

## CSA Staff Notice 31-322

### **Extension of Omnibus/Blanket Order Exempting Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers**

**December 3, 2010**

On August 20, 2010 each of the members of the Canadian Securities Administrators (the CSA or we) issued parallel orders providing exemptive relief for mortgage investment entities from the investment fund manager registration requirement and the adviser registration requirement under securities legislation until December 31, 2010 (the Prior Order). At the time of issuing the Prior Order, each of the CSA members agreed to review the applicability of these categories of registration to mortgage investment entities.

While significant analysis has been completed to date, CSA members have agreed that a further extension of the relief is necessary in order to allow CSA members to complete their analysis and communicate the applicable requirements to the public with sufficient notice to allow mortgage investment entities to take the necessary steps to comply with those requirements.

All CSA members, except the British Columbia Securities Commission (the BCSC) will extend the relief from investment fund manager registration requirement and adviser registration requirement until March 31, 2011. The extension provided by the BCSC will expire on June 30, 2011 in order to allow the BCSC to conduct further analysis relating to the regulation of mortgage investment entities operating in British Columbia.

The relief granted by all CSA members will be subject to the same terms and conditions as the Prior Order, which are described in CSA Staff Notice 31-318 *Omnibus/Blanket Order Exempting Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers*. We encourage mortgage investment entities to speak with their legal counsel with respect to any dealer registration requirements that may apply.

This order is effective on December 3, 2010 and will cease to have effect in all jurisdictions except British Columbia on March 31, 2011. This order will cease to have effect in British Columbia on June 30, 2011.

We are publishing the order with this Notice. The order will also be available on websites of CSA members, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bsc.bc.ca](http://www.bsc.bc.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)

www.nbsc-cvmnb.ca  
 www.osc.gov.on.ca  
 www.sfsc.gov.sk.ca

## Questions

If you have questions regarding this Notice or the order, please direct them to any of the following:

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IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5 (the *Act*)

AND

IN THE MATTER OF

AN EXEMPTION FOR MORTGAGE INVESTMENT ENTITIES FROM THE REQUIREMENT TO  
REGISTER AS INVESTMENT FUND MANAGERS AND ADVISERS

**Blanket Order 31-517**

Section 208

**WHEREAS:**

1. Unless otherwise defined in this decision or the context otherwise requires, terms used that are defined in the *Act*, NI 31-103 *Registration Requirements and Exemptions* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning in this decision.
2. In this decision:
  - (a) "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;
    - (i) deposits standing to its credit in the records of:
      - (A) a bank or other corporation whose deposits are insured by the Canada Deposit Insurance Corporation or the Autorité des marchés financiers; or
      - (B) a credit union;
    - (ii) cash;
    - (iii) securities listed in subsection 8.21(2) of NI 31-103; and
    - (iv) 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.
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 20 August 2010 providing relief from the investment fund

manager registration requirement and adviser registration requirement applicable to mortgage investment entities until 31 December 2010.

5. In New Brunswick, this relief was provided in Blanket Order 31-511 *In the Matter of an Exemption for Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers* (the Prior Order).
6. Certain members of the CSA have agreed to extend the relief provided by the Prior order until 31 March 2011.

**IT IS ORDERED** pursuant to section 208 of the *Act* that:

- A. The adviser registration requirement does not apply to a person or company so long as the person or company
  - I. does not act as an adviser other than in respect of the securities issued by or owned by a mortgage investment entity, and
  - II. does not carry out activities that would require registration under securities legislation for a person or company that is not a mortgage investment entity.
- B. The investment fund manager registration requirement does not apply to a person or company so long as that person or company
  - I. does not act as an investment fund manager other than in respect of the business, operations or affairs of a mortgage investment entity, and
  - II. does not carry out activities that would require registration under securities legislation for a person or company that is not a mortgage investment entity.
- C. The Prior Order is revoked.
- D. This order will come into effect on 3 December 2010 and will cease to have effect on 31 March 2011.

**DATED** at Saint John, New Brunswick this 2nd day of December 2010.

"Original signed by"

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Anne W. La Forest, Panel Member

"Original signed by"

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Céline Trifts, Panel Member