

British Columbia Securities Commission

BC Instrument 32-521

Exemption for Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective December 3, 2010, BC Instrument 32-521 entitled *Exemption for Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers* is made.

December 3, 2010

Brenda M. Leong
Chair and Chief Executive Officer

(This part is for administrative purposes only and is not part of the Order)

Authority under which Order is made:

Act and sections:- *Securities Act*, sections 48(1), 187

Exemption for Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers

Order under sections 48(1) and 187 of the Securities Act

Definitions

1. Terms defined in the National Instrument 14-101 *Definitions* and National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) will have the same meaning in this decision.
2. “mortgage investment entity” means a person or company whose purpose is to invest substantially all of its assets in debts owing to it that are secured by mortgages, hypothecs or in any other manner on real property, and whose other assets are limited to:
 - (a) deposits standing to its credit in the records of:
 - (i) a bank or other corporation whose deposits are insured by the Canada Deposit Insurance Corporation or the Autorité des marchés financiers; or
 - (ii) a credit union;
 - (b) cash;
 - (c) securities listed in subsection 8.21(2) of NI 31-103; and
 - (d) instruments held to hedge specific risks relating to the debts owing to it that are secured by mortgages, hypothecs or in any other manner on real property.

Background

3. A mortgage investment entity or a person or company providing services relating to the business, operations or affairs of a mortgage investment entity may be required to register as an investment fund manager, adviser or exempt market dealer and comply with all requirements applicable to such categories pursuant to the requirements of NI 31-103.
4. Each of the members of the Canadian Securities Administrators (CSA) issued parallel orders effective on August 20, 2010 providing relief from investment fund manager registration requirements and adviser registration requirements applicable to mortgage investment entities until December 31, 2010.
5. In British Columbia, this relief was provided in BC Instrument 32-516 *Exemption for Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers* (the prior order).
6. The relief granted in the prior order will be extended until June 30, 2011.
7. The parallel relief granted by the CSA members will be extended until March 31, 2011.

Order

8. The adviser registration requirement does not apply to a person or company so long as the person or company
 - (a) does not act as an adviser other than in respect of the securities issued by or owned by a mortgage investment entity, and
 - (b) does not carry out activities that would require registration under securities legislation for a person or company that is not a mortgage investment entity.
9. The investment fund manager registration requirement does not apply to a person or company so long as the person or company
 - (a) does not act as an investment fund manager other than in respect of the business, operations or affairs of a mortgage investment entity, and
 - (b) does not carry out activities that would require registration under securities legislation for a person or company that is not a mortgage investment entity.
10. The prior order is revoked.

This order takes effect on December 3, 2010 and ceases to have effect on June 30, 2011.