THE MANITOBA SECURITIES COMMISSION
MSC Rule No. 2025-1
(Section 149.1, The Securities Act)

AMENDMENTS TO
NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*

2. *Section 1.1 is amended in the definition of "*alternative mutual fund*" by adding* ", crypto assets" *before* "or specified derivatives".

3. *Section 2.3 is amended*

   (a) in paragraph (1)(e) by adding "or a crypto asset" *before* "if, immediately" *and by adding* "and crypto assets" *after* "physical commodities",

   (b) in paragraph (1)(g) by deleting "or" *after* "sections 2.7 to 2.11",

   (c) in paragraph (1)(i) by replacing "." *with* ";",

   (d) in subsection (1) by adding the following paragraph:

   (j) purchase, sell, use or hold a crypto asset or a specified derivative of which the underlying interest is a crypto asset except to the extent permitted by paragraph (e) or subsections (1.3) or (1.4).**,**

   (e) by adding the following subsections:

   (1.3) Paragraph (1)(j) does not apply to an alternative mutual fund with respect to the purchase, sale, use or holding of a crypto asset if,

      (a) except in British Columbia, the crypto asset is fungible and either of the following apply:

         (i) the crypto asset trades on an exchange recognized by a securities regulatory authority in a jurisdiction of Canada;

         (ii) the crypto asset is the underlying interest of a specified derivative that trades on an exchange recognized by a securities regulatory authority in a jurisdiction of Canada, or

      (b) in British Columbia, the crypto asset is fungible and either of the following apply:

         (i) the crypto asset trades on an exchange recognized in British Columbia or designated for the purposes of this paragraph;

         (ii) the crypto asset is the underlying interest of a specified derivative that trades on an exchange recognized in British Columbia or designated for the purposes of this paragraph.

(1.4) Paragraph (1)(j) does not apply to a mutual fund with respect to the fund entering into a specified derivative that trades on an exchange if,

(a) except in British Columbia, the exchange is recognized by a securities regulatory authority in a jurisdiction of Canada, or

(b) in British Columbia, the exchange is recognized in British Columbia or designated for the purposes of this subsection.*, and*

(f) in subsection (2) by replacing ".” with ";” at the end of paragraph (c) and by adding the following paragraphs:

(d) purchase, sell, use or hold a crypto asset unless it is a crypto asset referred to in subsection (1.3);

(e) enter into a specified derivative the underlying interest of which is a crypto asset, unless the specified derivative is a specified derivative referred to in subsection (1.4).*.*

4. *Part 6 is amended by adding the following section:*

6.5.1 Holding of Portfolio Assets that are Crypto Assets

Despite subsections (3) and (4) of section 6.5, a custodian or a sub-custodian that holds portfolio assets that are crypto assets must hold the private cryptographic keys to those assets in offline storage unless the assets are required to facilitate a portfolio transaction of the investment fund.*.*

5. *Section 6.7 is amended*

(a) by adding the following subsections:

(1.1) A custodian or sub-custodian of an investment fund that holds portfolio assets that are crypto assets must, on a periodic basis not less frequently than annually, and no more than 90 days after the end of the period it references, obtain a report prepared by a public accountant that expresses a reasonable assurance opinion concerning the design and operational effectiveness of the service commitments and system requirements of the custodian or sub-custodian relating to its custody of crypto assets during a 12-month period.

(1.2) If a report referred to in subsection (1.1) is required to be obtained by the custodian of an investment fund, then the custodian must deliver a copy of the report to the investment fund promptly after receipt.

(1.3) If a report referred to in subsection (1.1) is required to be obtained by a sub-custodian of an investment fund, then the sub-custodian must deliver a copy of the report to the investment fund's custodian and to the investment fund promptly after receipt.

(1.4) A custodian or sub-custodian of an investment fund must not hold portfolio assets of the investment fund that are crypto assets unless

(a) the custodian or sub-custodian has obtained a report referred to in subsection (1.1) that relates to a 12-month period ended no more than 15 months before the date on which the custodian or sub-custodian first holds portfolio assets of the investment fund that are crypto assets, and

(b) the custodian or sub-custodian has delivered a copy of the report, before the date it first holds crypto assets that are portfolio assets of the investment fund,

(i) if the report is obtained by the custodian under paragraph (a), to the investment fund, or

(ii) if the report is obtained by the sub-custodian under paragraph (a), to the investment fund and the custodian.

(1.5) For the purposes of subsection (1.4), if a custodian or sub-custodian ceases to hold portfolio assets of an investment fund that are crypto assets, paragraphs (1.4)(a) and (b) apply to each subsequent period during which the custodian or sub-custodian holds crypto assets that are portfolio assets of the investment fund as if the custodian or sub-custodian were holding portfolio assets of the investment fund that are crypto assets for the first time.*, and*

(b) in subsection (2) by deleting "and" at the end of paragraph (b), by replacing "." with ";" at the end of paragraph (c) and by adding the following paragraph:

(d) whether the custodian or each sub-custodian that holds portfolio assets of the investment fund that are crypto assets, has delivered a copy of the report referred to in subsection (1.1).*.*

6. *Subsection 9.4(2) is amended by replacing "." at the end of subparagraph (b)(iii) with ";" and adding the following paragraph:*

(c) by making good delivery of crypto assets that are not securities if

(i) the mutual fund would at the time of payment be permitted to purchase those crypto assets,

(ii) the crypto assets are acceptable to the portfolio adviser of the mutual fund and consistent with the mutual fund's investment objectives, and

(iii) the value of the crypto assets is at least equal to the issue price of the securities of the mutual fund for which they are payment, valued as if those crypto assets were portfolio assets of the mutual fund.*.*

Effective date

7.(1)   This Instrument comes into force on July 16, 2025.

7.(2)   In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after July 16, 2025, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.