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Headnote

Relief from adviser registration requirement for a mortgage broker to provide advice to a mortgage investment fund

Exemption Order

Trez Capital Corporation

Section 48 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Trez Capital Corporation (mortgage broker) has applied for an exemption from the adviser registration requirement of section 34(1)(c) of the Act in order to provide advice to TG Income Trust (Trust) regarding mortgage loans which may be made by the Trust to third party borrowers under a mortgage broker agreement dated January 5, 2004 between the mortgage broker and the manager, on behalf of the Trust (the mortgage broker agreement).

Representations

- ¶ 2 The mortgage broker represents that:
1. it was incorporated under the laws of British Columbia on July 15, 1997;
 2. its head office is located in Vancouver, British Columbia;
 3. it caused the Trust to be formed under the laws of British Columbia on January 5, 2004;
 4. the Trust is an open-end mortgage investment trust formed to acquire interests in a portfolio of mortgages, with the objective of generating revenues and distributing fixed returns to investors;
 5. the Trust will offer its securities through registered dealers to residents of British Columbia and Alberta by a final prospectus filed February 20, 2004;
 6. it is registered under the *Mortgage Brokers Act* (MBA) as a mortgage broker;

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7. in British Columbia, the Financial Institutions Commission is responsible for the administration of the MBA including registering mortgage brokers;
8. as a registered mortgage broker, it has the necessary knowledge and experience to give competent advice to the Trust;
9. the final prospectus discloses that the Trust has a board of governors that acts to ensure the actions of the manager of the Trust, the trustee, and the mortgage broker are in the best interests of the Trust's unitholders;
10. the final prospectus discloses that the board of governors appoints a credit committee whose mandate is to approve any investment by the Trust in mortgages;
11. the Trust does not need the protection provided by the registration requirement, because through its board of governors it is knowledgeable and able to make informed decisions;
12. in providing its services to the Trust under the mortgage broker agreement, the mortgage broker is acting as an adviser under the Act and without this order, is required to be registered, or otherwise exempt from registration, as an adviser under the Act;
13. there are no exemptions from the adviser registration requirement that the mortgage broker can rely on to act as an adviser under the mortgage broker agreement to the Trust.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the executive Director orders under section 48 of the Act that the mortgage broker is exempt from section 34(1)(c) of the Act when performing and carrying out its duties under the mortgage broker agreement, provided that the mortgage broker is registered under the MBA.
- ¶ 4 February 23, 2004

Noreen Bent
Manager