

### Principal Distributor Practice Review (**IFM SURVEY**)

The Canadian Securities Administrators ("CSA") plan to review whether the current principal distributor model permitted in National Instrument 81-105 *Mutual Fund Sales Practices* ("NI 81-105") remains appropriate in light of the Client Focused Reforms.

You are being invited to take this survey as the main contact for an investment fund manager ("IFM") that distributes mutual fund securities through a principal distributor.

The survey results will be used to assess the need for regulatory amendments that may impact regulatory requirements for principal distributors, such as imposing similar regulatory requirements on principal distributors and participating dealers under NI 81-105.

All sensitive information provided through this survey will be kept confidential, subject to requests for disclosure that may be made under the access to information legislation of the CSA jurisdictions. To the extent that any information provided should be treated confidentially, please mark each document or response accordingly. If your principal regulator is Alberta, British Columbia, Ontario, Quebec, or Saskatchewan, the information is clearly identified as confidential and it is requested under access to information legislation, you will be notified and provided with an opportunity to make written submissions with respect to the issue of disclosure.

Information provided will be collected, analyzed, and may be used in policy work including publication of consultations or proposals on an anonymized basis by CSA jurisdictions.

1. Please choose your language of preference / veuillez sélectionner votre langue de préférence.
  - Français
  - English
2. Please name the IFM on whose behalf you are completing this survey.
3. Please provide your first, last name, title and email address.
4. Do you use a principal distributor as part of the distribution arrangements for any of the mutual funds for which you act as an IFM? **Please respond Yes if you act as both IFM and principal distributor for some or all of the funds.**
  - Yes **[this response leads to question 7]**
  - No **[this response leads to question 5]**

5. Have you used a principal distributor as part of your distribution arrangements in the past?
- Yes **[this response leads to question 6]**
  - No **[this response completes the survey]**
6. **[This question only appears if the response to the previous question is Yes, and leads directly to question 24]** Why do you no longer use a principal distributor?
7. Please select the jurisdiction(s) in which you currently distribute mutual fund securities through a principal distributor. Please select all that apply.
- All provinces and territories (*No need to select specific provinces and territories where this is the case*)
  - Alberta
  - British Columbia
  - Manitoba
  - New Brunswick
  - Newfoundland and Labrador
  - Nova Scotia
  - Ontario
  - Prince Edward Island
  - Quebec
  - Saskatchewan
  - Northwest Territories
  - Nunavut
  - Yukon
8. Please select the option that best describes your relationship with the principal distributor(s).
- A. We act as our own principal distributor for some or all of the mutual funds **[this response leads to question 9]**
  - B. All of the principal distributor(s) are affiliated with us **[this response leads to question 13]**
  - C. There are some principal distributor(s) that are not affiliated with us **[this response leads to question 13]**

**to question 13]**

- D. None of the principal distributor(s) are affiliated with us **[this response leads to question 13]**
9. **[This question only appears if the response to the previous question is A]** Do you also act as a participating dealer for any other mutual funds?
- Yes **[this response leads to the next question]**
- No **[this response leads to question 11]**
10. **[This question only appears if the response to the previous question is Yes]** Please describe:
- The services you provided as a principal distributor AND the compensation you receive for such services (including remuneration as a percentage of investment value)
  - The services you provide as a participating dealer AND the compensation you receive for such services (including remuneration as a percentage of investment value)
11. **[This question only appears if the response to question 8 is A]** Do you act as a principal distributor for multiple mutual fund families?
- Yes **[this response leads to the next question]**
- No **[this response leads to question 13]**
12. **[This question only appears if the response to the previous question is Yes]** Please list all mutual fund families for which you act as principal distributor, and for each one describe:
- The services you provide as a principal distributor AND the compensation you receive for such services (including remuneration as a percentage of investment value).
  - Whether you provide an incentive to your representatives to recommend mutual funds of one mutual fund family over mutual funds of another mutual fund family.
13. NI 81-102 defines a “principal distributor” as 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. Which of these options best defines the feature that applies to your principal distributor.
- A. An exclusive right to distribute the securities of the mutual fund in a particular area. **[this response leads to question 16]**
- 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. **[this response leads to question 14]**

- C. Both A and B. **[this response leads to question 14]**
- D. Neither A nor B. **[this response leads to question 15]**

14. **[This question only appears if the answer to 13 is B or C and leads to question 16]** Please describe the feature that provides your principal distributor with a material competitive advantage referred to in the previous answer.
15. **[This question only appears if the answer to 13 is D and leads to question 16]** On what basis have you concluded that you have a principal distributor relationship?
16. Please provide a list of the mutual funds or mutual fund families for which you have a principal distributor, together with name of the corresponding principal distributor(s) and the email contact information for their UDP and the CCO. This information may be used for a subsequent survey.
17. If you have multiple principal distributors (affiliated or unaffiliated), please explain why you have multiple principal distributors and describe the differences.
18. If securities of mutual funds under your management are distributed by both an affiliated principal distributor and unaffiliated principal distributor(s), please describe the services provided by the affiliated principal distributor and the unaffiliated principal distributor(s) and describe any differences.
19. If the mutual funds under your management are distributed by both principal distributor(s) and participating dealers, please describe the services provided by principal distributor(s) and the participating dealers and describe any differences.
20. In relation to your principal distributor arrangement(s), please enumerate practices around remuneration, profit or revenue sharing, or reimbursement of costs for principal distributor(s) and how they differ from situations involving participating dealers. *Please indicate whether to your knowledge, each arrangement is currently disclosed in the relevant mutual fund's public documents, and if so, provide the name and date of the relevant document.*
21. If NI 81-105 is amended to subject principal distributors to the same regulatory requirements currently applicable to participating dealers, would there be a significant impact to your business model?
  - Yes
  - No **[this response leads to question 24]**

22. Please list the specific significant business practices that would no longer be available to you if NI 81-105 is amended to subject principal distributors to the same regulatory requirements currently applicable to participating dealers.
23. Do you foresee any costs to your business if NI 81-105 is amended to subject principal distributors to the same regulatory requirements currently applicable to participating dealers? If so, please provide an itemized list of the estimated amount and nature of such costs.
24. Do you foresee any positive or negative impacts to investors if NI 81-105 is amended to subject principal distributors to the same regulatory requirements currently applicable to participating dealers?

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