

**NATIONAL POLICY No. 10**  
**MUTUAL FUNDS - REDEMPTION OF SECURITIES**

The terms and conditions under which a mutual fund will redeem its securities, shall include the following:

- 1) A clear statement of the procedures to be followed and the material to be furnished by a shareholder or unitholder to the fund in connection with a request for redemption should be included in the documents with which the shareholder or unitholder is supplied to constitute evidence of this holding.
- 2) Subject to the exceptions set out in the paragraphs following, when a request is received by the mutual fund complying with the instructions provided in accordance with (1), the mutual fund shall make payment in Canadian currency within seven days of the date of the computation of the net asset value upon which that redemption is based.
- 3) The delivery of “liquid investments” (as defined in (5)) in satisfaction of a request for a redemption is permitted if the written consent of the redeeming shareholder or unitholder is obtained and dated as at the date of the request for redemption and details of the transaction, including a list of the securities delivered, are filed with the Commission for inclusion in its public file within 10 days of the redemption provided that the liquid investments delivered by the mutual fund should be valued at an amount equal to or greater than the value assigned to them for the purpose of computing net asset value per share.
- 4) A mutual fund may suspend the redemption of its shares or units in the following circumstances:
  - i. during any period when normal trading is suspended on any stock exchange within or outside of Canada on which securities are listed which represent more than 50% by value of the total assets of the mutual fund, without allowance for liabilities; or,
  - ii. where the head office is in Canada or where the principal office of the fund from where it is managed is in Canada with the consent of the administrator (Commission) of the province in which that head office or principal office is located or if the head office or principal office is in the United States of America with the consent of the Securities and Exchange Commission; or
  - iii. with the consent of the administrator (Commission).
- 5) “Liquid investments” means any asset which satisfies one or more of the following tests:

- i. if it is listed and posted for trading on a stock exchange or is traded regularly in a public trading market and price quotations for it based on such trading are regularly published; or,
- ii. if facilities are available to permit the ready disposal of the asset at an amount substantially equal to the price at which it is valued in the determination of net asset value but an investment will not be considered to have satisfied this test merely because a company associated with the mutual fund has agreed to purchase the investment to produce liquidity; or
- iii. if it is cash or its equivalent including cash of other countries if conversion into Canadian currency can be readily effected;

but an investment cannot be considered to be a liquid investment if the mutual fund which owns it is not in a position to sell it without restraint.