



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

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**Canadian securities regulators propose additional amendments to
syndicated mortgage regime, following comment period**

Toronto – The Canadian Securities Administrators (CSA) today published a second notice and request for comment on supplementary proposed changes to the regulation of syndicated mortgages in Canada.

“We are moving forward with changes outlined in our initial consultation that will substantially harmonize a regulatory framework for syndicated mortgages and increase investor protections,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “In light of the feedback received, we have also adjusted specific aspects of our proposals and are now seeking comment on these changes.”

Following a careful review of comments received, the CSA is proposing that all of the proposed changes come into effect on December 31, 2019, as opposed to a staggered implementation that provided a transition period only for the registration requirement. The single effective date is intended to simplify the transition for market participants in jurisdictions where syndicated mortgages are currently exempt from those requirements. The CSA is also proposing additional revisions to the offering memorandum exemption. Given the rapid change of the real estate market in some jurisdictions, the proposed revisions include a requirement that a property appraisal take place within six months before an appraisal is delivered to a purchaser. Staff are also proposing additional guidance regarding the identity of the issuer of a syndicated mortgage.

Additionally, for qualified syndicated mortgages, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador are proposing dealer registration and prospectus exemptions, and Alberta and Québec are proposing a prospectus exemption, similar to the exemption already available in British Columbia. Qualified syndicated mortgages are subject to restrictions relating to property type, loan-to-value ratio and other characteristics similar to those of a conventional mortgage, and as such, do not present significant investor protection concerns. These exemptions are being proposed on a local basis, primarily due to differences in existing provincial legislation.

The CSA first published proposed changes to the syndicated mortgage regime on March 8, 2018. These proposals outlined the CSA’s intention to exclude syndicated mortgages from the prospectus and registration exemptions for mortgages in the jurisdictions where those exemptions are currently available. These proposals also included changes to the private issuer prospectus exemption and additional requirements to the offering memorandum prospectus exemption, including introducing a condition that issuers of syndicated mortgages must deliver property appraisals prepared by an independent, qualified appraiser.

The websites of CSA members contain the CSA Notice and Request for Comment, which outline the proposed amendments to National Instrument 45-106 *Prospectus Exemptions*, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, proposed changes to companion policies 45-106CP *Prospectus Exemptions* and 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and any local matters. Comments should be submitted in writing by May 14, 2019.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

-30-

For Investor inquiries, please refer to your respective securities regulator. You can contact them [here](#).

For media inquiries, please refer to the list of provincial and territorial representatives below or contact us at media@acvm-csa.ca.

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