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J. Stevenson  
Ontario Securities Commission  
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**Re: Proposed National Instrument 45-106  
Proposed Amendments to OSC Rule 45-501**

Dear Sirs:

We are aware that the comment period regarding the above has passed however as we only recently learned of the issue, from a bulletin issued by the Ministry of Finance, we would ask that you consider these comments.

DE Capital Partners Inc. is a mortgage broker, registered under the Mortgage Brokers Act. One of our business activities is underwriting and syndicating mortgages.

In our view the removal of the exemption from the dealer and prospectus requirements of securities legislation for syndicated mortgages being undertaken pursuant to the Mortgage Brokers Act (the "Act") is not in the public interest.

For many years the Ministry of Finance has overseen the mortgage brokerage business and has broad powers to regulate it. We would suggest that the Ministry has the expertise and the background to best carry on in this role.

By way of background, syndicated mortgages are most often small transactions, ranging from \$50,000 to several million dollars. There may be as few as two investors or as many as several dozen investors in most of these mortgages. Amounts invested per investor generally range from \$25,000 at the low end to several hundred thousand dollars at the higher end. Some investors use their RRSP self directed accounts to invest in syndicated mortgages. By investing relatively small amounts in a variety of mortgages many investors get the benefit of a fixed yield and diversification. Interest rates of 8% to 10% are often available to investors, making mortgages an attractive and secure portfolio investment. On the other side of the equation are borrowers owning a wide range of residential and commercial properties who rely on the private mortgage syndication market to finance their requirements, which are not otherwise being met by the institutional lending community.

The prospectus or offering memorandum requirements under securities legislation are not well suited to this type of business activity.

Since approximately 1992 syndicated mortgages, by regulation under the Act, have made use of mandated disclosure forms (Form 1) which give the investing public key disclosure information, warnings as to investing in mortgages and a cooling off period prior to committing to invest. We submit that this process is working well and is not in need of any material change.

The Act, in any event, is now being completely revised and this is an opportune time for the Ministry of Finance to deal with any public policy issues regarding syndicated mortgages within its framework.

To remove the exemption and regulate this business under the securities legislation would mean two levels of regulation as mortgage brokers would still have to comply with the Act in terms of registration, education, administering mortgages and dealing with investor funds, as well as paying required fees and filing offering memorandums under the securities legislation. There would be no sense from a cost/benefit perspective to moving to this dual regulation regime.

In summary, we have a system now that is working and is relied on by a wide range of lenders and borrowers. There is no compelling reason to make changes.

Yours truly,

Tim Bankier  
President