

NATIONAL POLICY No. 9
((revision) effective 1st January, 1973)
MUTUAL FUNDS - FORWARD PRICING, SALES AND REDEMPTIONS

1. Where a mutual fund computes net asset value on a daily basis:
 - a) Subscriptions or redemption requests received by sales or branch office representatives of the fund's contractual distributor or underwriter shall be mailed to the principal office of the contractual distributor or underwriter the same day they are received.
 - b) Subscriptions or redemption requests received by sales representatives of any other dealer shall be mailed or delivered to such dealer the same day they are received, whereupon such dealer shall mail the said subscriptions or redemption requests to the principal office of the fund's contractual distributor or underwriter the same day they are received by the dealer.
 - c) Any salesman or other representative authorized to receive a subscription order or redemption request must mail the order or redemption request, the same day he receives it, to the appropriated office described above.
 - d) Notwithstanding the foregoing where a contractual distributor maintains sales servicing offices at which it is the contractual distributor's policy to review applications for "contractual plan" purchases before having them forwarded to its principal office, the salesman or other representatives of the contractual distributor shall mail such contractual plan applications to the appropriate sales servicing office the same day the applications are received. The sales servicing office, after conducting its review of the application, shall mail the applications deemed acceptable to the principal office of the contractual distributor the same day they are received in the sales servicing office.
 - e) Every salesman or other representative shall advise the client proposing to purchase or redeem that, if the client chooses, his order or redemption request will be communicated forthwith by wire or telephone, at the client's expense; and if the client expresses that preference, the communication shall be made forthwith, and the two business days stipulated in clause (f) hereof will begin to run from the time the message is so communicated. (This clause contemplates a meeting or telephone conversation between the representative and the client or prospective client, and will not apply where the representative simply receives an order to purchase or redemption request by mail for transmittal.)
 - f) Subscriptions or requests for redemption shall be implemented at a net asset value computed within tow business days of their receipt at the principal office of the fund's contractual distributor or underwriter or, in those cases where the investor has mailed direct to the fund, within two business days of receipt by the fund.

- g) A failure to comply with this Policy will be considered conduct having a bearing on the fitness for registration of any registrants involved.
2. The net asset value per share or unit for a mutual fund shall be computed no less frequently than once in each month. Where a mutual fund computes net asset value less frequently than daily, firm orders for sales and requests for redemptions shall be implemented at the net asset value next computed after receipt of such orders or requests. Where the computation is made monthly, the mutual fund may require that the request for redemption be submitted to it up to ten days prior to the dated of the computation or, in unusual circumstances rendering this impracticable and with the specific approval of the Commission up to thirty days prior to the dated of the computation.
3. The implementation of sales or redemptions at a net asset value computed as at a date earlier than receipt of a firm order for sale or request for redemption, as the case may be, referred to as “backward pricing” is unacceptable.
4. Subject to 2, where a mutual fund which has been computing its net asset value more frequently than monthly proposes to lessen the frequency of computation, it shall first obtain the consent of the security holders owning at least 10 per cent of the outstanding class of securities of the fund affected through approval by a resolution of securities duly called for that purpose provided that the purpose and the effect of the change is clearly explained in an information circular or similar document mailed to that class of security holders together with the proxy in advance of the meeting.