

SEPTEMBER 2022

Amendments to REDMA Policy Statement 13

Discussion Paper

Contents

Introduction	1
BACKGROUND and PROPOSED AMENDMENTS	1
1. Background	1
2. Proposed Amendments	2
PURPOSE	2
CONSULTATION APPROACH	2



Production of this document included environmentally friendly best practices.
Please reduce, reuse, and recycle.

Copyright © 2021 BCFSA O All Rights Reserved O Classification: Choose classification

Introduction

BC Financial Services Authority ("BCFSA") protects the rights of British Columbians by promoting high standards of market conduct within the financial services sectors we regulate, including real estate development marketing. As a modern, effective, and efficient regulator, we're committed to providing oversight that ensures fair, transparent processes that benefit the public. We provide the information and guidance necessary to enable industry participants to comply with legislative requirements and best practices.

BCFSA is proposing to amend existing *Real Estate Development Marketing Act* ("REDMA") disclosure requirements for developers who are marketing real estate securities as a result of a BC Securities Commission ("BCSC") proposal to amend the BCSC form of offering memorandum to require more comprehensive disclosure from securities issuers offering securities that relate to real estate.

BACKGROUND AND PROPOSED AMENDMENTS

1. Background

A developer may offer development units under REDMA that also meet the definition of a "security" under the *Securities Act* (a "real estate security"). A development unit may be a real estate security if, for example, the offering is a direct interest in real estate together with an agreement with the developer or a manager that makes financial guarantees (e.g., cash flow, rental, or investment return), or revenue or expense pooling among owners, where the purchaser relies on the manager to realize an investment return. An offering of shares in the developer's capital that the purchaser can convert into a direct interest in a real estate development unit may also be a real estate security.

A developer offering real estate securities must comply with REDMA and the *Securities Act*. To comply with both pieces of legislation, a developer must file a REDMA disclosure statement that includes the disclosure required under Policy Statement 13. Policy Statement 13 requires certain information described in BC Securities Form 45-906F to be included as additional disclosure in the developer's disclosure statement. Form 45-906F prescribes the form that an "offering memorandum" for a distribution of real estate securities in British Columbia must take.

The BCSC intends to cancel Form 45-906F, through amendments to National Instrument 45-106 and Companion Policy 45-106CP, which relates to the offering memorandum prospectus exemption. The proposed new form of offering memorandum will no longer provide that a REDMA disclosure statement will satisfy the BCSC's offering memorandum disclosure requirement. More information about BCSC's proposed amendments can be found here: [45-106 - CSA Notice](#).

To ensure that Policy Statement 13 requires comprehensive disclosure for developers offering real estate securities under REDMA, BCFSA is proposing to amend Policy Statement 13 to set out specific disclosure requirements for real estate securities.

In addition to a REDMA disclosure statement, a developer marketing a real estate security may also be required to make disclosure submissions under the *Securities Act* depending on the circumstances of the offering and the nature of the purchasers the developer is marketing the real estate securities to.

2. Proposed Amendments

BCFSA proposes amendments to Policy Statement 13 to remove the reference to Form 45-906F and directly incorporate substantially all of the real estate securities disclosure content currently contained in Form 45-906F as required disclosure in a REDMA disclosure statement under Policy Statement 13. The remaining required content in a REDMA disclosure statement is explained in the Superintendent of Real Estate's other Policy Statements and depends on the underlying development type (e.g., strata lots, bare land strata lots, leasehold units, etc.) that the real estate securities relate to.

The Policy Statement 13 amendments would not affect the existing exemption from Part 2 of REDMA, including the requirement to file a REDMA disclosure statement, if a developer files a prospectus under the *Securities Act* and complies with the requirements of the *Securities Act* relevant to the marketing of the development units.

PURPOSE

The purpose of this discussion paper is to provide context and explain the changes to facilitate consultation with industry stakeholders and interested parties on the proposed amendments to the Superintendent of Real Estate's Policy Statement 13. As part of its consultation, BCFSA is seeking feedback on the proposed [amended Policy Statement 13](#).

CONSULTATION APPROACH

BCFSA is consulting on the Proposed Amended Policy Statement 13, which will be posted for public consultation on BCFSA's website for comment for a period of 30 days.

Industry participants and interested parties are invited to submit their written feedback using the online [consultation feedback form](#) by October 20, 2022. Once the consultation period concludes, staff will collate input and consider revisions to both documents, as required. A Consultation Summary Report will be posted on the BCFSA website following the consultation process.



600-750 West Pender Street
Vancouver, B.C. V6C 2T7

604 660 3555

Toll free 866 206 3030

info@bcfsa.ca