

This document is an unofficial consolidation of all amendments to Commission Rule 45-501 (BC) *Mortgages*, effective as of March 1, 2021. This document is for reference purposes only. The unofficial consolidation of the Instrument is not an official statement of the law.

COMMISSION RULE 45-501 (BC)

MORTGAGES

Definitions

1 In this rule:

“**institutional investor**” means

- (a) a government of Canada or any province of Canada or a crown corporation or agency of a Canadian federal or provincial government,
- (b) a municipal corporation, public board or commission in Canada,
- (c) a savings institution,
- (d) a cooperative credit society as defined in the *Cooperative Credit Associations Act* (Canada) or a savings and credit union, federation or confederation as defined in the *Savings and Credit Unions Act* (Quebec),
- (e) the Business Development Bank of Canada,
- (f) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension supervisory authority,
- (g) an insurance company,
- (h) a trust company or insurer authorized under the laws of Canada or the laws of a province other than British Columbia to carry on business in Canada or that province,
- (i) a mortgage broker acting as principal,
- (j) a person registered under the *Securities Act* or the securities legislation of another province as an investment dealer or equivalent, acting as principal or as an agent or trustee for accounts that are fully managed by it,
- (k) a person registered under the *Securities Act* or the securities legislation of another province as a portfolio manager or equivalent, acting as principal or as an agent or trustee for accounts that are fully managed by it,
- (l) a mutual fund or non-redeemable investment fund, if the investment portfolio of the fund is managed by a person that is registered under the *Securities Act* or the securities legislation of another province as a portfolio manager or equivalent, or
- (m) such other person as may be designated by order of the commission;

“**mortgage broker**” means a person who is registered under the *Mortgage Brokers Act*;

“qualified syndicated mortgage” means a syndicated mortgage if

- (a) the syndicated mortgage is not contained in or secured by a bond, debenture or similar obligation or in a trust deed or other instrument to secure bonds or debentures or similar obligations,
- (b) the syndicated mortgage is sold through a mortgage broker,
- (c) the syndicated mortgage secures a debt obligation on property used solely for residential purposes and containing no more than four residential dwelling units,
- (d) the syndicated mortgage does not secure a debt obligation incurred for the construction or development of property,
- (e) at the time of issue, the amount of the debt secured by the syndicated mortgage, together with all other debt secured by mortgages on the property that have priority over, or the same priority as, the syndicated mortgage, does not exceed 90 percent of the fair market value of the property, excluding any value that may be attributed to proposed or pending development on the property,
- (f) the syndicated mortgage is limited to one identified debt obligation,
- (g) the rate of interest payable under the syndicated mortgage is equal to the rate of interest payable under the identified debt obligation,
- (h) any amount charged for the administration of the syndicated mortgage is disclosed to the purchaser, and
- (i) the term of the syndicated mortgage is not different from the term of the identified debt obligation;

“syndicated mortgage” means a mortgage in which two or more persons participate directly or indirectly, as lenders in the debt obligation that is secured by the mortgage.

Interpretation

- 2 Unless otherwise defined in this rule, a term used in this rule that is defined or interpreted in the *Securities Act*, the Securities Rules or National Instrument 14-101 *Definitions* has the meaning set out in the *Securities Act*, Securities Rules or National Instrument, respectively.

Syndicated mortgages – registration exemption

- 3 A person or company trading a syndicated mortgage is exempt from the dealer registration requirement if
- (a) the person or company is registered or licensed, or exempted from registration or licensing, under the *Mortgage Brokers Act*, and
 - (b) the trade in the syndicated mortgage is made to an institutional investor.

Syndicated mortgages – prospectus exemption

- 4 A person or company distributing a syndicated mortgage is exempt from the prospectus requirement if

- (a) the person or company is registered or licensed, or exempted from registration or licensing, under the *Mortgage Brokers Act*, and
- (b) the distribution of the syndicated mortgage is made to an institutional investor.

Syndicated mortgages reporting requirement if prospectus not filed

- 4.1** An issuer that distributes a syndicated mortgage in reliance on an exemption from the prospectus requirement under section 4 must, no later than 10 days after the distribution, file Form 45-106F1 *Report of Exempt Distribution of National Instrument 45-106 Prospectus Exemptions*.

Qualified syndicated mortgages – registration exemption

- 5** A person or company trading a qualified syndicated mortgage is exempt from the dealer registration requirement with respect to the trade if, before the agreement of purchase and sale is entered into, the purchaser is provided with Form 9 of the Mortgage Brokers Act Regulations.

Qualified syndicated mortgages – prospectus exemption

- 5.1** A person or company distributing a qualified syndicated mortgage is exempt from the prospectus requirement with respect to the distribution if, before the agreement of purchase and sale is entered into, the purchaser is provided with Form 9 of the Mortgage Brokers Act Regulations.

Qualified syndicated mortgages – reporting requirement if prospectus not filed

- 5.2** An issuer that distributes a qualified syndicated mortgage under section 5.1 must, no later than 10 days after the distribution, file Form 45-106F1 *Report of Exempt Distribution of National Instrument 45-106 Prospectus Exemptions*.

Effective Date

- 6** This rule comes into force on September 1, 2000.

[Amended May 5, 2015 and March 1, 2021]