

THE MANITOBA SECURITIES COMMISSION
MSC RULE 2012-8
(Section 149.1, *The Securities Act*)

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. *National Instrument 41-101 – General Prospectus Requirements is amended by this Instrument.*
2. *The Instrument is amended by adding the following section:*

Custodial provisions relating to short sales –

14.8.1(1) For the purposes of subsection (2), “borrowing agent” has the same meaning as in NI 81-102 except that each reference in that definition to “a mutual fund” must be read as “an investment fund”.

14.8.1 (2) Except where the borrowing agent is the investment fund’s custodian or sub-custodian, if an investment fund deposits portfolio assets with a borrowing agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the borrowing agent must not, when aggregated with the market value of portfolio assets already held by the borrowing agent as security for outstanding short sales of securities by the investment fund, exceed 10% of the net asset value of the investment fund at the time of deposit.

14.8.1 (3) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless that dealer is a registered dealer and is a member of the Investment Industry Regulatory Organization of Canada.

14.8.1 (4) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside Canada unless that dealer

(a) is a member of a stock exchange and is subject to a regulatory audit, and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of \$50 million..

3. *Form 41-101F2 - Information Required in an Investment Fund Prospectus is amended:*

(a) in Item 6.1 by adding the following subsection:

(6) If the investment fund intends to sell securities short

(a) state that the investment fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund’s investment objectives. ;

(b) in Item 12.1 by replacing subsection (4) with the following:

(4) As applicable, describe the risks associated with the investment fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sales of securities.; *and*

(c) in Item 20.3 by adding “and net asset value per security” after “net asset value” in paragraphs (a) and (b).

4. This Instrument comes into force on April 30, 2012.

5. This Instrument may be cited as MSC Rule 2012-8.