



MACKENZIE
Investments

Spring 2023

Dealer Relations spring 2023 newsletter

We'd like to thank you for your support and partnership during this past RRSP and tax season. It's been a busy time as we work together to prepare for upcoming Fundserv enhancements and regulatory changes.

We've also been focused on expanding our suite of sustainable investing products, launching Mackenzie Corporate Knights Global 100 Index Fund and Mackenzie Corporate Knights Global 100 Index ETF in April.

Mackenzie aspires to be a leader in sustainable investing, and we're proud to offer a range of products designed to bring about real change, whether it's promoting better environmental, social and governance (ESG) practices, investing in technologies that address climate change, or promoting equality and inclusivity.

Most importantly, we remain committed to working with dealers, Fundserv and other industry groups to champion the issues that directly impact your business. As the regulatory environment continues to shift and evolve, we're focused on solutions that make it easier for you to do business with us.

Thank you for your support as we create a more invested world, together.

Wishing you and your families a relaxing and rejuvenating summer!

Jackie Laser
Vice President, Dealer Relations & Operations

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Mackenzie Dealer Relations webpage... your one-stop shop for resources, insights and communications

Last year, we revamped the [Dealer Relations page](#) on the Mackenzie Investments website with a new design and new content. New resources and content are added regularly, and the **Advisor Education** section hosts a number of helpful insights and videos about our Charitable Giving program, RESP and RDSP transactions, account setup and programs.

Our latest addition is the [RESP Contribution Allocation Guide](#), which outlines best practices for facilitating the contribution process and avoiding error correction requests.

Be sure to check out the guide and bookmark this page to get the latest news and videos!

Fundserv updates

Fundserv Standards Version 33

Fundserv V33 will be implemented on June 12, 2023. For detailed information, please refer to the [Fundserv website](#).

Mackenzie will support the following changes:

1. FHSA
 - Mackenzie will support nominee/intermediary FHSA accounts as part of the Fundserv v33 release in June.
 - Transaction orders, NFU messages and all files will be enhanced to allow for the new account type
 - Myserv will be enhanced to display the new account type
 - Note: Client name accounts are expected to be available in Q4 of 2023.
2. FATCA
 - When setting up new client name non-registered accounts, one FATCA AND one CRS status must be sent.
3. Transfer processing – see [Fundserv matrix](#)
 - Updates to eligible accounts for certain transfer combinations
 - Non-ATON client name to nominee/intermediary external transfers allowed for all account types except Group, RESP, RDSP.
 - Non-ATON client name to client name or client name to nominee/intermediary external transfers are now allowed for organization accounts
4. Reversals on settlement date are eligible to be sent. Waiting to send online error corrections until after settlement is no longer required.
5. FD file will be updated with a new data element to assist Order Execution Only (OEO) firms determine which fund code(s) are eligible for their accounts.

Fundserv Funnel

Future proposals to make note of:

- Removing cheques as a settlement method on the following transaction types
 - Client name purchases
 - Client name redemptions
 - Automatic withdrawal plans (AWD/SWP)
 - Cheques between Fundserv member participants
- Client name distributor placed fee redemptions
 - Allow a distributor to place wire order redemptions to charge the equivalent of an admin or trustee fee on client name accounts

Reminder: Documents not required for EPA-eligible trades

- As a reminder, documents should not be submitted to Mackenzie for EPA-eligible trades.
- Our goal is to avoid processing delays and errors that may result from discrepancies between the wire order and the paperwork that some advisors still submit.
- It's also a win for advisors, who can save time and administrative effort by not submitting documents when back-up isn't required. Our [Quick Reference Guide](#) is available on the Mackenzie Investments website and can assist advisors with document requirements for EPA-eligible trades.

Adhering to Fundserv standards

As a reminder, the first phase of Fundserv's Dealer Standard Adherence initiative begins shortly, as part of its ongoing efforts to ensure seamless and consistent transaction processing.

- **Late July 2023:** Fundserv will send dealers their automation rates for the period of Jan. 1 to June 30, 2023, and automation targets for buys, sells and switches.
- **January 2024:** Fundserv will send dealers their automation rates for July 1 to Dec. 31, 2023 along with mock penalties. Dealers will also receive their 2024 automation targets and potential fines for not meeting those targets.
- **January 2025:** Fundserv will send 2025 automation targets and potential fines for not meeting those targets. They'll also issue penalties to dealers who don't meet their 2024 automation targets.

We're here to assist you! We can provide reporting and guidance to support potential improvements in your automation rates – please get in touch with your Dealer Relations Account Manager to learn more.

DSC and low load options for segregated fund contracts

We'd like to remind you that Mackenzie stopped accepting contributions into deferred sales charge (DSC) or low-load 3 (LL3) options of segregated fund contracts as of June 1, 2023. You can refer to our [earlier communication](#) to see how we're handling transactions for these options after June 1.

Please ensure that any dealer-administered systematic plans on DSC/LL3 options have been moved to the FE equivalent to minimize any disruption to clients.

If you have any questions or need assistance to facilitate these transactions, please contact your Dealer Relations Account Manager.

Regulatory changes

Transitioning to a T+1 settlement cycle

The Canadian Securities Administrators (CSA) published rule amendments to NI 24 -101 to support the transition from a two-day trade settlement cycle for equity and long-term debt market trades in Canada to one day (T+1) to align with changes to the US settlement cycle.

At the same time, the CSA published a notice indicating that while secondary market trading in ETFs will also move to settle on T+1, the CSA is not proposing to shorten the settlement cycle for distributions and redemptions of mutual fund securities at this time. The notice indicates that where practicable, mutual funds should settle on T+1 voluntarily but that funds need the flexibility to determine if a T+1 cycle can work for them, particularly for mutual funds with significant holdings of securities in jurisdictions with longer settlement cycles, like Europe and Asia.

Canada will move to a T+1 settlement cycle on Monday, May 27, 2024, the US will transition on Tuesday, May 28, 2024.

The CSA did not mandate a move to T+1 for mutual funds via a change to NI-81-102. However, they've strongly urged manufacturers to make the transition to T+1, and we expect that most funds will make the move.

Mackenzie is currently assessing our product shelf and determining what changes will be necessary.

Total cost reporting (TCR) enhancements

On April 20, 2023, the Canadian Securities Administrators and Canadian Council of Insurance Regulators released the final rules for TCR enhancements. The rules expand cost disclosure of investment fund and segregated fund contract that must be provided to clients.

As a reminder, here's an overview of the changes that will affect dealers:

- New investment fund cost information on dealers' Annual Report on Charges and Other Compensation (ARCC)
 - the aggregate amounts of fund expenses and any direct investment fund charges (e.g., short-term trading fees or redemption fees) in dollars
 - the fund expense ratio (FER = MER + TER), as a percentage, for each investment fund class or series.
- New notifications need to be included on the ARCC to let investors know what they can do with the new fee information.

The TCR enhancements take effect January 1, 2026, with the first reporting to clients expected on year-end 2026 statements.

New streamlined subscription agreement process for Northleaf Offering Memorandum funds

On June 20, new subscription agreements will be available for all Northleaf Offering Memorandum (OM) funds.

- [Mackenzie Northleaf Global Private Equity Fund](#)
- [Mackenzie Northleaf Private Credit Fund](#)
- [Mackenzie Northleaf Private Infrastructure Fund](#)

With these new subscription agreements, advisors don't need to provide a subsequent subscription agreement when making an additional purchase into the same Mackenzie Northleaf fund of the same series they have previously purchased.

- An advisor making an additional purchase will only be required to submit a Fundserv order.
- Discretionary advisors will need to provide a subscription agreement for their initial purchase but after that, they'll only need to submit a Fundserv order, along with a spreadsheet with their trade information.

However, if there are material changes to the subscription agreements, advisors will be required to submit a new agreement.

Updated agreements can be found on the Mackenzie website, on the respective fund profile pages. Agreements are available as fillable PDFs or as DocuSign-enabled web forms.

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