

# ALBERTA SECURITIES COMMISSION

## DESIGNATION ORDER

**Citation: Certain mortgage investment entities designated not to be non-redeemable investment funds (except for registration), 2014 ABASC 370** **Date: 20140922**

### Definitions

1. Terms defined in the *Securities Act* (Alberta) (the **Act**) or in National Instrument 14-101 *Definitions* have the same meaning in this Designation Order.
2. In this Designation Order:
  - (a) “MIE” means an issuer:
    - (i) that invests substantially all of its assets in Mortgage Loans owing to it or to an affiliate of it; and
    - (ii) whose purpose or business activity involves directly or indirectly, originating or acquiring and then administering Mortgage Loans with the intent of holding them for their term and using the revenues generated from them to provide a return to its investors;
  - (b) “Mortgage Loans” means debts secured by real property; and
  - (c) “Operational MIE” means an MIE, other than an MIE whose primary activity is managing an investment portfolio that includes Mortgage Loans, whose principal business activity, directly or indirectly through a third party, involves all of the following:
    - (i) taking an active role in originating Mortgage Loans;
    - (ii) funding Mortgage Loans; and
    - (iii) administering Mortgage Loans.

### Background

3. Section 1.2 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* provides guidance on what constitutes an “investment fund”.
4. Canadian Securities Administrators Staff Notice 31-323 *Guidance Relating to the Registration Obligations of Mortgage Investment Entities* sets out certain circumstances

in which Alberta Securities Commission staff consider an MIE to be an “investment fund” under the Act.

5. An MIE might fall within the Act’s definitions of “non-redeemable investment fund” and “investment fund”.
6. The nature and structure of an Operational MIE’s business are more appropriately addressed by the provisions of Alberta securities laws (other than the registration requirement) applicable to issuers that are not non-redeemable investment funds.

**Order**

7. Under section 10(1)(e) of the Act, except in respect of the registration requirement, Operational MIEs are hereby designated not to be non-redeemable investment funds.
8. This order takes effect on 22 September 2014.

**For the Commission:**

*“original signed by”*

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Stephen Murison  
Vice-Chair

*“original signed by”*

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Tom Cotter  
Vice-Chair