



September 17<sup>th</sup>, 2020

To Whom it may concern,

I am a mortgage broker and administrator who takes part in non-qualified syndicated mortgages. I am in strong support of the proposed changes stated in your proposed changes to regulation of syndicated mortgage investment activity in Ontario. While I will likely be signing up as a registered dealer, I think there should be some additions to the definition of permitted clients. Two changes to the proposal, specifically the permitted client definition should include (1) Mortgage Brokers and (2) A Mortgage Brokerage acting on its own behalf.

**Mortgage brokers:**

Currently I do not qualify as a permitted client under the definition even though I am licensed as a mortgage broker and have over 10 years' experience in the mortgage brokering industry. Currently, a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer is considered a permitted client. My understanding is the reason they are included is because an adviser or dealer should (a) be sophisticated enough to make their own decision on investment and (b) There is no effect on consumer protection when they want to invest themselves in opportunities. Mortgage brokers should fall under the same category specifically for mortgage investments.

**Mortgage brokerage acting on it's own behalf:**

Cosman Mortgage Capital ("Cosman") participate in loans syndicated together with other Mortgage Brokerages. So, for example a completely third party properly licensed Mortgage Brokerage ("MB") originates a loan for \$10,000,000. MB decides to share the loan 50%-50% with Cosman. Cosman will participate and fund \$5,000,000 of the mortgage with permitted clients and MB is using retail investors for the other \$5,000,000. We have a strong belief that each Mortgage Brokerage should be representing their own investors, not investors represented by other mortgage brokerage. Therefore we believe that Cosman should be required to submit to FSRAO and MB required to submit to the OSC.

A simple solution to this was taken care of in the current MBLAA. A mortgage brokerage acting on it's own behalf was defined as a sophisticated investor. This has put the onus of compliance on the mortgage brokerage specifically representing their own investors. Therefore going back to this example, if Cosman was a permitted client (Mortgage brokerage acting on it's own behalf) Cosman would not be required to file under the new proposed legislations to the OSC, only FSRAO provided they only use permitted clients for their portion of the loan. However, of course if both companies used retail clients for their portion of the loan, both companies would and should be required to submit to the OSC under the new legislation for their own respective investors.

An example of this is when Schedule A banks syndicate a loan together. For example, let's say Scotiabank and RBC syndicate a mortgage together, RBC is responsible for their own investors, and Scotiabank for theirs. There is no requirement for RBC to do due diligence of Scotiabank investors and likewise opposite regardless of which bank originated the loan.

I look forward to seeing the final proposed changes which will come into effect.

Regards,

A handwritten signature in black ink that reads "Jason Cosman".

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