

ANNEX F

Local Matters (British Columbia)

Required Form of Offering Memorandum for Syndicated Mortgages

Currently in British Columbia, BC Form 45-901F *Offering Memorandum for Syndicated Mortgages* is the required form of offering memorandum for the distribution of syndicated mortgages using the offering memorandum exemption in section 2.9 of National Instrument 45-106 *Prospectus Exemptions*.

When the Amendments are adopted, the required form will be Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* and Form 45-106F18 *Supplemental Offering Memorandum Disclosure for Syndicated Mortgages*, as set out in subsection 6.4(3) of NI 45-106.

British Columbia Rule 45-501 Mortgages

British Columbia Rule 45-501 *Mortgages* provides two exemptions from the dealer registration requirement and the prospectus requirement specifically for trades of syndicated mortgages:

- The “qualified syndicated mortgage” exemption, which is available for a syndicated mortgage that is limited to one identified debt obligation, is on property used solely for residential purposes and contains no more than four residential dwelling units, amongst other conditions. The exemption requires that a registered mortgage broker trades the syndicated mortgage and the purchaser must receive the investor disclosure required under the *Mortgage Brokers Act*.
- The “institutional investor” exemption, which is available for trades and distributions of a syndicated mortgage made to an institutional investor, as defined in BC Rule 45-501.

When the Amendments are adopted, the British Columbia Securities Commission will amend these two exemptions to require the filing of a report of exempt distribution in Form 45-106F1 *Report of Exempt Distribution*. The intended amendments to BC Rule 45-501 are in Annex F-1.

Receiving reports when syndicated mortgages are distributed under the prospectus exemptions in BC Rule 45-501 will provide the Commission with information to better understand the extent of the syndicated mortgage market in British Columbia. This information will also inform Commission staff about how frequently these exemptions are being used and who is being compensated for selling syndicated mortgages. This information will assist staff in developing additional exemptions in the future.