



For Immediate Release

April 20, 2023

Canadian financial regulators enhance cost reporting requirements for investment funds and individual segregated fund contracts

Montreal – The Canadian Securities Administrators (CSA) and the Canadian Council of Insurance Regulators (CCIR) today published changes to enhance total cost reporting (TCR) disclosure for investment funds and individual segregated fund contracts (Segregated Funds). The TCR enhancements (the Enhancements) will improve the transparency of total fees and costs to holders of investment funds and Segregated Funds.

“Investors need to be aware of and understand the costs they pay to assess the value they receive and to make informed decisions,” said Stan Magidson, CSA Chair and Chair and CEO of the Alberta Securities Commission. “These changes will bolster investors’ and policy-holders’ awareness of the ongoing embedded costs of owning investment funds and individual segregated fund contracts, including management fees and trading expenses. This additional transparency will help investors ask their dealing representatives and life insurance agents the right questions and make better-informed decisions, which should ultimately result in better investing outcomes.”

The Enhancements require annual reporting to clients showing the ongoing costs of owning mutual funds, exchange-traded funds, scholarship plans and Segregated Funds. This information needs to be expressed both as a percentage for each fund, and as an aggregate amount, in dollars, for all investment funds or Segregated Funds owned by the investor or policy-holder during the year. The changes will benefit retail investors by increasing their awareness of the ongoing embedded costs of owning those products.

The TCR enhancements were jointly developed by the CSA, the CCIR, the Canadian Insurance Services Regulatory Organizations (CISRO), and New Self-Regulatory Organization of Canada (New SRO). They are the result of extensive consultations with investor advocates and market participants, following the 2016 implementation of regulatory amendments resulting from the [Client Relationship Model, Phase 2](#) (CRM2) project and publication of a [CCIR position paper](#) in 2017. They draw upon behavioural insights and the results of testing sample documents with investors.

The CSA and the CCIR published proposals in April 2022 for a 90-day comment period. The Enhancements announced today reflect several significant changes to the published proposals, including an extended transition period, improvements to mandated disclosure and sample documents, clarifications regarding calculation methods, consolidation of all new cost information

in a single annual report and other changes that aim to reduce the implementation burden of the enhancements and respond to specific issues and comments.

“The Canadian Council of Insurance Regulators supports consumers having full and complete information when making their financial decisions,” said Robert Bradley, Chair of the CCIR. “With that in mind, we’ve worked collaboratively with other financial services regulators and industry to bring forward today the total cost reporting requirements for individual segregated fund contracts and investment funds. Insurance regulators continue to expect the insurance industry to bring to market the TCR insurance guidance in a time frame which is consistent with the investment sector.”

The Enhancements for the securities sector are contained in amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. New SRO will amend its member rules, policies and guidance to be consistent with these amendments.

The Enhancements for the insurance sector are contained in an *Individual Variable Insurance Contract Ongoing Disclosure Guidance*, an enhanced disclosure framework for individual segregated fund contracts designed to better harmonize the insurance sector and the securities sector. The CCIR expects that each of its member jurisdictions will adopt the framework by local guidance or, in certain jurisdictions, regulation.

The Enhancements will take effect on January 1, 2026, provided all ministerial approvals are obtained. Clients will receive the first enhanced annual reports for the year ending December 31, 2026.

The CSA and CCIR Joint Notice of Publication can be found on [CSA members' websites](#) and on the [CCIR website](#).

About the CSA

The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

About the CCIR

The CCIR is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. CCIR members work together to develop solutions to common regulatory issues.

For media inquiries:

Ilana Kelemen
Canadian Securities Administrators
media@acvm-csa.ca

Sylvain Théberge
Autorité des marchés financiers
sylvain.theberge@lautorite.qc.ca
514-940-2176

Russ Courtney
Financial Services Regulatory Authority of Ontario
(For English insurance related - Toronto)
437-225-8551

For investor inquiries, please contact your [local securities regulator](#).