



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Multilateral CSA Amendments to NI 81-105 to Ban DSC Option

On February 20, 2020 the Canadian Securities Administrators (CSA), except the Ontario Securities Commission, (the Participating Jurisdictions) published Multilateral CSA Notice of Amendments to National Instrument 81-105 - *Mutual Fund Sales Practices* (NI 81-105) and related instruments.

The Notice advises that the Participating Jurisdictions are adopting NI 81-105 amendments which will prohibit the payment of upfront sales commissions by fund organizations to dealers. This prohibition will result in the discontinuation of all forms of the deferred sales charge (DSC) option.

Ontario

The Ontario Securities Commission intends to publish for comment an alternative proposal to address investor protection and market efficiency issues arising from the payment of upfront sales commissions by fund organizations to dealers.

Transition

The amendments will become effective on June 1, 2022. Mutual fund investments purchased under the DSC option prior to this date will not have to be converted to another sales charge option (i.e. the redemption schedules on such DSC holdings will be allowed to run until their scheduled expiry). Any new mutual fund purchases made as of the effective date will be expected to immediately comply with requirements under NI 81-105, as revised.

The CSA Notice, and the text of amendments to NI 81-105 may be viewed on the [BCSC's website](#).