

THE MANITOBA SECURITIES COMMISSION
MSC RULE 2021-25
(Section 149.1, The Securities Act)

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 INVESTMENT FUNDS

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*

2. *Subparagraph 5.3(2)(a)(iii) is replaced with the following:*

(iii) all of the following apply to the reorganization or transfer of assets of the investment fund:

(A) subparagraph 5.6(1)(a)(i), clause 5.6(1)(a)(ii)(A), subparagraph 5.6(1)(a)(iii) and subparagraph 5.6(1)(a)(iv);

(B) subparagraph 5.6(1)(b)(i);

(C) paragraph 5.6(1)(c);

(D) paragraph 5.6(1)(d);

(E) paragraph 5.6(1)(g);

(F) paragraph 5.6(1)(h);

(G) paragraph 5.6(1)(i);

(H) paragraph 5.6(1)(j);

(I) paragraph 5.6(1)(k);.

3. *Subparagraph 5.6(1)(a) is replaced with the following:*

(a) the investment fund is being reorganized with, or its assets are being transferred to, another investment fund to which this Instrument applies, and all of the following apply:

(i) the other investment fund is managed by the manager, or an affiliate of the manager, of the investment fund;

(ii) either of the following apply:

(A) a reasonable person would consider the other investment fund to have substantially similar fundamental investment objectives and valuation procedures, and a substantially similar fee structure, to those of the investment fund;

(B) if the other investment fund has different fundamental investment objectives or valuation procedures or a different fee structure, the following apply:

(I) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the differences;

(II) the circular referred to in subparagraph (f)(i) includes disclosure of the differences and explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the differences;

(iii) the other investment fund is not in default of any requirement of securities legislation;

(iv) the other investment fund is a reporting issuer in the local jurisdiction and, if it is a mutual fund, has a current prospectus in the local jurisdiction;

4. Paragraph 5.6(1)(b) is replaced with the following:

(b) either of the following apply:

(i) the transaction is a "qualifying exchange" within the meaning of section 132.2 of the ITA or is a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA;

(ii) if the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA, the following apply:

(A) the manager reasonably believes that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;

(B) the circular referred to in subparagraph (f)(i)

(I) discloses that the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA,

(II) discloses the reason why the transaction is not structured so that subparagraph (i) applies, and

(III) explains why the manager is of the belief that the transaction is in the best interests of the investment fund despite the tax treatment of the transaction;

Effective Date

5.(1) This Instrument comes into force on January 5, 2022.

5.(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after January 5, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

5.(3) This Instrument may be cited as MSC Rule 2021-25.