

# Real Estate Services and Development Marketing

BCFSA's regulatory priorities for the real estate segment are categorized into four main areas: (1) Enhanced Consumer Protection; (2) Improved Real Estate Development Marketing Disclosures and Requirements; (3) Effective Cross-Sector Education; and (4) Emerging Risks. The graphic below outlines BCFSA's anticipated work on these priorities over the next three fiscal years. Items in Year 1 identify the quarter in which a consultation, publication or implementation is expected to occur. For Years 2 and 3, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to named later. BCFSA's regulatory priorities will continue to focus on ethics, informed practice, and enhanced professionalism with the goal of ensuring consumers are informed and protected throughout the real estate transaction process.

	Consultation	Implementation	Publication			
	YEAR 1 FY 2022/23				YEAR 2 FY 2023/24	YEAR 3 FY 2024/25
Topic	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
<b>Enhanced Consumer Protection</b>						
Report to Government on Cooling-Off Period & Enhanced Consumer Protection Measures	●					
Amendments to Real Estate Services Rules (Real Estate Teams & Trust Account Reporting)		●	▨	▨		
<b>Improved Real Estate Development Marketing Disclosures &amp; Requirements</b>						
Amendments to REDMA Policy Statements 5 & 6 - Early Marketing Requirements		●				
Amendment to Policy Statement 13 - Real Estate Securities Disclosure Requirements			●			
<b>Effective Cross-Sector Education</b>						
Applied Practice Course Phase I - Introducing Practical Training						
Applied Practice Course Phase II - Enhancing Course Components						
<b>Emerging Risks</b>						
Anti-Money Laundering						
Natural Catastrophe and Climate Risk						

## DETAILED SUMMARY OF REGULATORY PRIORITIES

### Enhanced Consumer Protection

In the coming years, BCFSA will continue to take steps to strengthen consumer protection in the real estate market, working with government and industry.

**Report to Government on the Cooling-Off Period and Enhanced Consumer Protection Measures.** BCFSA will report to government in Spring 2022 on the outcome of its industry consultations and provide advice on the parameters of a cooling-off period for residential real estate sales and other potential measures to enhance consumer protection.

**Amendments to Real Estate Services Rules (Real Estate Teams and Trust Account Reporting).** Amendments will reduce uncertainty regarding business practices and agency relationships between real estate teams and consumers and will eliminate duplication between various trust account reporting regimes. BCFSA's consultation on these Rules closed on April 24, 2022. BCFSA will consider the feedback received before deciding on next steps. If implemented, it is anticipated the new rules would not come into effect until January 1, 2023, at the earliest.

### Improved Real Estate Development Marketing Disclosures and Requirements

Building on the extension to early marketing time periods made permanent in FY 2021/22, BCFSA will continue to look for ways to improve real estate development marketing disclosures and requirements in the province while ensuring consumers are protected.

**Amendments to REDMA Policy Statements 5 & 6 – Early Marketing Requirements.** BCFSA is exploring amendments to Policy Statements 5 & 6 to provide greater clarity to developers on the early marketing period for real estate development units. This will be the subject of a consultation in Q1 FY 2022/23 with implementation anticipated to follow shortly thereafter based on the results of the consultation.

**Amendment to REDMA Policy Statement 13 – Real Estate Securities Disclosure Requirements.** This work will align and update REDMA disclosure requirements for real estate securities in light of updates to securities disclosure requirements proposed in National Instrument 45-106 and Companion Policy 45-106CP. Depending on the extent of the updated REDMA disclosure requirements, there may be a consultation anticipated to occur in Q2 FY 2022/23 with implementation anticipated to follow shortly thereafter.

### Effective Cross-Sector Education

BCFSA continues to make enhancements to its education programs for real estate licensees and mortgage brokers and will undertake a multi-phased project to address gaps identified in qualification requirements across the sector. A key component of this initiative will focus on the development of Applied Practice Courses for rental property management, strata management, managing brokers, and mortgage brokers. These courses, comprising a practical education component to licensing education, will be modelled on the existing course for trading services licensees. A second phase will focus on enhancing the Applied Practice Courses through development of a more rigorous mentorship framework and the introduction of an integrated examination. This work is an important priority for BCFSA and will help to promote confidence in licensing requirements and the professionalism of the real estate and mortgage broker industries.

**Applied Practice Course Phase I: Introducing Practical Training.** In Q3 FY 2022/23, BCFSA anticipates beginning consultation on a multi-year project to develop Applied Practice Courses (“APC”) for mortgage brokers as well as for individuals seeking licensing to provide rental property management, strata management, or as managing brokers. This practicum course would be required following the successful completion of a licensing exam. This requirement is already in place for real estate licensees providing trading services and will be expanded to other licensing categories in real estate, along with mortgage brokers.

**Applied Practice Course Phase II: Enhancing Course Components.** Following the development of foundational APC courses, BCFSA anticipates beginning work to further augmenting the courses through the development of a rigorous mentorship component and the introduction of new examination requirements. Consultation on these further developments, is not planned until FY 2023/24, and would focus on development of mentor training and a program including integrated examination.

### Emerging Risks

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA will consider how to respond and whether new regulatory initiatives are required.

**Anti-Money Laundering.** BCFSA will continue with its efforts to strengthen B.C.'s Anti-Money Laundering ("AML") regime, and consider a cross-sector response to the final report of the Cullen Commission of Inquiry into Money Laundering in B.C. which is expected to be released in FY 2022/23. Depending on the outcomes of the Cullen Commission, engagement on enhanced guidance could occur in Q4 FY 2022/23.

**Natural Catastrophe and Climate Risk.** The impact of natural catastrophes including earthquakes, floods and wildfires pose a significant risk to the financial services sector in B.C. As well, it appears that consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper targeted for release in Q4 FY22/23, followed by consideration of necessary regulatory instruments.

