event that qualifies for support under section 5. In that regard, how much information does the dealer need to provide to the fund manager?

The dealer must provide the fund manager with sufficient documentation about the event or sales communication to enable the fund manager to confirm that the request qualifies for support.

Please see Section IV-b Investor Conferences/Seminars for more information regarding investor conferences and **Section IV-d Dealer Sponsored Events/Initiatives for more information regarding dealer sponsored events. (Note: Appendix C** provides examples of assessment of reasonable costs and the determination of primary purpose for dealer conferences).

9. NI 81-105 requires that co-operative marketing requests be approved by the participating dealer. Can a fund manager rely on a signed co-operative marketing support request as evidence of approval of a co-op request?

Yes. 81-105CP subsection 7.2(2) provides a framework for dealers to deal with fund managers at an appropriately local office level. As this section prohibits the dealer representative from taking direct action in obtaining co-operative support, fund managers should have comfort that all co-op requests have been approved by an authority from the dealer. If appropriate authority for the request is unclear, the fund manager may request confirmation from the dealer that any request has been approved. Both the dealer and the fund manager are responsible to do their own due diligence in ensuring that every request satisfies the applicable provisions of NI 81-105.

10. Can a fund manager telephone a dealer representative and offer to pay his or her registration fees to attend a conference or seminar put on by SIMA or other industry associations? Can a dealer representative ask a fund manager to pay for his or her registration fees?

While a fund manager can pay registration fees for educational conferences put on by SIMA or other industry associations, the solicitation must come from a dealer, not from a dealer representative. Additionally, a fund manager that offers to pay the registration fee for a particular dealer

representative could be seen as "influencing" the dealer's selection of representatives, which is prohibited by NI 81-105.

11. Must requests for business promotional items or invitations to business promotion events be made by the dealer?

Yes. Section 2.2 of NI 81-105 prohibits a dealer representative from requesting or soliciting any non-monetary benefit from a fund manager, including promotional items or invitations to business promotion events. A dealer representative may accept a promotional item or an invitation to a business promotion event that is offered by a fund manager. OSC Staff Notice 33-749 notes that dealer representatives cannot indirectly solicit non-monetary benefits, for example a dealer representative cannot solicit cases of alcohol by providing the fund manager representative with an invitation to a holiday party.

12. Can invitations to a business promotion event be made directly to a dealer representative without going through the dealer?

Yes. The requirement for invitations to be made through the dealer does not apply to business promotion events.

13. Can a dealer representative make a request for a charitable donation directly to a fund manager without going through the dealer?

Yes. Dealer representatives may make requests to fund managers for charitable donations. A charitable donation and the request for a donation, made in the dealer representative's capacity as a canvasser for the charity, are not contemplated by NI 81-105. Fund managers may need to first make inquiries to ensure the charitable donation meets the criteria set out in Section 7.3 of NI 81-105 “Charitable Donations.” Dealer representatives should check their own head office procedure first.

14. How must the donation be made?

The cheque/payment must be made to the charity (not to the dealer or dealer representative) and if a tax receipt is issued it must be in the name of the fund manager. Managers may need to first make inquiries to confirm that the charitable donations meet the criteria set out in Section 7.3 of NI 81-105 “Charitable Donations.”.

Examples of documentation that can support a charitable donation request include a letter from the charity asking the fund manager for a donation, and /or a pamphlet from the charity. See Appendix E for the SIMA sample Charitable Donation and Sponsorship Request Form

15. Can a fund manager pay for prohibited expenses if the cost will be recovered through other discounts?

No. OSC Staff Notice 33-743 explains that fund managers cannot indirectly pay for prohibited expenses by subsidizing a portion of these costs and/or applying savings in a permissible area to cover a prohibited expense. As detailed in NI 81-105CP section 2.4 industry participants are considered to be in indirect avoidance of NI 81-105 if they do something indirectly that they are prohibited from doing directly under NI 81-105. OSC Staff Notice 33-743 notes that a fund manager cannot pay for bus transportation from the airport to the hotel and then charge the attending dealer representatives a reduced rate on that transportation. Similarly, a fund manager cannot pay a hotel for room upgrades for each attending dealer representative and then recover the cost through a discount offered on hotel catering services.

IV) SALES AND MARKETING PRACTICES

A. SALES COMMUNICATIONS (INCLUDING ADVERTISEMENT, NEWSLETTERS, WEBSITES)

16. How do you determine the "primary purpose" of a sales communication?

The determination of whether a sales communication is eligible for support must be based on the totality (including costs, time and content) of the sales communication. A practical review of the sales communication can assist dealers and fund managers in determining whether the sales communication as a whole meets the primary purpose test. It is important that firms clearly define the parameters for determining “primary purpose” in their policies and procedures and apply that definition consistently. Firms may even wish to specify a “primary purpose percentage” to use in their evaluations. Examples of what does and does not meet the primary purpose test are outlined below.

Example - Dealer Newsletter: A dealer develops a four-page newsletter or brochure for its clients. One and a half pages provide educational information concerning mutual funds and the remaining pages provide general information about the dealer. The sales communication does not meet the primary purpose test and would not be eligible for co-operative marketing support.

Example - Dealer Promotional Advertisement: A proposed co-op advertisement is primarily about the experience and reputation of the dealer and/or dealer representative but also states the name of the fund manager and the fund manager's logo. The ad provides no other information about the fund manager, its funds, or mutual funds generally. The primary purpose of the advertisement would not be to provide educational information about, or promote, particular mutual funds, a mutual fund family or mutual funds generally and therefore would not be eligible for co-operative marketing support (see subsection 7.2(1) NI 81-105CP).

In general, a sales communication would be eligible for co-operative support provided that:

a. the sales communication meets the primary purpose provision by having the sales communication’s content devoted to promoting specific mutual funds, a mutual fund family, or mutual funds generally,
b. the fund manager, and any other participating managers, do not pay more than a combined 50% of the direct costs relating to the sales communication,
c. the sales communication discloses that the fund manager is paying for a portion of the costs of the sales communication, and
d. the sales communication complies with NI 81-102 part 15.

17. Does an advertisement for an investor seminar hosted by a dealer that meets the primary purpose test under section 5.1 of NI 81-105 have to indicate that the seminar is about mutual funds?

No. An advertisement strictly for an investor seminar is essentially the same as a written invitation to an investor seminar, and not a sales communication. If the investor seminar is eligible under NI 81-105, the advertisement / invitation should reference the topic and the speaker(s); it does not need to specifically refer to mutual funds. The advertisement also should indicate the mutual fund managers who are sponsoring the seminar, for example “Sponsored in part by ABC Mutual Fund Company(ies).” The advertisement should not be misleading and should provide clear information on the content of the seminar.

A dealer wants to mail a fund manager’s one-page fund advertisement in the same package as its client’s statements. Can the dealer seek cooperative funding to cover the costs of the mailing?

No. Subsection 7.2(1) NI 81-105CP states that dealers are not permitted to receive compensation or reimbursement for general client mailings that relate generally to the business or operations of the dealer. Fund managers may not bear those costs. However, the costs of the one-page fund advertisement if mailed on its own could be supported by fund managers.

18. A dealer wants to obtain funding for a generic educational piece on mutual funds and other products marketed by the dealer firm. The booklet would be distributed to existing clients and prospects. The cost of preparing the booklet (including editorial copy and printing) would be paid through advertisements placed by the product suppliers that may include fund managers, deposit taking institutions and insurance companies. Can the dealer seek co-operative funding?

A dealer may seek co-operative funding of such educational material provided section 5.1 of NI 81-105 and section 7.2 of 81-105CP are strictly observed and the dealer complies with securities regulations governing sales communications / advertisements. A disclaimer must be included in the educational material indicating that the companies that have been promoted in the material have paid a portion of the costs.

19. Trade shows - can a dealer seek co-operative support from a fund manager for the costs of renting space for a booth at a trade show?

Yes. A dealer may seek co-operative support for the costs of renting space for a booth at a trade show provided the primary purpose of the booth is to provide educational information about the fund manager's mutual funds or mutual funds generally. The dealer also would need to disclose the identity of the fund manager supporting the booth. A fund manager would be permitted to provide a dealer with a mobile booth backdrop for use by the dealer at the trade show. The fund manager should consider requesting a photo of the booth before reimbursing the cost to ensure compliance with the primary purpose test.

20. Can a dealer seek co-operative marketing support for set-up and continued maintenance of an internet website?

Yes, if the provisions of section 5.1 have been met and the primary purpose of the internet website is to promote or provide educational information regarding a mutual fund, a family of funds or mutual funds generally. The insertion of links to fund manager websites on its own does not help the dealer meet the primary purpose provision.

If a fund manager supports the development and maintenance of a dealer's website that meets the primary purpose test in totality, the fund manager must have appropriate procedures in place to ensure that the dealer's website continues to meet the primary purpose.

Another consideration for fund managers is how investors will perceive the fund manager's support of the internet website - for example, whether an investor could incorrectly interpret that the fund manager supports or endorses the other investments recommended or promoted on the website.

21. What language is sufficient to indicate that fund managers have paid a portion of the direct costs of a sales communication or investor conference?

Subsection 7.2(3) of NI 81-105CP states that the disclosure "should be in sufficient detail to make clear that a clearly-identified party has paid a portion of the costs". Examples provided include "a portion of the costs have been paid by", "half of the costs of this advertisement paid by", "sponsored in part by", "co-sponsored by" or similar language. "Sponsored in part by" can be followed by either the fund manager's logo or business/legal name. Displaying a fund manager's logo alone would not be sufficient to indicate that a fund manager has provided support to the dealer in respect of the sales communication, investor seminar or conference.From time to time a fund manager may provide a dealer with advertising materials related to the funds offered by the fund company. Can a fund company pay for 50% of the costs borne by a dealer in distributing the fund company's materials regarding its mutual funds to the dealer's clients?

Yes, the primary purpose of the material is to be about mutual funds offered by a particular mutual fund family.

22. Can a fund manager provide co-operative marketing support for advertisements regarding a registered education savings plan (RESP) or other tax deferred plans?

Section 5.1 of NI 81-105 permits a fund manager to provide co-operative marketing support of RESP advertisements provided the primary purpose is the promotion of a fund, a family of funds or mutual funds generally.

23. Can fund manager logos be used on dealer sales communications (e.g., advertisements and newsletters) that do not meet the primary purpose under section 5.1 of NI 81-105?

Including the fund manager's logo does not contravene NI 81-105. Permission must be obtained from the fund manager by the dealer. However, there is a separate issue concerning the basis on which fund managers are willing to permit dealers to use their logos or other marks associated with their name (such as acknowledging that it is a registered trademark and whether it could be viewed as an endorsement by the fund manager of the contents of the sales communication).

24. Are dealer promotional advertisements or image advertisements eligible for support?

No. Dealer promotional advertisements or image advertisements (e.g., "We've been in business for 10 years!") are not eligible for support. The primary purpose of an advertisement must be to promote or to provide educational information concerning the mutual fund, the mutual fund family of which the mutual fund is a member or mutual funds generally. All other advertisements are not eligible for co-op support.

25. Can a dealer seek support from fund managers for an intranet site for its dealer representatives?

No. Dealers may only seek support for initiatives that are specifically referenced in sections 3 and 5 of NI 81-105. As an intranet site is neither considered a sales communication, nor does it fall under section 5.5 - dealer sponsored events - it would not be eligible for support.

26. Can fund managers provide co-operative marketing support for binders developed by dealers that are intended to be used by clients of the dealer to hold account statements and trade confirmations, as well as other information?

No. Section 5.1 of NI 81-105 permits fund managers to provide co-operative marketing support in respect of sales communications, investor seminars and conferences. A binder containing the name of the dealer does not constitute a sales communication. Rather, it can be considered general marketing and promotion of the dealer, as well as client appreciation. Subsection 7.2(1) of 81-105CP states that a dealer is not permitted to request compensation or reimbursement from a fund manager in respect of general marketing expenses or client appreciation.

B. INVESTOR CONFERENCES / SEMINARS

27. What information does the dealer need to provide to the fund manager when seeking support for its investor conference/seminar?

The dealer must provide the fund manager with sufficient documentation about the event to enable the fund manager to confirm that the request qualifies for support.

The following is a list of document examples (if applicable) that will aid in the fund manager's review for determination of whether the conference or seminar qualifies for support under NI 81-105 and which should accompany the Cooperative Marketing Pre-Approval Request Form (Appendix E):

- the nature of the marketing request, a description of the program and a copy of the agenda with sufficient detail to estimate primary purpose;
- breakdown of the estimated total cost and a budget with sufficient detail to determine if the costs are eligible;

- estimated number of attendees;
- draft copies of any marketing material/invitations that will be published or distributed to clients;
- if applicable, the number and name of other fund managers from whom the dealer is soliciting support and the amounts requested from them;
- confirmation of how attendees will be notified in writing of the sponsorship.

Final versions of such documents including a copy of invoices, payments, final number of attendees, and a summary of expenses to add clarification, if needed, are to be provided with the Cooperative Marketing Reimbursement Request Form (Appendix E)

In order to ensure eligibility for co-op support, the initiative must be focused on promoting or providing educational information about mutual funds and/or exchange-traded funds. An example of a methodology that can be used to assess primary purpose based on time and content is outlined in Appendix C.

28. How do you determine the "primary purpose" of an investor conference?

The determination of whether a conference or seminar is eligible for support must be based on the totality (including costs, time and content) of the conference or seminar. A practical review of the agenda for the conference or seminar can assist dealers and fund managers in determining whether the event meets the primary purpose test for time and content. An example of a methodology that can be used to assess the primary purpose is outlined in Appendix C

29. How do you assess reasonable costs?

Direct costs associated with organizing an event include AV costs, meeting room rentals for educational presentations, third party event planning fees, etc. Reasonableness of costs may be assessed by reviewing total expenses associated with the event for meals (food and beverages) and entertainment and other non-monetary benefits on a per person basis for each day of the event. As per OSC Staff Notice 33-743, fund managers are expected to develop internal guidelines to determine the reasonability of these costs, given the nature of the event. An example of a methodology that can be used to assess the reasonableness of costs based on time and content is outlined in Appendix C.

30. Are advertisements for a seminar eligible for support?

If the seminar itself qualifies for support under the primary purpose test, then up to 50% of the direct costs of the seminar, including advertising costs, are eligible for support.

31. Does an advertisement for an investor seminar hosted by a dealer that meets the primary purpose test under section 5.1 of NI 81-105 have to indicate that the seminar is about mutual funds?

No. An advertisement strictly for an investor seminar is essentially the same as a written invitation to an investor seminar, and not a sales communication. If the investor seminar is eligible under NI 81-105, the advertisement / invitation should reference the topic and the speaker(s); it does not need to specifically refer to mutual funds. The advertisement also should indicate the mutual fund managers who are sponsoring the seminar, for example “Sponsored in part by ABC Mutual Fund Company(ies).” The advertisement should not be misleading and should provide clear information on the content of the seminar.

32. Can the fund manager provide a gift item, such as a book on financial planning, to the participants of the seminar?

No. OSC Staff Notice 11-760 indicates that it is a deficiency for fund managers to pay for items and events that dealers use for client appreciation purposes, for example, golf tournaments, tickets to sporting events and books on investing. However, event-applicable fund manager logoed nominal items such as pens or notepads may be provided for use at the educational seminar. See also CP 81-105 section 7.2.

C. PROMOTIONAL ITEMS AND BUSINESS PROMOTION ACTIVITIES PROMOTIONAL ITEMS

33. Section 5.6 of NI 81-105 permits the provision of non-monetary benefits of a promotional nature and of minimal value to a dealer representative. Accordingly, what types of items could be given to dealer representatives?

Items must meet both tests: they must be both promotional and of minimal value. Some examples of non-monetary benefits of a promotional nature and that are of minimal value include: pens, calendars, t-shirts, coffee mugs, paperweights and golf balls, and other similar items. OSC Staff Notice 33-749 states that gifts for life events—baby gifts, wedding, anniversary, retirement, funeral etc.—are not permitted. In that Staff Notice the regulators note that in order for items to be considered promotional the fund manager's logo must be prominently displayed directly on the item itself. Section 5.6 of NI 81-105 provides that the provision of these non-monetary benefits cannot be so extensive or frequent as to cause a reasonable person to question whether their provision would improperly influence the advice being given by a dealer representative.

OSC Staff Notice 11-760 advises that deficiencies were found where fund managers did not have adequate guidelines for the frequency and extent of promotional items and business promotion activities they provided to dealer representatives or adequate processes to effectively monitor them. OSC Staff Notice 33-743 advises fund managers that, for example, spending their entire annual limit on a dealer representative at one time would be considered excessive and therefore unreasonable under section 5.6 of NI 81-105. The Notice suggests that fund managers should establish dollar limits per year, and per event, which may be spent on promotional items and business promotion activities for dealer representatives.

OSC Staff Notice 33-749 includes the following examples of OSC staff's views of compliant and non-compliant sales practices:

Compliant: promotional activities which a representative of the IFM attended, that were not extensive or frequent.	**Non-compliant:** activities for which a representative of the IFM did not attend and/or were extensive and frequent.
rounds of golf at golf courses with reasonable green fees	the opportunity to play at a golf course with expensive green fees or golf followed by a reception including cocktails, dinner and non-promotional gifts not of minimal value that in aggregate made the cost of the day excessive – e.g., Eastern township golf events, golf green fees in excess of $600 per representative
tickets to sporting events at a reasonable cost per ticket (e.g. - regular season sporting tickets for MLB, NBA, NHL, etc. and no floor seats, no box seats, etc.)	major league sporting event play-off tickets or tickets to sporting events that include expensive catering and bar service or meals and drinks and non-promotional gifts (i.e. team jerseys, hats, and other non-promotional sport paraphernalia) – e.g., Vancouver Canucks and Montreal Canadiens hockey games with a total benefit of more than $700 per representative
breakfast, lunch or dinners at costs that were not excessive and not held at extravagant venues	after business hour activities at conferences held at extravagant venues, including excessive cocktails, dinner receptions and entertainment – e.g., approximately $1,500 per representative for dinner and activities held at a luxury resort, approximately $700 per representative for dinner and activities held at the Bacara Resort, approximately $500 per representative for dinners at various exclusive venues
tickets to city attractions at mutual fund sponsored conferences (e.g. - Empire State building, the city zoo, etc.)	tickets to popular celebrity concerts and/or sporting events for a representative and their family members at excessive costs - e.g., Madonna concert, Tears for Fears concert
keynote speakers that do not have celebrity status at conferences or seminars	the opportunity to listen and meet celebrity keynote speakers such as sports athletes – e.g., Magic Johnson as the keynote speaker at a mutual fund sponsored conference

34. If a fund manager can obtain expensive items cheaply, is it appropriate to give as a gift?

No. OSC Staff Notice 33-749 states that in assessing the value of a promotional item or activity the fund manager must consider its retail value—being the value it would cost an

individual that does not have special access to purchase the item or pay for the activity.

35. Can a fund manager give a dealer representative a $10 coffee gift card?

No. Regardless of the value of the gift card, the OSC stated in Staff Notice 33-743 that gift cards are not considered to be promotional in nature and are in substance, a cash gift which does not meet the requirement that gifts be non-monetary in nature.

36. Can a fund manager pay for subscriptions for clients of dealers for publications such as financial services magazines or newspapers?

No. This would provide a benefit to the dealer that is not permitted under NI 81-105 (see NI 81-105CP s7.2(1)).

37. Can a fund manager sponsor its own promotional contest for dealer representatives and provide prizes of minimal value and of a promotional nature?

Yes. Prizes must be limited to those of minimal value and of a promotional nature and must comply with the requirements noted in Part 5.6. However, there are other rules and requirements governing contests which are in addition to the requirements of NI 81-105 which must also be considered. If a door prize is offered it must comply with the requirements of section 5.6 of NI 81-105 and be allocated to the dealer representative.

38. Must requests for business promotional items or invitations to business promotion events be made by the dealer?

Yes. Section 2.2 of NI 81-105 prohibits a dealer representative from requesting or soliciting any non-monetary benefit from a fund manager, including promotional items or invitations to business promotion events. A dealer representative may accept a promotional item or an invitation to a business promotion event that is offered by a fund manager. OSC Staff Notice 33-749 notes that dealer representatives cannot indirectly solicit non-monetary benefits; for example, a dealer representative cannot solicit cases of alcohol by providing the fund manager representative with an invitation to a holiday party.

Business Promotion Activities

39. A fund manager would like to take a group of dealer representatives to a play-off sporting event. Based on the cost, the fund manager's entire annual limit per dealer representative would be spent on this one time sporting event for the cost of the ticket and a limousine ride to the arena. Would this be permitted under NI 81-105?

No. In OSC Staff Notice 33-743, the regulator indicates that the spending of the entire limit on a representative at one time would be considered excessive and therefore unreasonable under section 5.6 of NI 81-105. Fund managers should establish limits per year, and per event that may be spent on promotional items and business promotion activities for dealer representatives.

Furthermore, in OSC Staff Notice 33-749 the regulator indicates that combining individual internal limits under different business promotion categories, such as meals, promotional activities and promotional items when assessing reasonableness of costs is not appropriate, as this could lead to provision of excessive non-monetary benefits. The OSC Staff Notice states "Promotional activities that combine limits for different sales practice components should not only be assessed individually against internal limits but also considered collectively when assessing compliance with Part 5 of NI 81-105" and indicates a qualitative analysis should be applied as well. In addition, the provision of a limousine ride to the event is considered to be a travel expense that is strictly prohibited under paragraph (b) of section 5.6 of NI 81-105.

40. Client appreciation events are events that are organized by a dealer and/or its dealer representative. Generally, they are held in order to demonstrate appreciation of their

clients and can be for a variety of reasons (e.g., a long-term client). Examples of client appreciation events may include, but not be limited to, golf tournaments, cocktail parties and dinners. Are client appreciation events by dealers and/or dealer representatives eligible for support?

No. Subsection 7.2(1) NI 81-105CP provides that dealers are not permitted to receive reimbursement for their general marketing expenses such as costs associated with client appreciation events. In order to qualify for support from a fund manager, the primary purpose of the event must be educational and about the fund manager's mutual funds or mutual funds generally.

41. Can a fund manager take sales representatives out to play golf, for a meal, to the theatre, etc.?

Yes. A fund manager may engage in business promotion activities under section 5.6 of NI 81-105 that are neither too frequent nor extensive (i.e., lavish) to cause a reasonable person to question whether it would improperly influence the investment advice being given by the sales representative. Accordingly, a fund manager may take one or more dealer representatives of a dealer's branch out to play golf, for a meal or to the theatre or to a sporting event. In OSC Staff Notice 33-749 the regulators indicate that promotional activities must not be extravagant or excessive or be an activity that would be out of reach, based either on cost or access, for an average person. A fund manager should establish a framework on what would be considered too frequent and should consistently apply and follow this framework.

42. Can a fund manager pay for a round of golf, meal, theatre tickets, etc. that includes not only dealer representatives but also clients of the dealer representative?

No. Section 5.6 of NI 81-105 permits a fund manager to engage in business promotion activities for dealer representatives, not for clients. Paying for a dealer representative's client to attend the event would confer a monetary benefit on the dealer representative and/or dealer and also would be viewed as the fund manager providing "client (investor) appreciation".

43. Are there any limitations on the number of dealer representatives that a fund manager can invite from a dealer or branch to attend a business promotion event?

There are no express stated limits. However, the event must be initiated and organized by the fund manager, and invitations made to any individual dealer representatives must not be too extensive or frequent to cause a reasonable person to question whether their provision would improperly influence the investment advice provided to his or her clients. The fund manager should consider the appropriate wholesaler/sales representative ratio; OSC Staff Notice 33-749 states that for an activity to be considered promotional there should be a reasonable number of fund manager representatives attending the activity in relation to the number of dealer representatives that attend.

44. What is the allowable frequency of business promotional activities?

Fund managers must ensure that any business promotional activities such as lunches or dinners are neither too excessive nor frequent and are consistent with the fund manager's internal policies and procedures.

D. DEALER SPONSORED EVENTS / INITIATIVES

45. Can a fund manager sponsor a dealer's staff party?

No. Fund managers should consider the prohibition on all payments of money and provision of non-monetary benefits contained in section 2.1 of NI 81-105. Under section 2.2, fund managers are permitted to provide certain monetary and non-monetary benefits if permitted under sections 3 and 5. Under s. 5.6, fund managers are only permitted to provide non-monetary benefits to dealers for business promotion. According to OSC Staff Notice 33-749, payment of the requested amount in support of a staff party would therefore be offside these requirements.

46. A dealer or dealer representative may elect to demonstrate client appreciation in other ways including subscriptions to financial newspapers or magazines or the provision of gifts. Occasionally, these subscriptions or gifts may be given as door prizes in conjunction with an investor seminar and a dealer or dealer representative may approach a fund manager or group of fund managers for support of these forms of client appreciation. Is support permitted?

No. Section 5.1 of NI 81-105 and subsection 7.2(1) of 81-105CP prohibit the provision by fund managers of money or goods to a dealer or its representatives in support of client appreciation.

47. What information does the dealer need to provide to the fund manager when seeking support for its dealer organized event?

The dealer must provide the fund manager with sufficient documentation about the event to enable the fund manager to confirm that the request qualifies for support.

The following is a list of document examples (if applicable) that will aid in the fund manager's review for determination of whether the conference or seminar qualifies for support under NI 81-105 and which should accompany the Cooperative Marketing Pre-Approval Request Form (Appendix E):

- a copy of the agenda with sufficient detail to estimate primary purpose;
- breakdown of the estimated total cost and budget with sufficient detail to determine if the costs are eligible;
- estimated number of attendees;
- draft copies of any marketing material/invitations that will be published or distributed to dealer representatives; and
- if applicable the number and name of other fund managers from whom the dealer is soliciting support and the amount requested from them.

Final versions of such documents including a copy of invoices, payments, final number of attendees, and a summary of expenses to add clarification, if needed, are to be provided with the Cooperative Marketing Reimbursement Request Form (Appendix E).

In order to ensure eligibility for co-op support, the initiative must be focused on promoting or providing educational information about financial planning, investing in securities, mutual funds and/or exchange-traded funds and must meet the primary purpose for a conference or seminar that is organized and presented by a dealer. An example of the methodology that can be used to assess the primary purpose based on time and content is outlined in Appendix C.

48. What is considered to be a "direct cost"?

All direct costs incurred by putting on the conference are eligible for funding to the extent permitted under section 5.5 of NI 81-105 (66% in the aggregate from all fund managers, with a maximum of 10% per fund manager), including the costs of meals and entertainment provided that these costs are "reasonable" and directly attributable to the conference.

Direct costs are defined in NI 81-105 as "reasonable, out-of-pocket expenses directly attributable to the presentation and organization of a conference or seminar referred to in Part 5, other than any travel, accommodation or personal incidental expenses associated with the attendance of an individual at the conference or seminar." Section 7.1 of 81-105 CP also discusses direct costs. The following items may be considered eligible costs, although this list is not intended to be exhaustive: meeting room rentals, audio visual (AV) equipment costs, conference or seminar materials (which can be printed or on USB keys), printing costs, reasonable food and beverage, reasonable entertainment, third-party speaker fees and expenses and third party event planning fees. Establish internal policies to be consulted in determining whether any particular cost is reasonable. Prizes or gifts provided by the dealer to its dealer representatives are not considered direct costs and are not permitted to be borne by fund managers. Please also see OSC Staff Notice 33-743 for further guidance.

49. Can a dealer seek support from fund managers for transportation costs during the conference?

No. The NI 81-105 definition of "direct costs" specifically excludes travel related costs and personal incidentals, for example parking costs. Please see, NI 81-105CP s7.1(1) and OSC Staff Notice 33-743 for the regulators' views on transportation costs. Please also see Question 50.

50. How do you assess reasonable costs in relation to dealer sponsored events?

Reasonableness of costs may be assessed by reviewing expenses associated with the event for meals (food and beverages) and entertainment and other non-monetary benefits on a per person basis for each day of the event. As per OSC Staff Notice 33-743, fund managers are expected to develop internal guidelines to determine the reasonability of these costs, given the nature of the event. An example of the methodology that can be used to assess the reasonableness of costs is outlined in Appendix C.

51. How do you determine the "primary purpose" of a dealer conference or seminar (that is not an investor seminar or conference)?

The determination of whether a conference or seminar is eligible for support must be based on the totality (including costs, time and content) of the conference or seminar. A practical review of the conference or seminar agenda can assist dealers and fund managers in determining whether the event as a whole meets the primary purpose test. An example of what meets the primary purpose test is outlined below.

Example - Dealer Conference: The dealer organizes a three-day educational conference for its dealer representatives. All of the sessions, except for a luncheon talk by a motivational speaker, are devoted to providing educational information about mutual funds, financial planning or investing in securities. At the end of the conference there is a dinner and concert. The conference would be eligible for support because the primary purpose is educational. All direct costs incurred in putting on the conference are eligible for funding by the fund manager to the extent permitted under section.

5.5 of NI 81-105. However, if the concert or other entertainment provided at the conference were lavish, it could not form part of the direct costs of the conference.

OSC Staff Notice 33-743 advises that the evaluation of time to determine primary purpose should focus on activities taking place during regular business hours. However, the totality of the event, including activities taking place after business hours, must still be considered when assessing the reasonableness of costs.

Dealers and fund managers are expected to perform their own review of primary purpose and reasonability based on their internal policies. An example of a methodology that can be used to assess the primary purpose based on time and content is outlined in Appendix C.

52. Under section 5, a conference or seminar with a primary purpose that includes providing educational information about "mutual fund industry matters" would qualify for certain defined funding. Would "mutual fund industry matters" include selling techniques or building a book of mutual fund business?

No. A seminar or conference that assists dealer representatives in effectively selling mutual funds or building a book of mutual fund business, otherwise referred to as "practice management", would not qualify for co-op support. However, if the primary purpose test is met, the remaining time may be spent on other topics, including practice management.

Under section 5, for the purposes of the primary purpose test calculation, a contextual assessment guided by the following examples of what may or may not qualify for the primary purpose test should be done:

List A: Client Relationship Management Topics (Qualify for Primary Purpose Test)

- Generational wealth transfers – i.e. opportunities and challenges for financial management and future planning for families
- Mental health awareness and vulnerable investors; how to support
- Artificial Intelligence tools and advisors' practices to help clients – changing technologies; leveraging AI to help investors make better investment decisions
- Client experience – navigate fee conversations, relationship management, estate planning (POAs, Wills), charitable planning, business succession planning (for clients' businesses), integrate financial planning software
- Client discovery meetings - to understand the full spectrum of the client's financial situation
- Financial literacy education
- Empowering women investors
- Ethical behaviour and regulatory compliance
- Behavioural coaching for clients; help determine KYC and risk levels of investors; educate clients on value of advice, handling periods of market volatility; change management

List B: Practice Management Topics (Would NOT Qualify for the Primary Purpose Test)

- How to effectively prospect for clients
- How to scale up advisor's business
- Leadership skills
- Succession planning for advisors' book
- Business valuations for advisor's book of business
- Document management & related tools
- Scheduling and reminders

53. Are advertisements for a dealer event eligible for support?

If the event itself qualifies for support under the primary purpose test, then up to 66% (with a maximum of 10% per fund manager) of the direct costs of the seminar, including advertising costs, would qualify for support.

54. When supporting a dealer's educational conference, can a fund company support the cost of dealer employees, such as a conference coordinator that is also an employee of the dealer?

No. Subsection 7.1 (1) of 81-105CP discusses the types of direct costs that a dealer may include in its costs of an event. The dealer's internal salary and overhead costs cannot be included in the definition of direct costs. This also includes incidental costs such as hotel room costs, car rentals, meals, etc. Please see OSC Staff Notice 33-743 for more guidance.

55. Can gifts (e.g., watches, jackets) and recognition awards for dealer representatives be included in the direct costs of a dealer's conference?

No.

56. Can a dealer seek support for a conference for its dealer representatives that meets the primary purpose test but is not held in the continental United States or Canada?

No. Section 5.5 of NI 81-105 states that the dealer's conference or seminar must be held in the continental United States or Canada or a location where a portfolio adviser of the mutual fund carries on business in order to be eligible for support from fund managers. Events held outside of the continental United States or Canada (in Mexico, Hawaii or Alaska, for example), and in a location which is not where a portfolio adviser of the mutual fund carries on business, would not be eligible for support.

57. Can spouses of dealer representatives attend dealer conferences?

Yes, as long as the dealer conference satisfies the primary purpose test and the cost of spousal participation is reasonable and attributable to the presentation and organization of the event, spouses of dealer representatives may attend dealer conferences and the costs may be included in the total direct costs of the event. The cost of these non-monetary benefits should be attributed to the dealer representative attending the conference. The fund manager and dealer must be confident that the costs of any spousal participation fall within the definition of direct costs as detailed in NI 81-105 section 1.1 and 81-105CP section 7.2. For example, paying for meals would be reasonable; holding a "spa day" or other lavish event for the spouses who are attending would be considered excessive. If the spouse is also an employee of the dealer, then they would be considered representatives and therefore would be allowed to attend accordingly, at the discretion of the dealer.

E. MUTUAL FUND COMPANY SPONSORED CONFERENCES / INITIATIVES

58. What is considered a mutual fund company sponsored conference?

A mutual fund company sponsored conference is an educational event organized and presented by the fund manager to dealer representatives. These events are educational in nature, have formal agendas and must follow the appropriate invitation process, (see Question 62 below) and may provide CE Credits. Examples of the types of events that may fall under section 5.2 of NI 81-105 are:

- Road Show
- Due diligence trip

59. Is a road show a mutual fund company sponsored conference?

Yes. Educational events at which representatives of the fund manager or the investment adviser speak to dealer representatives as part of an organized cross-country or regional tour are generally referred to as road shows. Road shows are subject to the rules for mutual fund company sponsored conferences under section 5.2 of NI 81-105, including the requirement that selection of the dealer representatives attending the road show is made exclusively by the dealer, not by the fund manager, and that the costs are reasonable.

60. Section 5.2 of NI 81-105 provides that the selection of dealer representatives to attend a mutual fund company sponsored conference or seminar must be made exclusively by the dealer, uninfluenced by the fund manager. Can a fund manager directly invite sales representatives to its road show?

The December 2016 Investment Funds Practitioner suggests that to avoid non-compliance with paragraph 5.2(b) of NI 81-105, fund managers should put in place a process that will require the fund manager to:

a. first, contact a dealer's head office requesting its involvement in the selection of dealer representatives to attend the fund manager's mutual fund company sponsored conference and request that the dealer distribute the mutual fund company sponsored conference invitation to its dealer representatives;

b. ensure that the opportunity to attend the mutual fund company sponsored conference is available to all dealer representatives;

c. ensure that the mutual fund company sponsored conference is widely advertised (for example, in the advisor section of a fund manager's website and/or through widely known industry publications); and

d. ensure that attendance is filled in a manner that does not influence the selection of dealer representatives (for example, attendance is filled on a first come first served basis).

61. Can a fund manager cover the costs of travel for dealer representatives between activities or to dinners during their conference?

No. NI 81-105 specifically prohibits payment of travel and personal incidental (as well as accommodation) expenses for dealer representatives by fund managers. OSC Staff Notice 33-743 further advises that transportation costs, such as airfare, transportation to and from the airport to the hotel, vehicle expenses in relation to a car used by a dealer representative during the conference, and transportation from the location of the conference and/or the dealer representative's hotel (if not the same location as the conference) to dinner during the conference are not acceptable expenses to be paid by fund managers.

Fund managers may wish to consider charging a transportation fee at their events if they wish to organize and transport their attendees to offsite dinners or activities.

62. If a mutual fund sponsored conference includes a dinner where there will be alcoholic drinks available with dinner can the fund manager cover the travel expenses of representatives to travel back to the hotel?

OSC Staff Notice 33-743 advises that although the payment of costs associated with travel to dinner is not permissible, the payment of reasonable travel from dinner back to the hotel is allowed in light of the host liability risk associated with the consumption of alcohol. Providing a multi-passenger vehicle or taxi chits to attendees would be considered reasonable while the use of a luxury limousine would be excessive.

63. Situations arise where a dealer may invite a fund manager to speak to its dealer representatives about the fund manager and its products. Alternatively, the invitation may originate from the fund manager. Can refreshments, such as a light meal, be provided during such sessions?

Yes, if the fund manager determined that such session is NOT an educational activity under s. 5.2 or 5.5 of NI 81-105 (if it is an educational activity under the relevant section of the NI 81-105, the event must be assessed for compliance with each element).

64. Are assistants allowed to go to mutual fund sponsored conferences or seminars?

Yes, the definition of "representative" in section 1.1 of NI 81-105 includes all employees of a dealer, not just registrants. Accordingly, employee attendees whom the dealer selects to attend the conference or seminar may include assistants, at the discretion of the dealer.

65. Can spouses of dealer representatives attend mutual fund company sponsored events?

Yes, as long as the mutual fund company sponsored conference satisfies the primary purpose test and the cost of spousal participation is reasonable and attributable to the presentation and organization of the event, spouses of dealer representatives may attend mutual fund company sponsored conferences and the costs may be included in the total direct costs of the event. The cost of these non-monetary benefits should be attributed to the dealer representative attending the conference. The fund manager and dealer must be confident that the costs of any spousal participation fall within the definition of direct costs as detailed in NI 81-105 section 1.1 and 81-105CP section 7.2. For example, paying for meals would be reasonable; holding a "spa day" or other lavish event for the spouses who are attending would be considered excessive. If the spouse is also an employee of the dealer, then they would be considered a dealer representative and therefore would be allowed to attend accordingly, at the discretion of the dealer.

66. How do you assess reasonable costs for manager sponsored conferences/events?

Reasonableness of costs may be assessed by reviewing expenses associated with the event for meals (food and beverages) and entertainment and other non-monetary benefits on a per person basis for each day of the event. As per OSC Staff Notice 33-743, fund managers are expected to develop internal guidelines to determine the reasonability of these

costs, given the nature of the event. An example of the methodology that can be used to assess the reasonableness of costs is outlined in Appendix C.

F. INDUSTRY ASSOCIATION SPONSORED EVENTS

67. Can a fund manager support an industry association's event even if that industry association is not SIMA or IIAC?

Section 5.4 of NI 81-105 permits fund managers to support a seminar or conference that is put on by SIMA or the IDA (now IIAC) and their affiliates. Any industry association that is not specifically referenced in section 5.4 must seek an exemption from the applicable securities regulators prior to seeking support from a fund manager.

Various associations have been granted exemptions that cover all future events, including; Canadian Institute for Financial Planners (CIFPs) - Aug 2007, Independent Financial Brokers of Canada (IFB) - Feb 2008, Association of Canadian Compliance Professionals (ACCP) - Apr 2012, Federation of Mutual Fund Dealers - Apr 2012, Institute of Advanced Financial Planners (IAFP) - Aug 2012 and Advocis – Apr 2016.*FUND MANAGER PROMOTIONAL ACTIVITIES CONCURRENT WITH A DEALER EVENT*

68. **Can a fund manager engage in promotional activities concurrent with their participation at a dealer event?**

Firms should consider the challenges inherent in meeting the spirit of the requirements relating to fund manager promotional activities. Fund managers should weigh the following matters in assessing whether they can engage is such promotional activities:

- The fund manager promotional activity must be coordinated and organized by the fund manager;
- The dealer may not solicit the activity;
- The intent of both parties is not to circumvent NI 81-105 (for example getting all social activities and meals paid for by the fund manager would not be acceptable); the fund manager does not co-op any of the costs of a non-compliant dealer event.

69. Can a fund manager sponsor a motivational or professional speaker as part of a dealer conference and cover the costs independently from the rest of the conference?

No. To comply with section 5.5 of NI 81-105, the costs would have to be included in the total direct costs attributable to the conference. The dealer conference must meet the primary purpose of providing educational information on financial planning, securities or mutual funds and fund company contribution cannot exceed allowed maximums (10% of the total direct costs of the conference per fund manager, 66% in aggregate).

V) OTHER SALES PRACTICES

A. EDUCATION

70. Under section 5 of NI 81-105, a conference or seminar with a primary purpose that includes providing educational information about "mutual fund industry matters" would qualify for certain defined funding. Would "mutual fund industry matters" include selling techniques or building a book of mutual fund business?

No. The regulators have interpreted the term "mutual fund industry matters" such that it does not include practice management, business development or sales skills. Therefore, a conference, seminar or course with the primary purpose of effectively selling mutual funds or building a book of mutual fund business would not qualify for co-operative support. Please refer to the response to question 52 for additional details.

71. Skill enhancement courses taken by dealer representatives could assist them in communicating investment information in a more professional manner. Occasionally, fund managers may be asked to pay the registration fees of a dealer representative for such courses. Is this allowed?

No. Fund managers may only pay registration fees for dealer representatives attending a course, seminar or conference, which meets the applicable primary purpose test in NI 81-105, part 5.3(a), provided that the selection of representatives attending the course, seminar or conference is made exclusively by the dealer, and the course, seminar or conference is held in Canada or the continental U.S.

72. Can a fund manager phone a dealer representative and offer to pay his or her registration fees to attend a third-party conference or seminar? Can a dealer representative ask a fund manager to pay for his or her registration fees?

No. While a fund manager can pay registration fees for educational conferences put on by a third-party, the solicitation must come from the dealer, not from a dealer representative. Additionally, a fund manager that offers to pay the registration fees for a particular dealer representative would be "influencing" the dealer's selection of dealer representatives, which is prohibited under clause 5.3(c) of NI 81-105.

73. What courses can a fund company cover the costs of for a dealer representative?

In order for a course to be eligible for payment by a fund manager, it needs to meet the primary purpose of education about financial planning, investing in securities or mutual fund/industry matters. It is important to establish your own internal policy on what will or will not qualify.

Each course must be evaluated to ensure it meets the primary purpose requirement of section 5.3 of NI 81-105. Examples of courses that might be considered eligible include financial related courses such as the Canadian Securities Course, the Canadian Investment Funds Course, a continuing education course from the Canadian Securities Institute, or a seminar that relates to financial planning. Hedge funds are securities and may be mutual funds depending on the redemption features of the hedge fund and whether it is distributed under a prospectus. The fund manager must conduct their own due diligence to assess whether or not the course meets the primary purpose requirements.

The fund company can make the payment either to the dealer, or directly to the course provider at the request of the dealer, as discussed under subsection 7.2(2)(b) of 81-105CP.

74. Can a fund manager pay a dealer representative's registration fees with a provincial securities commission or any other financial services regulator?

No. Section 5.3 of NI 81-105 only allows for payment of course, seminar or conference registration fees. It does not allow for payment of regulatory registration fees. A fund manager, however, is allowed to pay for courses that lead to an individual becoming eligible to apply for registration provided the primary purpose of such courses meets the provisions set out in section 5.3 of NI 81-105.

NI 81-105CP s7.4 explains the term “registration fees” should be read with its ordinary meaning and does not include travel, accommodation or other incidental costs. Registration fees may not include exam fees, re-write fees, licensing, extension fees, most practice exams and other courses.

B. <u>GOLF - OVERVIEW</u>

75. Dealer or Joint Dealer/Charity Golf Tournaments

NI 81-105 prohibits a fund manager from funding any of the overhead costs associated with a dealer's event, including golf tournaments, for its dealer representatives or clients. Fund managers may provide prizes for a prize table or for contests (e.g., longest drive) provided they are of minimal value and a promotional nature and cannot include mutual fund securities. See OSC Staff Notice

33-749 for further guidance on business promotional items.

Golf tournaments that are co-organized by a dealer and a charity are treated as a dealer golf tournament and subject to the framework noted above for dealer golf tournaments.

Contributions made to charities by fund managers cannot, in whole or in part, be used to offset any expenses (including, but not limited to, green fees for dealer representatives or clients; costs associated with a dinner or lunch; cart or equipment rental fees; beverage cart rental; or costs associated with staff of the dealer, or a third party contracted by the dealer for purposes of coordinating the tournament) associated with a golf tournament that is put on by a dealer or jointly by a dealer and a charity.

76. Charitable Golf Tournaments

A fund manager may support a charitable golf tournament, as events that are put on by individual charities are not contemplated in NI 81-105. A fund manager may pay the entry fees (which generally include green fees, golf cart rental and meals) for dealer representatives to play in the charity's golf tournament as this is considered a "business promotion activity" under section 5.6 of NI 81-105, provided that a fund manager representative is present and the associated costs are reasonable and within the fund manager's internal limits. However, a fund manager cannot pay for the clients of the dealer representative to play.

A fund manager can sponsor a hole at a charity's golf tournament provided that the full amount of the sponsorship is given to the charity and the fund manager is issued the tax receipt to the extent that one is provided. Also, a fund manager may sponsor various contests such as a hole-in-one or longest drive at a charity golf tournament. A fund manager may provide items for a prize table, as long as any benefit derived from the provision of these prizes is conferred 100% on the charity only.

77. Fund Manager Golf Tournaments

Fund managers may invite an unlimited number of dealer representatives to participate in their golf tournaments. A fund manager golf tournament is considered to be a "business promotion activity" and is subject to the conditions set out in NI 81-105 and internal policies on frequency and dollar amounts. Fund companies may pay dealer representatives' green fees, cart rentals, meals, etc. NI 81-105 prohibits a fund manager from paying for clients of a dealer to play at the fund manager's tournaments as this is considered client appreciation. Fund managers may provide prizes for a prize table or for contests (e.g., longest drive), provided that each prize is of minimal value and is promotional in nature. Occasionally, fund managers may raffle items. In this case, all provisions of section 5.6 must be met. See OSC Staff Notice 33-749 for further guidance on business promotional items.

C. CHARITABLE DONATIONS

78. Can a fund manager donate to, or financially support, a community event, sports or cultural group or other event or group, including those that are not registered charities?

Yes. NI 81-105 does not prohibit fund promotion unless it confers a non-monetary benefit or payment to a dealer or dealer representative. Examples of permitted promotional activities not within the scope of NI 81-105 include a fund manager sponsoring a ballet, musical event or other corporate sponsorship.

79. What are some examples of charitable donations that confer a monetary or non-monetary benefit on a dealer representative or dealer?

- If a dealer representative won a prize such as an all-expense-paid trip for raising the most money as a result of a donation made by a fund manager, the donation has conferred a non-monetary benefit on the dealer representative.
- If a fund company donated to a charity and a tax slip was issued to the dealer, the

dealer has received a monetary benefit.

- If a dealer representative received a considerable amount of publicity directly as a result of the donation by the fund manager, the dealer representative would have received a non-monetary benefit (for example, a picture of the dealer representative on the front page of the local newspaper for his or her fundraising efforts with the donation made by the fund manager).
- A non-monetary benefit will be conferred on a dealer representative or dealer if donations are solicited from a fund manager in ways that tie the donation to sales of the sponsoring company's mutual funds.

80. Can a fund manager donate a prize to a charity auction?

Yes, provided that all the proceeds go to the charity, any tax receipt, recognition or deduction is in the name of the fund manager and the dealer representative does not receive a monetary or non- monetary benefit as a result of the donation.

81. Can a fund manager donate to a non-profit organization, such as a food bank or local community group that is not a registered charity, at the request of a dealer?

Yes, provided the full amount of the donation is made directly to the organization and there is no benefit being conferred on the dealer.

82. Can a dealer representative make a request directly to a fund manager for a charitable donation without going through the dealer?

Yes. Dealer representatives may make requests to fund managers for charitable donations. A charitable donation and the request for a donation, made in the dealer representative's capacity as a canvasser for the charity, are not contemplated by NI 81-105. Fund managers may need to first make inquiries to ensure the charitable donation meets the criteria set out in set out in Section 7.3 of NI 81-105 “Charitable Donations.” Dealer representatives should check their own head office procedure first.

83. How must the donation be made?

The cheque/payment must be made to the charity (not to the dealer or dealer representative) and if a tax receipt is issued it must be in the name of the fund manager. Managers may need to first make inquiries to confirm that the charitable donation meets the criteria set out in Section 7.3 of NI 81-105 “Charitable Donations.”.

Examples of documentation that can support a charitable donation request include a letter from the charity asking the fund manager for a donation, and /or a pamphlet from the charity. See Appendix E for the SIMA sample Charitable Donation and Sponsorship Request Form.

84. Can a fund manager donate to a registered charitable trust, which has been organized by and is in the name of the dealer or a dealer representative?

No. Fund managers must refuse these requests. Making such a donation could be considered to confer a non-monetary or a monetary benefit upon that dealer or dealer representative. In some instances, dealer representatives are paid an income for running the charity or the dealer representative's charity could receive additional media coverage. Members should be cautious when accepting requests for donations from charities that may be affiliated in some manner with a dealer or charity (e.g., Joe Advisor Charity Foundation), even if they are receiving a tax receipt for their donation. If the self-named charity is collecting donations from fund managers and then distributing the funds raised in the community under their charity name only (e.g., no credit to the fund managers that made the actual donations) this could be perceived as a providing a non-monetary benefit to the dealer representative. Additionally, the dealer representative could be acting as financial advisor to the charity and therefore may be receiving financial compensation or other benefits.

In some cases, there are events that are organized and/or sponsored by the dealer (such as the

CIBC Run for the Cure or the Scotiabank Rat Race) where donations or sponsorships are requested. In these cases, it is possible for the fund manager to accept the request and make the donation to the underlying registered charity (for the above examples, these would be the Canadian Breast Cancer Foundation and the United Way, respectively).

D. COMMISSION PAYMENTS

85. When releasing a new fund for sale to the investing public, a fund manager may elect to set a rate of commission for that fund which is higher than for other like funds (i.e., an existing equity fund with a commission of 5% versus a newly released equity fund with a commission of 6%). Can a fund manager set a higher rate of commission on the new fund to encourage sales of the fund for a period of time and, upon the first renewal of the new fund's prospectus, reduce the rate of commission to make it equivalent to the rate of commission of like funds?

Fund managers may set a rate of commission for a newly released fund that is higher than a rate of commission for a like fund provided that the rate of commission for the newly released fund is disclosed in the fund's prospectus or simplified prospectus and the rate of the commission does not increase based on increases in the amount or value of securities of the mutual fund sold or held in accounts of clients of the dealer, or for a particular period of the year (e.g., RRSP season). A change in the rate of commission on any fund, including a newly released fund, may only occur in conjunction with an amendment to the prospectus unless otherwise stated in the fund's prospectus or simplified prospectus (e.g., deferred service charges). A dealer representative's recommendations should be based on the investment objectives of his or her clients and not on a higher commission rate which may be effective for a period of time.

86. Can a dealer or distributor require that a dealer representative maintain a specific percentage of his or her mutual fund assets in a particular mutual fund or the mutual funds of a particular fund manager as a condition of receiving commission or continued employment?

No. NI 81-105 prohibits both a distributor and a dealer from providing an incentive to any of its dealer representatives to recommend mutual funds of one fund manager over mutual funds of another fund manager.

E. GENERAL BUSINESS AND MARKETING EXPENSES (INCLUDING COMPUTER SOFTWARE)

87. Can a fund manager provide software to sales representatives of a dealer?

Section 4.2 of 81-105CP outlines the type of software that if provided by a fund manager would or would not be considered a non-monetary benefit. A fund company may provide software that is akin to marketing materials that assist a dealer representative in selecting the best fund of that fund family that suits the investment objectives of the client and provides ongoing advice regarding the fund. A fund manager cannot provide general financial planning software. Additionally, a fund manager cannot provide a back-office system (e.g., RPM) or software that is of a general nature. However, a fund manager may provide proprietary software necessary for a dealer and its dealer representatives to link to the fund manager provided the fund manager makes this software available to all dealers that distribute its funds. Additionally, fund managers are not able to pay user fees associated with the use of an industry accepted system provider (e.g., Fundserv).

88. Occasionally, a fund manager or group of fund managers may be asked to fund the development of back office software for a dealer. In some instances, a fund manager may offer to provide back office software to a dealer. Does this type of activity create a conflict of interest situation?

Yes, this type of activity creates a conflict of interest situation as there is the perception that a dealer may recommend a fund manager's funds solely on the basis of the back office development it has provided to the dealer. Accordingly, section 2 of NI 81-105 and subsections 4.2(5) and (6) of 81-105CP consider the provision of dealer back office systems to be a non- monetary benefit.

A fund manager is prohibited from providing software that is more than educational or informative about the manager, its funds or that will enable a dealer representative to determine which of the mutual funds of that company are most suitable to the client's investment objectives. There is no prohibition on a fund manager or group of fund managers creating a systems utility (e.g., Fundserv) which increases operational efficiencies.

89. Can a fund manager provide training, free of charge, to dealer representatives in respect of its proprietary software that assists the dealer representatives in determining which of the funds of the fund company are best suited for clients?

Yes.

90. Can a fund manager provide for free to dealer representatives updates to its proprietary software that assists a dealer representative in determining which of the funds of the fund company are best suited for the client?

Yes.

91. Can a fund manager promote and provide training in respect of third-party software (e.g., Bloomberg)?

No. A fund manager cannot provide training to dealer representatives unless the training relates to the use of the software as a financial planning tool. While a fund manager may promote third party software, it may not pay any part of the costs associated with a dealer or its dealer representatives purchasing the software.

92. If it costs the dealer more to deal with a particular fund manager, can it charge its dealer representatives an administrative fee that is over and above any other costs incurred by the dealer representative, or pay a lower commission level?

No. Section 4.1 of NI 81-105 prohibits a dealer from offering an incentive to its dealer representatives to sell funds of one family over another. For example, if it costs a dealer more to sell the funds of one family over another, the dealer cannot charge its dealer representatives an administrative fee for sales of those funds or pay a lower rate of commission as this is seen as discouraging or even providing an incentive for the dealer representative NOT to sell those funds.

93. If a dealer incurs expenses (such as adjustment costs) because of an error made by a fund manager, can the dealer seek reimbursement from the fund manager?

Yes. Payments by a fund manager to a dealer to reimburse the dealer for expenses or losses caused by the fund manager are permissible.

94. A dealer or dealer representative that is seeking to increase a client base may employ a variety of methods to contact the public including telephone solicitation (where permitted) and the distribution of specially designed marketing materials that promote the business of the dealer. Occasionally, a dealer or dealer representative may seek financial assistance from a fund manager to support such marketing campaigns. Can it do so?

No. Dealers and dealer representatives are prohibited from seeking co-operative funding in these instances and a fund manager is prohibited from paying such funding. A dealer may only seek co-operative funding of sales communications and investor seminars in accordance with section 5.1 of NI 81-105. Please see **Q26** and **Q42**.

95. Is a dealer permitted to have an "Approved List" of mutual funds that the dealer has approved its dealer representatives to sell under NI 81-105?

Yes. A dealer, at its discretion, may choose to distribute any fund or family of funds provided the dealer does not charge an administrative fee or pay a lower rate of commission for funds that are not on the approved list.

96. Can a fund manager provide support to a dealer in respect of a third-party assessment of client service for the dealer or its dealer representatives?

No. The results of assessments of this nature are generally used as a marketing tool by the dealer and/or its dealer representatives. Accordingly, such assessment does not meet any of the provisions of section 5 of NI 81-105.

97. Can a fund manager provide co-operative support for "lead lists" or pay a third party for leads that would be given to a dealer?

No.

F. EQUITY INTERESTS

98. Can a dealer or distributor offer an equity interest in the dealer, distributor or an affiliated company to its dealer representatives based on sales of the funds of an affiliated company?

No. Section 4 of NI 81-105 prohibits a dealer and a distributor from providing an incentive to its sales representatives for selling the funds of an affiliated company. This prohibition includes incentives of any type whatsoever. A dealer and a distributor may offer an equity interest based on sales volumes provided no distinction is made between fund families.

VI) APPENDICES

APPENDIX A

EXEMPTIVE RELIEF (AS OF JUNE 5, 2018)

Readers of this document are encouraged to review the exemptive relief applications granted to companies under NI 81-105, and the conditions attached to such relief. A sampling of the exemptions granted is provided below. **Please note that though such exemptive relief has been granted in the past, no representation is being made that such relief or that similar relief may be granted again in the future.**

Exemption from 2.1 granted to labour sponsored investment fund corporation to pay certain specified distribution costs out of fund assets (Return of Innovation Funding, December 6, 2002; January 30, 2007; Front Street Alternative Asset Fund Inc., December 2, 2005; Algonquin Power Venture Fund Inc., December 12, 2003; Lawrence enterprise Fund Inc, December 30, 2003; Altruista Fund Inc., December 30, 2003; CMDF early Stage Fund Inc., December 21, 2001; VentureLink Brighter Future (Equity) Fund

Inc., December 17, 2001).

Exemption from 4.2 to permit applicant to compensate their consultants for the distribution of their funds and third party funds in an unequal manner. Also see Quadrus Investment Services Ltd., February 27, 2009 —permit sales representatives of a principal distributor of proprietary funds to compensate their Specified Approved Persons for the distribution of proprietary funds and third party funds in an unequal manner (Quadrus Investment Services Ltd., February 27, 2009; Investor Group Financial Services Inc., June 29, 2006).

Exemption from 5.1(a) to allow an investment fund manager to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information on financial planning matters (RBC Global Asset Management Inc., December 19, 2017; NGAM Canada LP, March 2, 2017; Sun Life Global Investments (Canada) Inc., November 24, 2015; Fidelity Investments Canada ULC April 4, 2014).

Exemption from 5.4(1) to permit a member of the mutual fund organization to pay a portion of the costs incurred by the following industry associations in organizing its conference and seminars (Professional Association of Financial Service advisors.

- Professional Association of Financial Service advisors (Invesco Canada ltd., May 16, 2017),
- Association of Canadian Compliance Professionals (ACCP) (Fidelity Investments Canada ULC, Apr 2012),
- Goodman and Company, (Investment Counsel Ltd., February 26, 2008),
- Canadian Institute for Financial Planners (CIFPs) (Franklin Templeton Investments Corp., August 1, 2007),
- Independent Financial Brokers of Canada (IFB) (TD Asset Management Inc., May 1, 2006).

Exemption from section 7.1 to permit dealer to pay commission rebates in connection with switches to purchase units of related mutual funds as well as third-party funds (Sun Life Financial Investment Services (Canada) Inc., August 12, 2014)

Exemption from 7.1(3) to participating dealers to pay a commission rebate for clients to switch to related funds. Exemption from 8.2(3) to permit dealers to provide evergreen disclosure of equity interests to clients (IPC Securities, IPC Investment and IPC Investment, August 31, 2006).

Exemption from section 7.1(3) granted to dealers and their representatives to permit them to pay

commission rebates to clients when clients are switched from third-party mutual funds to related funds (Manderville Private Client Inc. and Mandeville Wealth Services Inc. March 31, 2015; Investia Financial Services Inc., December 15, 2009).

Exemption from 7.1(1)(b) & 7.1(3) permitting dealers to pay a commission rebate to clients when clients switch into related mutual funds (Desjardins Financial Security Investments Inc., January 17, 2014; Fundex Investments Inc., December 15, 2009).

Exemption from 8.2 granted allowing mutual funds to prepare the required equity interest disclosure in their prospectus or simplified prospectus based on certain assumptions (Hartford Investments Canada Corp., September 12, 2000; Hartford Investments Canada Corp., August 10, 2004).

Exemption from 8.2 granted to a participating dealer from the "equity interest" disclosure and consent provisions in connection with a small equity interest held by one employee of the dealer in a member of the organization of a mutual fund (Performa Financial Group Limited, January 6, 2005).

Exemption from 8.2 allowing evergreen disclosure of aggregate holdings up to a stated maximum percentage to reduce the need for continuous updates but still provide key disclosure to investors (NexGen Financial Limited Partnership, December 18, 2009).

NI 81-105 Exemptive Relief Chart: As updated on June 5, 2018

Section	Exception	Case	Sunset
Amendments to Last Update			
2.1	granted to labour sponsored investment fund corporation to pay certain specified distribution costs out of fund assets	• Front Street Alternative Asset Fund Inc., December 2, 2005;	this Decision shall cease to be operative with respect to a Decision Maker on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.
		• VentureLink Brighter Future (Equity) Fund Inc., December 17, 2001	(f)this Decision shall cease to be operative with respect to a Decision Maker on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.
		• Altruista Fund Inc., December 30, 2003;	d) this Exemption shall cease to be operative with respect to the Decision Maker on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.
		• Algonquin Power Venture Fund Inc., December 12, 2003;	(d) this exemption shall cease to be operative with respect to the Commission on the date that a rule or regulation replacing or amending section 2.1 of NI 81-105 comes into force.
		• Lawrence enterprise Fund Inc, December 30, 2003;	(c) this Exemption shall cease to be operative with respect to the Commission on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.
		• CMDF early stage Fund Inc, December 21, 2001;	(d)this Decision shall cease to be operative with respect to a Decision Maker on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.
		• Return of Innovation Funding, December 6, 2002; January 30, 2007;	(f) this Decision shall cease to be operative on the date that a rule replacing or amending section 2.1of NI 81-105 comes into force.
2.1 (a) / 2.1(1)(b)	exemptions from clause 2.1(1)(a) granted to the extent necessary to permit a member of the organization of certain mutual funds to provide dealer with a list of specific sales representatives that it wishes to directly invite	• Dimensional Fund Advisors Canada ULC, May 5, 2009	SUNSET IN 2004

	to its educational conferences; and to permit sales representatives of participating dealers to accept direct invites to educational conferences; exemptions also granted from clauses 2.1(1)(b) and 2.2(1) relating to such invitations		
2.1(1)(a)	granted to permit a member of the organization of certain mutual funds to make a payment of money to assist an affiliated participating dealer in implementation of a retention plan for representatives of the affiliated participating dealer, and an exemption from subsection 2.2(1) to permit the affiliated participating dealer	• CI Fund Management Inc., August 30, 2005	n/a
4.2	to permit applicant to compensate their consultants for the distribution of their funds and third party funds in an unequal manner Quadrus Investment Services Ltd., February 27, 2009 —permit sales representatives of a principal distributor of proprietary funds to compensate their Specified Approved Persons for the distribution of proprietary funds and third party funds in an unequal manner)	• Investor Group Financial Services Inc., June 29, 2006;	n/a
		• Quadrus Investment Services Ltd., February 27, 2009	n/a
5.1(a)	to permit the fund manager to pay a participating dealer the direct costs	• Mackenzie Financial Corporation, March 10, 2009	SUNSET IN 2013 Amended in 2011, 2-year sunset clause remained

	relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information concerning tax or estate planning matters	• Invesco Trimark Ltd., November 9, 2010).	Initial 2008 exemption sunset, initial sunset clause will continue to apply to new applicants seeking similar exceptive relief.
5.4(1)	to permit a member of the mutual fund organization to pay a portion of the costs incurred by the following industry associations in organizing its conference and seminars	• Professional Association of Financial Service advisors (Invesco Canada ltd., May 16, 2017	(c) this decision will terminate one year after the publication in final form of any legislation or rule which modifies the provisions of section 5.4 of NI 81- 105 in a manner which makes the Exemption Sought unnecessary or provides similar relief on a different basis or subject to different conditions
		• Independent Financial Brokers of Canada (IFB) (TD Asset Management Inc., May 1, 2006;	Sunset not in decision
		• Goodman and Company, Investment Counsel Ltd., February 26, 2008);	(iii) this decision, as it relates to the Jurisdiction of a Decision Maker, will terminate in that Jurisdiction one year after the publication in final form of any legislation or rule of that Decision Maker which modifies the provisions of section 5.4 of NI 81- 105 in a manner which makes the relief provided for in this decision unnecessary or provides similar relief on a different basis or subject to different conditions.
		• Canadian Institute for Financial Planners (CIFPs) (Franklin Templeton Investments Corp., August 1, 2007);	The further decision of the Decision Makers under the Legislation is that the Requested Relief will terminate one year after the publication in final form of any legislation or rule that modifies the provisions of section 5.4 of NI 81-105 in a manner which makes the relief provided for in this Decision Document unnecessary or provides similar relief on a

		• Association of Canadian Compliance	Sunset not in decision
		(Fidelity Investments Canada ULC, Apr	
		• Federation of Mutual Fund Dealers (Federation) (Fidelity Investments Canada ULC, Apr 2012); and	(iv) this decision will terminate one year after the publication in final form of any legislation or rule which modifies the provisions of section 5.4 of NI 81- 105 in a manner which makes the Exemption Sought unnecessary or provides similar relief on a different basis or subject to different
		• Institute of Advanced Financial Planners (IAFP) (Value Partners Investments Inc., August 2012)	(c) this decision will terminate one year after the publication in final form of any makes the Exemption Sought unnecessary or provides similar relief on a different basis or subject to different
7.1(3)	granted to dealer acting as principal dealer for certain mutual funds and participating dealer for other mutual funds and to certain representatives of the dealer. to pay a commission rebate for clients to switch to related funds	• Quadrus Investment Services Ltd., January 12, 2007;	This Decision shall cease to be operative following the coming into force of a rule of the principal regulator that replaces or amends section 7.1 or 8.2 of NI 81-105.
		• Blackmont Capital Inc., April 11, 2008; Wellington West Capital Inc., July 16,2010	This Decision shall cease to be operative with respect to a Decision Maker following the coming into force of a rule of that Decision Maker which replaces or amends section 7.1 of NI 81- 105.
8.2	exemption granted under section 8.2 allowing mutual funds to prepare the required equity interest disclosure in their prospectus or simplified prospectus based on certain assumptions	• (Hartford Investments Canada Corp., September 12, 2000; • Hartford Investments Canada Corp., August 10, 2004 (not in last update)	n/a

	exemption granted to a participating dealer from the "equity interest" disclosure and consent provisions in connection with a small equity interest held by one employee of the dealer in a member of the organization of a mutual fund	• Performa Financial Group Limited, January 6, 2005	n/a
Added Since Last Update			
7.1	to permit dealer to pay commission rebates in connection with switches to purchase units of related mutual funds as well as third-party funds	• Sun Life Financial Investment Services (Canada) Inc., August 12, 2014	(g) This decision shall cease to be operative following the entry into force of a rule of the Principal Regulator which replaces or amends section 7.1 of NI 81-105.
7.1(3)	to participating dealers to pay a commission rebate for clients to switch to related funds. Exemption from 8.2(3) to permit dealers to provide evergreen disclosure of equity interests to clients	• IPC Securities, IPC Investment and IPC Investment, August 31, 2006	n/a
7.1(3)	granted to dealers and their representatives to permit them to pay commission rebates to clients when clients are switched from third-party mutual funds to related funds	• Investia Financial Services Inc,, December 15, 2009;	(g) This decision shall cease to be operative with respect to a Decision Maker following the entry into force of a rule of that Decision Maker which replaces or amends section 7.1 of NI 81- 105.
		• Mandeville Private Client Inc. and Mandeville Wealth Services Inc. March 31, 2015	relief granted to a 3-year sunset clause and conditions that mitigate conflicts. (h) This decision shall cease to be operative on the date that is three years from the date of this decision or the date that a rule replacing or amending section 7.1 of NI 81-105 comes into force, whichever date comes first.

7.1(1)(b) & 7.1(3)	permitting dealers to pay a commission rebate to clients when 9;clients switch into related mutual funds	• Fundex Investments Inc., December 15, 2009;	(g) This decision shall cease to be operative following the entry into force of a rule of the principal regulator which replaces or amends section 7.1 of NI 81-105.
		• Desjardins Financial Security Investments Inc., January 17, 2014	(I) This decision shall cease to be operative with respect to a Decision Maker following the entry into force of a rule of that Decision Maker which replaces or amends section 7.1 of NI 81- 105.
5.1(a)	to allow an investment fund manager to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication	• RBC Global Asset Management Inc., December 19, 2017;	n/a
		• NGAM Canada LP, March 2, 2017;	n/a
		• Sun Life Global Investments (Canada)	n/a
	investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information on financial planning matters	Inc., November 24, 2015;	
		• Fidelity Investments Canada ULC April 4, 2014	n/a
	modified to allow evergreen disclosure of aggregate holdings up to a stated maximum percentage to reduce the need for continuous updates but still provide key disclosure to investors	• NexGen Financial Limited Partnership, December 18, 2009	n/a

APPENDIX B

RESOURCES

(1) NI 81-105 "Mutual Fund Sales Practices" and Companion Policy:
http://www.osc.gov.on.ca/documents/en/Securities-Category8/rule_20090918_81-105_unofficial-consolidated.pdf

(2) Ontario Securities Commission Staff Notice 11-760, "Report on Mutual Fund Sales Practices under Part 5 of National Instrument 81-105 – Mutual Fund Sales Practices" (April 27, 2007). Provides guidance to industry participants on complying with NI 81-105 Part 5 requirements.
http://www.osc.gov.on.ca/documents/en/Securities-Category1/sn_20070427_11-760_rep-mf-sales-practice.pdf

(3) OSC Staff Notice 33-743, "Guidance on Sales Practices, Expense Allocation and Other Relevant Areas Developed from the Results of the Targeted Review of Large Investment Fund Managers" (June 19, 2014) – Part I – Sales Practices
http://www.osc.gov.on.ca/documents/en/Securities-Category3-Comments/sn_20140619_33-_743_guide-sales-expense.pdf

(4) Ontario Securities Commission Outreach Session for Investment Fund Managers (June 2014) (section on NI 81-105 – Mutual Fund Sales Practices).
https://www.osc.ca/sites/default/files/2021-03/ro_20140624_ifm-session.pdf

(5) OSC Staff Notice 33-745, "Compliance and Registrant Regulation - Annual Summary Report for Dealers, Advisers and Investment Fund Managers" September 25, 2014 (section on Inadequate sales practices involving promotional items and business promotion activities).
http://www.osc.gov.on.ca/documents/en/Securities-Category3/sn_33-745_annual-rpt-dealers-advisers-final.pdf

(6) The Investment Funds Practitioner Issue #18 (December 2016). Section on selecting dealer representatives to go to due diligence conferences.
https://www.osc.ca/sites/default/files/2021-01/Investment-Funds-Practitioner-Archive-Consolidated-February-2021.pdf

(7) In the Matter of Sentry Investments Inc and Sean Driscoll—Settlement Agreement (April 2017) and Oral Reasons for Approval of a Settlement (April 5, 2017)
http://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20170331_sentry.pdf
http://www.osc.gov.on.ca/documents/en/Proceedings-OTH/oth_20170405_sentry.pdf

(8) In the Matter of a Settlement Hearing Re: Sun Life Financial Investment Services (Canada) Inc. (December 18, 2017)
http://mfda.ca/settlement-agreement/sa201775/

(9) In the Matter of Mackenzie Financial Corporation—Settlement Agreement (April 4, 2018) and Oral Reasons for Approval (April 16, 2018)
http://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20180404_mackenzie-financial-corporation.pdf
http://www.osc.gov.on.ca/documents/en/Proceedings-RAD/rad_20180416_mackenzie-financial-corporation.pdf

(10) In the Matter of 1832 Asset Management L.P.—Settlement Agreement (April 19, 2018) and Oral Reasons for Approval (April 24, 2018)
http://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20180419_1832-asset.pdf
http://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20180424_1832-asset.pdf

(11) Staff Notice 33-749 "Annual Summary Report for Dealers, Advisers and Investment Fund Managers (August 23, 2018). Section on Sales Practices
http://www.osc.gov.on.ca/documents/en/Securities-Category3/20180823_annual-summary-report-for-dealers.pdf

APPENDIX C

MUTUAL FUNDS SALES PRACTICES – ASSESSING PRIMARY PURPOSE AND REASONABILITY OF COSTS EXAMPLES

These examples of a "Assessing Primary Purpose—Content and Time" and "Mutual Funds Sales Practices Reasonability of Costs" are from pages 15-17 of the OSC's "*Outreach Session for Investment Fund Managers*" (June 2014). These examples are for reference on how to perform certain calculations and are not meant to provide guidance on what is or is not compliant:

https://www.osc.gov.on.ca/documents/en/Dealers/ro_20140624_ifm-session.pdf

NI 81-105 – Mutual Fund Sales Practices Reasonability of Costs example

Q: The details of a mutual fund sponsored conference (section 5.2 of NI 81-105) are as follows:

Attending representatives: 100
Duration: 3 days
Location : Phoenix, AZ

The dinner costs* are as follows:
1) **Day 1: $25,000 – dinner at the hotel**
2) **Day 2: $30,000 – dinner at a golf course**
3) **Day 3: $85,000 – dinner on an island requiring rental of boats for transportation**

*dinner cost includes transportation to dinner (if required), set up, decoration, entertainment, staffing, and other ancillary costs

The entertainment cost s are as follows:
1) **Day 1: $25,000 – golf or spa**
2) **Day 2: $25,000 – golf or spa**
3) **Day 3: $60,000 – golf or spa**

Total cost of the conference is $325,000

When assessing the reasonability of the costs of this conference, can we conclude that the dinner and entertainment costs are reasonable?

NI 81-105 – Mutual Fund Sales Practices
Reasonability of Costs example

Dinner assessment

	Day 1	Day 2	Day 3	Total	Comments	Compliant?
In total	$25,000	$30,000	$85,000	$140,000	May appear excessive – need to analyze on different levels	**Maybe** – further analysis required
Per rep	$250	$300	$850	$1,400	Day 1 and 2 seem reasonable; Day 3 appears extravagant based on cost & location; Day 2 & 3 are offside transportation prohibition	**Yes** – Days 1 & 2 for cost **No** – Day 3 re cost **No** – Day 2 & 3 for transportation to dinner
% of total event costs	$25,000/ $325,000 = 8%	$30,000/ $325,000 = 9%	$85,000/ $325,000 = 26%	$140,000/ $325,000 = 43%	Same conclusion as above – transportation costs to dinner are strictly prohibited	**Yes** – Days 1 & 2 for cost **No** – Day 3 re cost **No** – Day 2 & 3 for transportation to dinner

Conclusion: The dinner costs for day 3 are not reasonable having regard to the purpose of the conference. The payment of transportation costs are prohibited.

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NI 81-105 – Mutual Fund Sales Practices
Reasonability of Costs example

Entertainment assessment

	Day 1	Day 2	Day 3	Total	Comments	Compliant?
In total	$25,000	$25,000	$60,000	$110,000	May appear excessive – need to analyze on different levels	**Maybe** – further analysis required
Per rep	$250	$250	$600	$1,100	Day 1, 2 seem reasonable taking into account the cost of a round of golf or a spa visit in Ontario and section 7.3 of NI 81-105CP; Day 3 is extravagant in comparison	**Yes** – Day 1 & 2 **No** – Day 3
% of total event costs	$25,000/ $325,000 = 8%	$25,000/ $325,000 = 8%	$60,000/ $325,000 = 18%	$110,000/ $325,000 = 34%	Same conclusion as above	**Yes** – Day 1 & 2 **No** – Day 3

Conclusion: The entertainment costs for day 3 are not reasonable having regard to the purpose of the conference.

In summary: The IFM is compliant based on content and time (refer to slide 13). The IFM is not compliant based on the provision of transportation to dinner, the reasonability of some dinner costs and some entertainment costs; the cost of dinner and the entertainment on day 3 and the transportation to dinner on day 2 and 3 must be changed to ensure the entire conference is on side with section 5.2 of NI 81-105.

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OSC ONTARIO SECURITIES COMMISSION

APPENDIX D

COOPERATIVE ADVERTISING – VOLUNTARY INDUSTRY FRAMEWORK

SCOPE

Since the publication of National Instrument 81-105 (NI 81-105) in 1998, there has been some confusion regarding the co-op eligibility of sales communications, mainly advertisements.

This document is intended to provide a framework to mutual fund industry members to assist them in determining if a sales communication or advertisement is eligible for co-op support under NI 81- 105 and to help fund managers and dealers prepare compliant co-op sales communications and advertisements.

Included is a hands-on structure that should help in the following areas:

Assessing primary purpose

totality – content, space, verbiage, etc.

Usage parameters that can be provided to the print media to ensure print ads are compliant Use of logos.

This framework also includes examples and analyses of: Compliant Co-op Ad Samples

Non-Compliant Co-op Ads Samples

The sample advertisements provided are not intended to be exhaustive in addressing compliant and non-compliant advertising practices. The ads are generic and, in some cases, are exaggerated for illustration purposes.

The interpretations and/or clarifications presented are intended to provide an outline to those individuals interpreting legislation relating to co-operative advertising and/or sales communications. They do not constitute a legal opinion. Firms or persons seeking such assurance should consult their legal counsel. Further, Members are advised to refer to the text of the Rules cited as the authority for permissible co- operative advertising practices.

This document may be updated from time to time as other co-operative advertising issues are identified and considered.

REGULATION

The framework presented in this document are meant to help dealers and fund companies comply with the rules governing co-op advertising in the mutual fund industry, which include not only NI 81-105, but also the sales communications rules in Part 15 of National Instrument 81-102 (NI 81-102) and elsewhere.

National Instrument 81-102, Part 15

Please refer to Part 15 on National Instrument 81-102 “Investment Funds” and Part [15] of Companion Policy 81-102 for the regulatory regime governing sales communications and advertisements.

National Instrument 81-105

Part 5.1 of NI 81-105 establishes the parameters within which a member of the organization of a mutual fund may pay to a participating dealer, direct costs incurred by the participating dealer relating to a sales communication. The protocol for requesting co-operative marketing support is to obtain/grant pre- approval prior to publication of the sales communication. The parameters for paying direct costs are as follows:

Primary purpose – The main focus of the advertisement or other sales communication must be a mutual fund, a mutual fund family, or mutual funds generally. It is the totality of the sales communication, and investors' likely perception of the sales communication, which must be considered when determining whether the advertisement, or other sales communication, in its entirety, satisfies the primary purpose requirements.

Direct Costs – Invoices for, or receipts evidencing payment of, direct costs must be provided by the participating dealer to the fund manager. Furthermore, the aggregate payment by all members of organizations of mutual funds may not exceed 50 per cent of the total direct costs incurred by the participating dealer.

Disclosure – The sales communication must disclose the identity of all parties paying for a portion of the costs of the sales communication. This is interpreted to mean the full name of the sales communication sponsor(s) and the full name of the dealer representative. Section 7.2 (3) of NI 81-105CP states that the disclosure required in respect of a fund company having paid a portion of the direct costs attributed to a dealer's investor seminar or conference, or sales communication "should be in sufficient detail to make clear that a clearly identified party has paid a portion of the costs". Examples of sufficient language include "a portion of the costs have been paid by", "half of the costs of this advertisement paid by", "this advertisement sponsored in part by" and "co-sponsored by". Section 7.2 (3) of NI 81-105CP also states that the display of a fund company's logo alone would not be sufficient to indicate that a fund company has provided support to the dealer in respect of the sales communication.

Indirect Avoidance

Section 2.4 of 81-105CP notes that structuring co-op arrangements to constitute indirect avoidance of the rules is a contravention of the spirit and intent of the rules.

ADDITIONAL DIRECTIONS:

A draft of the advertisement or ad mat should accompany the pre-approval request.

The advertisement must obtain approval at the Dealer Head Office or delegated authority as permitted, prior to forwarding to the Fund Company with a request for co-op support.

Promotional advertisements (image advertisements) of a dealer or a sales representative are not eligible for co-operative support (see CP 81-102 s. 7.2(1)).

AUTORITÉ DES MARCHÉS FINANCIERS

Further to the coming into force of the Act Respecting the Distribution of Financial Products and Services and its regulations, partners of an independent partnership, representatives, owners and officers of mutual fund dealers in Québec must ensure that business cards, representations [1]and banners[2] adhere to the Guide on rules for professional cards and other representations (Règles sur les cartes professionnelleset les autres representations).

[1] Representation is defined as any manifestation, written or verbal, of the services or products you offer, such as a sales illustration, an explanatory pamphlet describing a product, a trademark, slogan or symbol.

[2] Banner is defined as a sign, an illuminated billboard, or a poster outside a building, which carries an advertisement on your establishment.

RESPONSIBILITY FOR COMPLIANCE

It is a common practice for fund companies to prepare sales communications templates (ad mats) for the use of dealer companies and salespeople. The question raised by this practice in connection with co-op sales communications and advertisements is: if the fund company has prepared the ad mat, should it be responsible to ensure it is compliant with the rules?

CIRO articulates its Member review requirements by stating that no advertisements or sales communication shall be issued unless first approved by a partner, director, officer, compliance officer or branch manager of the Member who has been designated as being responsible for advertisements and sales communication.

NI 81-105 puts the onus on both parties, the dealer seeking co-operative support, and the fund company providing it, to ensure that the advertisement or other sales communication is eligible for co-op support and compliant with the rules. **Accordingly, CIRO's position is that all parties are responsible for compliance.**

ADVERTISING CHECKLIST – How do I know if the ad is compliant?

Members are encouraged to use the following checklist to assist with advertisement development. By responding in the affirmative to all questions, Members are ensuring that every co-operative advertisement they participate in is compliant.

Primary Purpose:

☐**A** - Is the marketing message focused on a mutual fund, a mutual fund family or mutual funds generally?

☐**B** - Is the advertisement considered in its totality likely to cause investors to perceive that its primary purpose is related to mutual funds?

☐**C** - Would it be evident to an investor that the focus of the advertisement is mutual funds?

☐**D** - The ad is not an image advertisement.

Disclosure:

☐**E** - Are the full names of the participating dealer and sponsoring fund company included in the ad?

☐**F** - Is there adequate disclosure language about the sponsorship of the ad?

☐**G**- Has applicable warning language from NI 81-102, Part 15.4 been included?

☐**H** - Has any performance data been presented appropriately as required under s. 15.6 and 15.8 of NI 81-102?

☐**I** - Is the font size of the disclaimer in 10 pt. type?

Additional Strategies:

☐**J**- Does co-op amount to 50 per cent or less of the total direct costs of the advertisement?

☐**K** - Has a co-op pre-approval form been received before the advertisement is published?

☐**L** - If dealer logo is used does fund company name and logo appear in equal prominence?

ADDITIONAL CO-OP STRATEGIES

Billboard Advertisements

The provisions of NI 81-105 Part 5.1 must be met and the primary purpose of the billboard advertisement must be to promote or provide educational information regarding a mutual fund, a family of funds or mutual funds generally.

All appropriate warning language must be included and must be communicated in a way that is clear and understandable at the same time and through the same medium as the sales communication. In the billboard format, this means that the minimum 10 pt. type requirement would not be sufficient.

Website Co-Op – Quick Reference

In order for a fund company to support the Internet website of a participating dealer or sales representative:

The provisions of NI 81-105 Part 5.1 must be met and the primary purpose of the Internet website must be to promote or provide educational information regarding a mutual fund, a family of funds or mutual funds generally.

The insertion of links to fund company websites on its own does not help the dealer meet the primary purpose provision.

The fund company must ensure that it has appropriate procedures in place to ensure that the website continues to meet the primary purpose.

It is important to remember that information made available at a website should be regarded as equivalent to a written sales communication and should comply accordingly with NI 81-102, Companion Policy 81-102 CP and other applicable rules. Specifically, information made available on a website should be considered an "advertisement" under NI 81-102 because it is a sales communication published or designed for use through a public medium, which includes the Internet. The OSC Investment Fund Practitioner (April 2012) includes the following discussion:

“We remind fund managers that generally, staff consider the posting of mutual fund sales communications on participating dealers' intranet websites to be a cooperative marketing practice governed by NI 81-105. Mutual fund companies are expected to fully document their use of this marketing practice to evidence compliance with NI 81-105.

Mutual fund companies should document whether or not a participating dealer solicited them to engage in this cooperative marketing. In these cases, we would also expect mutual fund companies to pre-approve the participating dealer's costs for this marketing to ensure that the costs will, in fact, be consistent with the requirements of NI 81-105, and that the costs are reasonable for the actual work to be done. We remind mutual fund companies that the sales communications will also need to clearly disclose that the mutual company has paid a portion of the costs of presenting the sales communication on the participating dealer's intranet.”

Other Media

We remind fund managers that regardless of the form of media used for sales communications (i.e., radio, social media as well as print), all compliance requirements applicable to sales communications must be met.

APPENDIX E

COOPERATIVE MARKETING REQUEST FORMS-DIRECTIONS

In an effort to assist dealers and fund companies in dealing with requests in respect of cooperative marketing support under Part 5 of National Instrument 81-105 - Mutual Fund Sales Practices ("NI 81-105"), the Legal and Compliance Working Group of The Securities and Investment Management Association ("SIMA") has drafted two forms. The first document is a Pre-Approval Request form (the "Pre-approval Form") and the second is a Reimbursement/Cheque Request form (the "Reimbursement Form"). Please note that despite the process recommended herein, it is still the responsibility of the dealer to ensure that monies are managed appropriately.

The Legal and Compliance Working Group is of the view that these forms should facilitate the process of dealing with cooperative marketing requests made by dealers on behalf of their sales representatives.

COOPERATIVE MARKETING PRE-APPROVAL REQUEST

Part A - Dealer Firm

Part A of the Pre-approval Form is to be completed by a sales representative of a dealer, and approved by a dealer-authorized individual, when seeking cooperative marketing support in accordance with Part 5 of NI 81-105. The Pre-approval Form must be submitted to the fund company by the dealer prior to the initiative or event taking place.

The sales representative of a participating dealer must disclose the following information when completing the Pre-approval Form:

- the nature of the marketing request, a description of the program and a copy of any invitation or agenda;
- a breakdown of the estimated total cost and a budget with sufficient detail to determine if the costs are eligible;
- estimated number of attendees;
- draft copies of any marketing material/invitations that will be published or distributed to clients;
- if applicable, the number and name of other fund companies from whom the dealer is soliciting support and the amounts being requested from them;
- a description of how the companies providing cooperative monies will be identified; and
- confirmation of how attendees will be notified in writing of the sponsorship.

Additionally, a certification is required indicating that the program for which cooperative marketing support is being requested and the dollar amount(s) are sought in accordance with NI 81-105. The sales representative seeking the cooperative marketing support, as well as a branch manager or compliance officer of the participating dealer are required to sign and date the Pre-approval Form. It is recommended that a branch manager of a participating dealer submit his or her Pre-approval Form to the participating dealer's compliance officer for approval. The Sales Practices Committee is of the view that a branch manager or sales representative of a participating dealer should not "approve" his or her own Pre- approval Form as this could give rise to conflict of interest concerns. However, there is nothing in NI 81- 105 that would restrict the administration of cooperative marketing requests at the branch level of the dealer as long as the request has been approved by the dealer or authorized individual and head office is aware of such funding.

Once the Pre-approval Form has been completed a copy should be kept by the dealer, with the original being submitted to the fund company. It is recommended that each dealer establish policies and procedures for the purpose of administering the Pre-approval Form (including retention of the forms). The policies and procedures should be communicated to all relevant persons within the dealer firm, including sales representatives and applicable employees.

The location/branch that is to be listed on the Pre-approval Form should be the address where the fund company should forward a copy of the Pre-approval Form, once accepted.

When the Pre-approval Form has been completed and duly signed by the sales representative and either the branch manager or compliance officer of the dealer, it must be forwarded to the fund company for consideration and possible approval. A fund company may, at any time, reject a Pre-approval Form without notice.

Part B - Mutual Fund Company

Part B of the Pre-approval Form is to be completed by a designated person at the fund company and a copy returned to the dealer (as referenced on the form). The purpose of returning a copy to the dealer is to facilitate the reimbursement process at the fund company Fund companies should retain a copy of the Pre-approval Form and all supporting documentation in their records for a minimum of 7 years (as required by NI 31-103) or such longer period as their company's record retention policies require.

Fund companies are encouraged to establish policies and procedures for dealing with cooperative marketing requests. It is recommended that fund companies advise all dealers that distribute their funds of the name of the person or department to which all cooperative marketing requests must be forwarded for consideration.

COOPERATIVE REIMBURSEMENT/CHEQUE REQUEST FORM

Part A - Dealer Firm

This section of the Reimbursement Form is to be completed by the dealer. In order to qualify for reimbursement the following must be submitted to the fund company with the Reimbursement Form, where applicable:

- a copy of the advertisement as it appeared in the medium in which it was published;
- seminar agenda with sufficient detail to assess primary purpose (final version);
- seminar invitation (final version);
- amount requested and amount and name of other fund companies which participated all invoices and receipts in respect of the cooperative marketing request;
- a detailed summary of the expenses;
- a copy of the approved Pre-approval Form.

Failure to provide any of the items referenced above could lead to the rejection of the Reimbursement Form by the fund company.

Dealers may receive payment in respect of cooperative marketing requests or may direct the fund company to pay a third party (e.g., newspaper, printer, etc.). If the dealer would like the payment directed to a party that is other than the dealer, the section “make cheques payable to:” should contain the name and address of the respective company, otherwise the dealer’s name and address should be indicated. In no event will payment be made to an individual representative or a division of the dealer.

A certification is also required on the Reimbursement Form indicating that the cooperative marketing request and reimbursement request are made in accordance with applicable securities legislation, including NI 81-105. The sales representative of the dealer, as well as a branch manager or compliance officer of the dealer are required to sign the certification. A branch manager of the dealer should not certify his or her own Reimbursement Form.

The dealer should retain a copy of all documents forwarded to the fund company in respect of the reimbursement request.

Part B - Mutual Fund Company

This section is to be completed by the fund company. A claim for reimbursement should only be accepted where the dealer has attached all necessary documents, including invoices and receipts as previously indicated in the discussion of Part A of the Reimbursement Form. An authorized signatory of the fund company is required to sign in Part B to authorize the cheque request.

A fund company is not required to return a copy of the Reimbursement Form with the cheque to the dealer but it must somehow indicate in what respect the payment is being made. It is recommended that where the reimbursement cheque is forwarded to a third party on behalf of the dealer, a copy of the invoice from the third party or document of similar effect should accompany the cheque.

Fund companies should retain a copy of the Reimbursement Form and all supporting documentation in their records for a minimum of 7 years (as required by NI 31-103) or such longer period as their company’s record retention policies require.

COOPERATIVE MARKETING PRE-APPROVAL REQUEST FORM

PART A: To be Completed by Distributor Firm

Date:_____Dealer Name and Code: _____

Representative Name and Code: _____

Location/Branch:_____

This marketing request is for:

☐ Sales Communication ☐ Investor Seminar ☐ Dealer Conference ☐ Other

Program Description:_____

_____

_____

Estimated Total Cost: $_____ Amount Requested: $_____

Estimated Number of Attendees _____

Other fund companies being approached:

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

Please attach the following supporting documentation:

- ☐ Event agenda to demonstrate primary purpose;
- ☐ Breakdown of the estimated total cost;*.

Describe how the companies will be identified:

_____

_____

_____

Demonstrate the primary purpose calculation (agenda and budget breakdown with sufficient detail).
INCLUDE AS AN ATTACHMENT

CERTIFICATION

We hereby certify that the expenses noted above are eligible for reimbursement under the standards outlined in National Instrument 81-105, Mutual Fund Sales Practices ("the National Instrument"). We further certify that the amounts claimed from all companies in total will not exceed the allowable limits outlined in the National Instrument.

Name of Sales Representative	Signature of Sales Representative	Date
Name of Branch Manager/ Compliance Officer	Signature of Branch Manager/ Compliance Officer	Date

PART B: To be Completed by Fund Company
(retain a file copy and forward a copy to the location/branch listed above)

The undersigned has reviewed the above and authorizes the request.

Authorized Signatory of Fund Company	Date

COOPERATIVE MARKETING REIMBURSEMENT / CHEQUE REQUEST

PART A: To be Completed by Distributor Firm

Date of Event:_____Dealer Name and Code: _____

Representative Name and Code: _____

Location/Branch: _____

Amount Requested: $_____ Final number of attendees: _____

Other fund companies being approached:

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

_____ for $_____

To facilitate the processing of this request, please include

- a copy of the advertisement as it appeared in the medium in which it was published;
- seminar agenda with sufficient detail to assess primary purpose (final version);
- seminar invitation (final version);
- a detailed summary of the expenses;
- a copy of the approved Pre-approval Form.
- if applicable, the number and name of other fund companies from whom the dealer is soliciting support and the amounts being requested from them;

Failure to provide any of the items referenced above could lead to the rejection of the Reimbursement Form by the fund company.

Attach invoices and a detailed summary of expenses, as well as a copy of the approved Cooperative Marketing Pre-Approval Request Form. If this form is not attached, requests for reimbursement will be returned.

Make Cheques Payable to:

(Please ensure that this information is in compliance with the

Company: _____

Address: _____

_____

Attention: _____

I certify that the above request is in compliance with all applicable regulations including National Instrument 81-105 – Mutual Fund Sales Practices.

Name of Sales Representative	Signature of Sales Representative	Date
Name of Branch Manager/	Signature of Branch Manager/ Compliance Officer	Date

PART B: To be Completed by Fund Manager

The undersigned has reviewed all relevant documentation pertaining to the reimbursement referenced above and authorizes same.

Authorized Signatory of Fund Company	Date

FUND COMPANY NAME

Charitable Donation & Sponsorship Request Form

INVESTMENT REPRESENTATIVE INFORMATION

Dealer Code:_____Dealer Name:_____

Representative Code:_____Representative Name:_____

Representative Address:_____

Representative Phone:_____Representative Fax:_____

Representative E-mail:_____

CHARITY/SPONSORSHIP INFORMATION

Name of Organization:_____

□ Charitable Donation □ Sponsorship

Charity Contact Name:_____Phone:_____

Charity Address:_____

Charity Registration Number:_____

Verified Registration on CRAwebsite http://www.cra-arc.gc.ca/tx/chrts/menu-eng.html

Amount Requested: $_____Date of Function:_____Type of Function:_____

Name of Function:____

□Yes, tax receipt will be issued; amount of tax receipt $_____

**Tax receipts are to be issued in the name of [Fund Company Name]*

□No, tax receipt will not be issued. Fund company will be recognized via: _____

CHEQUE DETAILS

Cheque will be made payable to the name of the organization listed above.

Please send cheque to the address below and attention of if applicable:

Same address as above □

_____

_____

_____

FUND COMPANY

The undersigned has reviewed the above and authorizes the request.

Wholesaler Name	Signature	Date
Sales Management Name	Signature	Date
Compliance Officer Name	Signature	Date