

THE SECURITIES ACT

Section 20(1)

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Order No. 6954

June 12, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF I.G. INVESTMENT MANAGEMENT, LTD.
(THE FILER)

AND

IN THE MATTER OF INVESTORS GROUP FINANCIAL SERVICES INC.
AND INVESTORS GROUP SECURITIES INC.

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer on behalf of the mutual funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer (the **Funds**) for a decision under the securities legislation of the Jurisdictions (the

Legislation) that the requirement in the Legislation to send or deliver the most recently filed fund facts document (**Fund Facts**) at the same time and in the same manner as otherwise required for the prospectus (the Fund Facts **Delivery Requirement**), not apply in respect of purchases and sales of securities of the Funds pursuant to a pre-authorized investment plan, including employee purchase plans, capital accumulation plans, or any other contracts or arrangements for the purchase of a specified amount on a dollar or percentage basis of securities of the Funds on a regularly scheduled basis (each an **Investment Plan**) (the **Exemption Sought**).

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

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

Interpretation

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

Representations

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

1. The Filer's head office is located in Manitoba.
2. The Funds are, or will be, reporting issuers in one or more of the Jurisdictions and the Other Jurisdictions. Securities of the Funds are, or will be, qualified for sale on a continuous basis pursuant to a simplified prospectus.
3. Neither the Filer nor any of its Funds is in default of any of the requirements of securities legislation in any Jurisdiction or Other Jurisdiction.
4. Securities of each Fund are, or will be, distributed through dealers which may or may not be affiliated with the Filer that is the manager of the Fund (individually, each dealer that distributes securities of a Fund managed by the Filer is a **Dealer** and collectively, the **Dealers**).
5. Each Dealer is, or will be, registered as a dealer in one or more of the Jurisdictions and the Other Jurisdictions.

6. Securities of the Funds managed by the Filer are distributed only through Investors Group Financial Services Inc. and Investors Group Securities Inc.
7. Each of the investors may be offered the opportunity to invest in a Fund on a regular or periodic basis pursuant to an Investment Plan.
8. Under the terms of an Investment Plan, an investor instructs a Dealer to accept additional contributions on a pre-determined frequency and/or periodic basis and to apply such contributions on each scheduled investment date to additional investments in specified Funds. The investor authorizes a Dealer to debit a specified account or otherwise makes funds available in the amount of the additional contributions. An investor may terminate the instructions, or give amended instructions, at any time.
9. Currently, an investor who establishes an Investment Plan (a **Participant**) receives a copy of the latest simplified prospectus (or Fund Facts) relating to the relevant securities of the Fund at the time an Investment Plan is established.
10. An agreement of purchase and sale of mutual fund securities is not binding on the purchaser if a Dealer receives notice of the intention of the purchaser not to be bound by the agreement of purchase and sale within a specified time period.
11. The terms of an Investment Plan are such that a Participant can terminate the instructions to the Dealer at any time. Therefore, there is no agreement of purchase and sale until a scheduled investment date arrives and the instructions have not been terminated. At this point, the securities are purchased.
12. Pursuant to the prospectus delivery requirement in the Legislation (the **Prospectus Delivery Requirement**), a Dealer not acting as agent of the purchaser, who receives an order or subscription for a security of a Fund offered in a distribution to which the Legislation applies, must, unless it has previously done so, send to the purchaser the latest simplified prospectus and any amendment to the simplified prospectus filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.
13. Currently, the Prospectus Delivery Requirement obligates a Dealer not acting as agent for the applicable investor to send or deliver to all Participants who purchase securities of Funds pursuant to an Investment Plan, the latest simplified prospectus of the applicable Funds at the time the investor enters into the Investment Plan and thereafter, any subsequent simplified prospectus or amendment thereto (a **Renewal Prospectus**).
14. With the implementation of the amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure (NI 81-101)* and consequential amendments as described in *Stage 2 of Point of Sale Disclosure for Mutual Funds – Delivery of Fund Facts (Stage 2 POS)*, Dealers must deliver the Fund Facts in lieu of delivering the simplified prospectus to all investors, including the Participants, pursuant to the Fund Facts Delivery Requirement, effective June 13, 2014.

15. Pursuant to the Fund Facts Delivery Requirement, a Dealer not acting as agent of the purchaser, who receives an order or subscription for a security of a Fund offered in a distribution to which the Legislation applies, must, unless it has previously done so, send to the purchaser the Fund Facts most recently filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.
16. The Filer has obtained exemptive relief (**PAC Relief**) (pursuant to a decision document dated July 12, 2004) from the Prospectus Delivery Requirement to deliver the Renewal Prospectus of the Funds to Participants in an Investment Plan unless the Participant asks to receive them.
17. The PAC Relief for the Filer terminates one year after the publication in final form of any legislation or rule dealing with the Prospectus Delivery Requirement (the **Sunset Clause**).
18. As a result of the publication of Stage 2 POS on June 13, 2013, the PAC Relief will terminate on June 13, 2014, pursuant to the Sunset Clause.
19. The proposed amendments to NI 81-101 and consequential amendments as described in *Stage 3 of the Point of Sale Disclosure for Mutual Funds – Point of Sale Delivery of Fund Facts*, and published for comment on March 26, 2014, contemplate an exception from the Fund Facts Delivery Requirement for Investment Plans (**Proposed Exception**).
20. Until the Canadian Securities Administrators publish final amendments to implement the Proposed Exception, the Filer would like the Investment Plans to continue to operate in the same manner and using the same process as the existing regime under the PAC Relief with the exception of the delivery of a Fund Facts to a Participant instead of a simplified prospectus.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

1. A one time notice is sent or delivered to current Participants no later than January 31, 2015, in lieu of receiving a Fund Facts for any purchase of securities of the Funds made on or after June 13, 2014 under the Investment Plan, advising the current Participants:
 - (a) that they will not receive the Fund Facts when they purchase securities of the applicable Fund under the Investment Plan unless
 - (i) the Participant requests the Fund Facts; or

- (ii) the Participant has previously instructed that they want to receive the simplified prospectus, in which case, the Fund Facts will now be sent or delivered in lieu of the simplified prospectus;
 - (b) that they may request the most recently filed Fund Facts, by calling a specified toll-free number or by sending a request via mail or e-mail to a specified address or email address;
 - (c) that the most recently filed Fund Facts will be sent or delivered to any Participant that requests it at no cost to the Participant;
 - (d) that the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer's website;
 - (e) that they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of securities of any Funds made pursuant to an Investment Plan, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into any Renewal Prospectus contains a misrepresentation (a **Misrepresentation Right**), whether or not they request the Fund Facts; and
 - (f) that they will continue to have the right to terminate the Investment Plan at any time before a scheduled investment date.
2. Investors who become Participants and invest in any Funds on or after June 13, 2014 will be sent or delivered the most recently filed Fund Facts and a one-time notice advising the Participants:
- (a) that they will not receive the Fund Facts when they subsequently purchase securities of the applicable Fund under the Investment Plan unless they request the Fund Facts at the time they initially invest in an Investment Plan or subsequently request the Fund Facts by calling a specified toll-free number or by sending a request via mail or e-mail to a specified address or email address;
 - (b) that the most recently filed Fund Facts will be sent or delivered to any Participant that requests it at no cost to the Participant;
 - (c) that the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer's website;
 - (d) that they will not have a Withdrawal Right in respect of a purchase made pursuant to an Investment Plan, other than in respect of the initial purchase and sale, but they will have a Misrepresentation Right, whether or not they request the Fund Facts; and
 - (e) that they have the right to terminate an Investment Plan at any time before a scheduled investment date.

3. Following either 1 or 2 above, Participants will be advised annually in writing as to how they can request the Fund Facts and that they have a Misrepresentation Right.

The decision, as it relates to a Jurisdiction and any Other Jurisdiction, will terminate on the effective date following any applicable transition period for any legislation or rule dealing with the Proposed Exception.

A handwritten signature in dark ink, appearing to read "Chris Besko", is positioned above a horizontal line.

Chris Besko

Acting Director

Manitoba Securities Commission