



BC Notice 2010/25

Adoption of BC Instrument 32-517
***Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage
Investment Entities***

Introduction

Effective August 20, 2010, the Commission is adopting BC Instrument 32-517 *Exemption from dealer registration requirement for trades in securities of mortgage investment entities*.

This order provides, subject to specific conditions set out in the order, a temporary exemption from the dealer registration requirements for trades of securities of a mortgage investment entity issued under a prospectus exemption. Mortgage investment entities are defined in the notice as entities 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. Other assets that may be held by these entities are limited to: (i) cash, (ii) deposits with a bank or other financial institution, (iii) debt securities referenced in section 8.21 of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103), and (iv) instruments used to hedge specific risks relating to the debts owing.

Persons relying on the exemption must comply with a number of conditions, including:

- they can not be registered under securities legislation in any jurisdiction;
- they can not provide investors with suitability advice; and
- they must have investors sign a risk acknowledgement form before entering into an agreement to purchase.

It should be noted that the relief will largely maintain the status quo for trades in these securities as the entities that will be able to rely on the exemption have not been subject to an obligation to register as a dealer in BC prior to the implementation of NI 31-103. The exemption will expire on December 31, 2010.

Questions

You may refer questions to:

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August 20, 2010

Brenda Leong
Chair

This Notice may refer to other documents. These documents can be found at the B.C. Securities Commission public website at www.bcsc.bc.ca in the section Securities Law & Policy: Policies & Instruments.