

**COMPANION POLICY 81-802CP TO
NOVA SCOTIA SECURITIES COMMISSION RULE 81-802
IMPLEMENTING NATIONAL INSTRUMENT 81-107
INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS**

- 1.1 Introduction** – The purpose of this Companion Policy is to provide information relating to the manner in which the Nova Scotia Securities Commission (the Commission) interprets or applies certain provisions of Rule 81-802 *Implementing National Instrument 81-107 Independent Review Committee for Investment Funds* (the Implementing Rule) and National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107).
- 1.2 Interrelationship between NI 81-107 and the Securities Act (Nova Scotia) (the Act)** - NI 81-107 is intended to impose a minimum, consistent standard of governance for all publicly offered investment funds by introducing the requirement for a fully independent advisory body, the independent review committee (the IRC), charged with overseeing all conflict of interest matters faced by the manager in the operation of an investment fund. As a result, NI 81-107 sometimes repeats (without any substantive change) certain requirements that are also dealt with in sections 112 to 128 of the Act.
- The cumulative effect of NI 81-107 and the Implementing Rule is that the standard of care and fiduciary duty required under section 2.1 of NI 81-107 is the same standard of care and fiduciary duty imposed under section 124 of the Act for a manager of a mutual fund, and sections 6.1 and 6.2 of NI 81-107 provide for exemptions from some of the prohibitions in sections 112 to 128 of the Act. A manager of a mutual fund that is a reporting issuer can and should therefore refer to section 2.1 of NI 81-107 in place of section 124 of the Act, and investment funds or mutual funds, respectively, should refer to sections 6.1 and 6.2 of NI 81-107 to see if the exemptions from the prohibitions contained in sections 112 to 128 of the Act are met.
- 1.3 Consequential Amendments to the General Securities Rules** – The Implementing Rule also contains consequential amendments to sections 32 and 67 of the General Securities Rules and a provision which permits an issuer to use the amended Form 15 in the Ontario Regulation to the *Securities Act* (Ontario).
- 1.4 Effective Date** – This Companion Policy comes into effect on February 19, 2007.