

Annex D

Local Matters (British Columbia)

Required Form of Offering Memorandum for Syndicated Mortgages

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

If the Proposed Amendments are adopted, Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* supplemented by Form 45-106F18 *Supplemental Offering Memorandum Disclosure for Syndicated Mortgages* will replace BC Form 45-901F in British Columbia.

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.

The British Columbia Securities Commission proposes to amend these two exemptions to require the filing of a report of exempt distribution in Form 45-106F1 *Report of Exempt Distribution*. This will provide the Commission with information about how frequently these exemptions are being used and who is being compensated for selling syndicated mortgages. The proposed amendments are in Annex D-1.

Annex D-1
Local Matters (British Columbia)
Proposed Amendments to British Columbia Rule 45-501 Mortgages

1. ***British Columbia Rule 45-501 Mortgages is amended by this Instrument.***
2. ***Section 3 is amended by repealing the words “Despite section 8.12 (3) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, the” and replacing them with “The”.***
3. ***Section 4 is repealed and replaced with the following:***
 - 4.1 The prospectus requirement does not apply to a distribution of a syndicated mortgage to an institutional investor.
 - 4.2 An issuer that distributes a syndicated mortgage under section 4.1 must, no later than 10 days after the distribution, file a report in Form 45-106F1 *Report of Exempt Distribution*.
4. ***Section 5 is repealed and replaced with the following:***
 - 5.1 The dealer registration requirement does not apply to a trade in a qualified syndicated mortgage if, before the agreement of purchase and sale is entered into, the purchaser is provided with the form of investor disclosure required by the *Mortgage Brokers Act*.
 - 5.2 The prospectus requirement does not apply to a distribution of a qualified syndicated mortgage if, before the agreement of purchase and sale is entered into, the purchaser is provided with the form of investor disclosure required by the *Mortgage Brokers Act*.
 - 5.3 An issuer that distributes a syndicated mortgage under section 5.2 must, no later than 10 days after the distribution, file a report in Form 45-106F1 *Report of Exempt Distribution*.
5. ***This Instrument comes into force on *.***