



mbabc.ca | mortgage brokers
association of bc

101 – 1765 West 8th Ave., Vancouver, BC V6J 5C6

December 23, 2015

**Cooperative Capital Markets Regulatory System
Via email comment@ccmr-ocrmc.ca**

**Re: Comments on Draft Initial Regulations for the Cooperative Capital Markets
Regulatory System**

Thank you for providing the Mortgage Brokers Association of BC with an opportunity to comment on the Draft Regulations for the Cooperative Capital Markets System (Draft Regulations”).

By way of background, the MBABC is a 25 year old professional association which represents mortgage brokers and many private mortgage lenders in British Columbia. We estimate that in BC, mortgage brokers fund an estimated \$15 billion dollars annually. Many of our members fund private mortgages through mortgage investment corporations and mortgage syndications. In addition, we also represent mortgage investment corporations (MICs), syndicators and other private mortgage lenders who operate primarily in BC. We are interested in commenting on the Draft Regulations even though many of the Regulations of interest to our members are incomplete or have not yet been published for comment.

We understand that in the coming months participating jurisdictions will be publishing proposed prospectus exemptions for comment. You have explained that the “delay in publishing the prospectus exemption proposals is intended to provide additional drafting time, given existing differences among CMR Jurisdictions and regulatory initiatives under consideration, without delaying this publication of the draft initial regulations.”

You have further explained that “while the OM exemption is currently available in some CMR Jurisdictions, it will represent a new prospectus exemption in Ontario that will enable issuers to raise capital from a broad investor base. As currently contemplated, there will be no limit on the offering size. However there will be investment limits that will vary depending on the income or assets of the purchaser and on whether the purchaser has received suitability advice from a registrant that is a portfolio manager, a member of the Investment Industry Regulatory Organization of Canada or an exempt market dealer. The registrant will not have to be independent of the issuer.”

In BC, as you are likely to be aware, there is currently no investment limit on the OM exemption. While the creation of an OM exemption with investor caps in Ontario may facilitate the capital raising needs of a constricted Ontario exempt market, the same exemption in BC would cripple the exempt markets – perhaps even kill some of the industries, such as BC’s MICs. This will result in investors losing a choice for a highly demanded product and capital markets will not work as efficiently as MICs play a vital role in capital raising that the banks do not fill.

We write to urge the authority for the Cooperative Capital Markets Regulatory System to consider the needs of local markets in drafting proposed prospectus exemptions, and in particular, to ensure that BC constituents and industry have a voice in shaping the regulations and exemptions which will protect the BC public while ensuring a healthy and vibrant BC economy.

Yours truly,

The Mortgage Brokers Association of BC

A handwritten signature in black ink, appearing to read 'S. Gale', written in a cursive style.

Samantha Gale
CEO, MBABC
Tel: 604.408.9989