

2011



Invest in Canada

FINANCIAL SERVICES

Canada's competitive advantages



Canada 

MAJOR GLOBAL INVESTORS IN CANADA

- Bank of China
- Bank of New York Mellon
- Barclays Capital
- BNP Paribas
- Crédit Suisse First Boston
- Goldman Sachs
- HSBC
- ICICI Bank
- Industrial and Commercial Bank of China
- ING
- Liberty Mutual Group
- Morgan Stanley
- Merrill Lynch
- UBS AG

LEADING CANADIAN COMPANIES

- BMO Financial Group
- Scotiabank
- Canadian Imperial Bank of Commerce
- Desjardins
- Great-West Lifeco Inc.
- IGM Financial
- Manulife Financial
- National Bank of Canada
- Royal Bank of Canada
- Sun Life Financial
- TD Group Financial Services

RECENT INVESTMENTS IN CANADA

APEX FUND SERVICES LTD.

In September 2010, Bermuda-based Apex Fund Services Ltd. announced the expansion of its North American fund administration services and client base with the opening of a Canadian office in Toronto. *(Source: Apex Fund Services, Apex Fund Services targets expansion of North America market with opening of Toronto office. Sept. 29, 2010)*

MACQUARIE PRIVATE WEALTH INC.

In June 2010, Macquarie Private Wealth Inc. announced plans to double the size of its operations in Canada to \$16 billion* in assets over the next three years. While the goal was to hire 20 top-class financial advisers in the first year, the company had already added 25 such staff in the first six months of 2010, for a total of 155 advisers. *(Source: Reuters.com, Macquarie Private Wealth aims to double Canada assets. June 15, 2010)*

BANK OF NEW YORK MELLON

In June 2010, Bank of New York Mellon opened a new office in Toronto, enabling it to build on its success and to offer an enhanced level of service to its current and future clients in Canada. *(Source: BNY Mellon, BNY Mellon Completes Purchase of I(3) Wealth Advisors of Toronto. Sept. 1, 2010)*

WALMART

In June 2010, Walmart Stores Inc. launched a bank in Canada, which will operate as a Schedule II bank. Walmart will ultimately offer a range of financial services, including deposit accounts, in addition to its current credit-card services. *(Source: Business2Press.com: Walmart to offer banking services June 15 in Canada. June 5, 2010)*

M&T BANK

In June 2010, M&T Bank, based in Buffalo, New York, received final regulatory approval from the Office of Superintendent of Financial Institutions Canada to open a commercial banking office in Canada. M&T's branch office in Toronto will provide a range of commercial banking services to Canadian businesses, including deposit and loan products. *(M&T Bank: M&T Bank Approved to Open Canadian Commercial Banking Branch. June 7, 2010)*

J.P. MORGAN

In April 2010, J.P. Morgan announced the expansion of its investment banking business into Canada after hiring David Harrison as head of Canadian Energy Investment Banking. Mr. Harrison will be responsible for building the firm's energy franchise in Canada from its Calgary-based location. *(Source: The Globe and Mail: J.P. Morgan rolls into Calgary. April 5, 2010)*

* Unless otherwise noted, all values are in Canadian dollars.



CANADA'S FINANCIAL SERVICES SECTOR: A MAJOR CONTRIBUTOR TO THE COUNTRY'S ECONOMY

One of the largest contributors to the Canadian economy, the financial services sector has evolved substantially in recent years. It employs more than 1.12 million people and, in 2009, generated over \$81.5 billion in GDP.

The sector is very diverse, encompassing banks, trust and loan companies; life, health, property and casualty insurance companies; credit unions; securities dealers; finance and leasing companies; pension fund managers and mutual fund companies; and independent insurance agents and brokers.

BANKING: In 2010-2011, for the third year in a row, the World Economic Forum's Global Competitiveness Report ranked Canada's banking system as the soundest in the world. For the past two years, Moody's Investors Service has also ranked Canada's banking system first in the world for its financial strength.

REGULATORY ENVIRONMENT: The Canadian financial sector is among the world's most well regulated and offers many examples of best practices. Canada's strong and stable financial institutions, markets, infrastructure and stewardship allow businesses to make investment decisions with confidence.

TIER-1 DESTINATION: Canada attracts the key value-creation centres of global financial institutions, representing multi-million dollar investments designed to support global clients. Maturity, availability, scalability, familiarity—a near-shore operation in Canada assures business success at all levels.

MARKET LEADERSHIP: Canada is well-equipped to develop the next generation of business leaders. The country is home to some of the world's best business schools, and the industry is committed to developing global standards in risk management research and training. As such, Canadian businesses have access to the best and brightest young executives.

CANADA'S COMPETITIVE ADVANTAGES

Advantage:

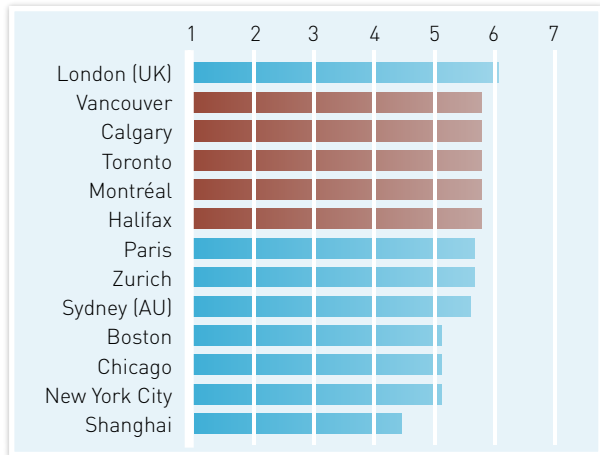
A welcoming business environment

Canada is on par with other OECD countries regarding foreign ownership regulations, and, generally speaking, Canada's foreign ownership rules are in line with those in most other countries. Foreign investors will find that cities such as Montréal, Toronto, Vancouver, Calgary and Halifax are as welcoming to investment as London, Paris and Zurich.

The Government of Canada has made several recent amendments to banking legislation to encourage a more competitive and innovative banking industry. In essence, Canada has no foreign ownership restrictions when it comes to financial services companies: the same rules apply to both foreign and domestic investors.

- In this chart, a rating of 1 signifies that foreign ownership in companies is "rare and limited," while 7 signifies that foreign ownership in companies is "prevalent and encouraged."

Foreign ownership restrictions



Sources: fDi Benchmark; World Economic Forum, *Global Competitiveness Report (2010/11)* and 2010 Speech from the Throne (Government of Canada).

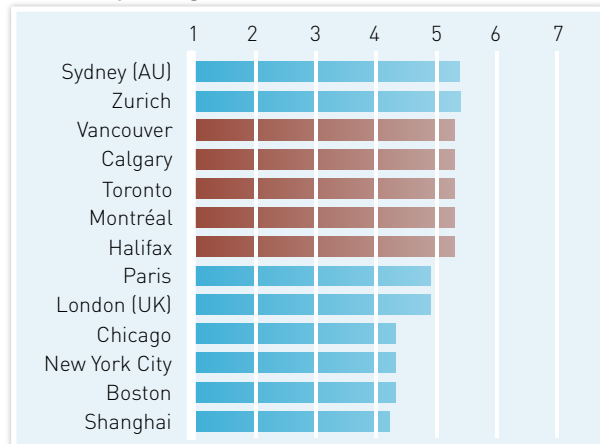
Advantage:

A no-nonsense legal framework

Canada's legal framework has a reputation for settling legal disputes reasonably and to the satisfaction of involved parties. The federal government deals with legal issues of national scope, including those related to banking, international trade, and intellectual property, while provincial governments handle legal matters related to private property and commercial rights, among other issues. Canada's legal system is rooted in British common law, while the province of Québec operates under a system of civil law for private legal matters.

- This chart assesses the efficiency of legal frameworks in settling private business disputes, with 1 signifying that a framework is "extremely inefficient" and 7 "highly efficient."

Efficiency of legal framework



Sources: fDi Benchmark and World Economic Forum, *Global Competitiveness Report (2010/11)*

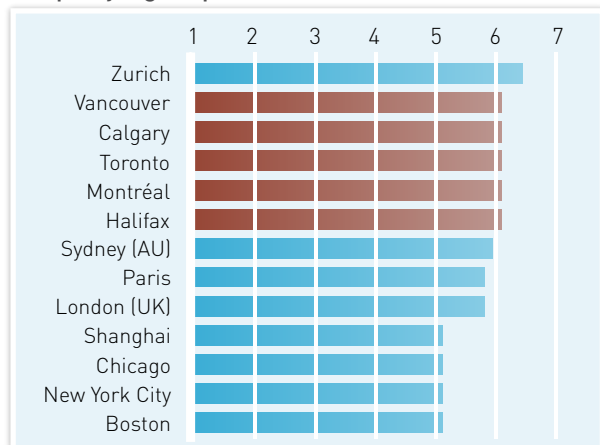
Advantage:

Well-protected property rights

Physical property rights in Canada are well protected—more so even than in major European and U.S. cities. The 2010 International Property Rights Index (IPRI) of 125 countries ranked Canada in 12th place, tied with Germany and Ireland, while the United States ranked 15th. Canada also maintained its position as the highest-ranking country in the Western hemisphere, with improved scores for increased judicial independence and the protection of physical property. Access to loans, the protection of intellectual property rights, and other factors are also taken into account for the annual IPRI ranking.

- This chart rates the protection of property rights, including financial assets. A rating of 1 signifies "very weak" protection while a rating of 7 signifies "very strong" protection.

Property rights protection



Sources: fDi Benchmark and World Economic Forum, *Global Competitiveness Report (2010/11)*, Frontier Centre for public policy.

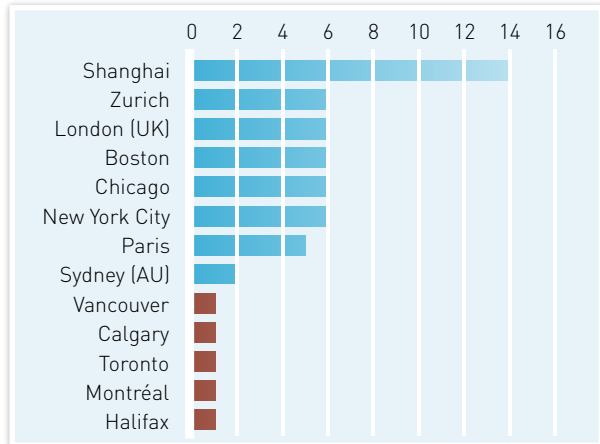
Advantage:

Simplified, one-step business registration

In Canada, investors need follow only one procedure to register a business: they simply select the appropriate federal or provincial authority and register their business name by filling out the appropriate forms and paying the required fees. Once a company has obtained its legal status, it can register with the various regulatory agencies that govern its area of activity and that are responsible for applying relevant taxation statutes and labour codes.

- This chart highlights the number of procedures required to register a business in various cities around the world.

Number of procedures to register a business



Sources: fDi Benchmark and World Bank, *Doing Business 2010*

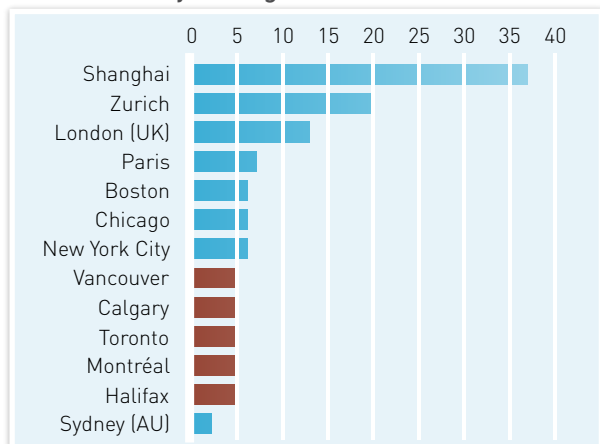
Advantage:

Speedy business registration times

Business registration procedures in Canada are typically completed in five days, a timeframe comparable to major U.S. cities such as New York and Chicago. In contrast, as this chart indicates, it takes twice as long, on average, to register a business in London, England, and more than seven times as long to register a business in Shanghai.

- This chart shows the average number of days necessary to register a business in various cities around the world.

Number of days to register a business



Sources: fDi Benchmark and World Bank, *Doing Business 2010*

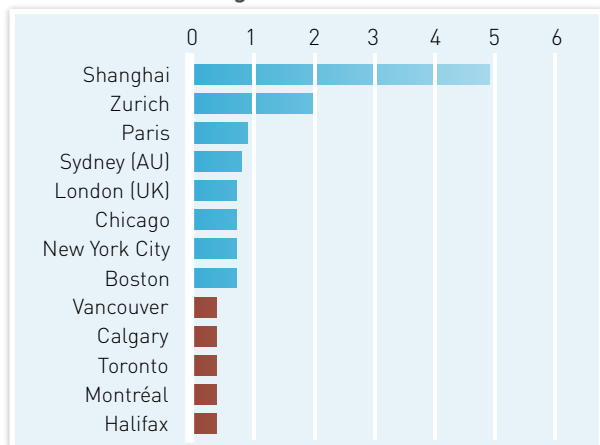
Advantage:

Low business set-up costs

The cost of establishing a business in Canada is very competitive—about half that of European, U.S., and Australian cities. Canada has low business tax rates, as well as the lowest payroll taxes among the G-7 countries.

- This chart looks at the official total cost of procedures required to establish a business. The scale of 0 to 6 represents start-up costs as a percentage of income per capita.

Cost of establishing a business



Sources: fDi Benchmark and World Bank, *Doing Business 2010*

THE FINANCIAL SECTOR ACROSS CANADA: AN OVERVIEW

BRITISH COLUMBIA ○

Vancouver's financial services companies operate in global markets, leveraging the city's position as a global commercial gateway. The financial services industry in the city employs more than 100,000 people and generates \$32 billion in annual revenue. Geographic proximity to Asia-Pacific countries is a critical asset for Vancouver's financial sector, as are strong cultural connections to these countries' emerging economies.

Several international banks have offices in the city, including the Canadian headquarters of London-based HSBC, Bank of China, State Bank of India (Canada), BASF Finance Canada, and Mizuho Financial Group. Vancouver is also recognized as a global hub for resource project financing, with strong capabilities to finance and structure exploration projects around the world.¹

ALBERTA ○

Calgary is Western Canada's business centre, and the city's significant concentration of corporate head offices, many with an international focus, provides investors with access to the necessary decision makers.² Some financial service firms having recently established or expanded in Calgary include Global Special Risks, Royal Bank of Scotland, Citigroup, ICICI Bank, and the Industrial and Commercial Bank of China (ICBC).

In 2006, Calgary launched a 10-year Economic Development Strategy, one of whose goals is to develop the city as a global financial centre. Significant opportunity exists for Calgary to leverage the existing capital flows from the energy sector to broaden capital availability and expertise across all sectors and become a global capital epicentre. Calgary's financial services sector already includes a diversity of multinational and retail banks, investment firms, stock brokers, trust companies, credit unions and mortgage companies, as well as insurance companies, agents, brokers and adjusters.

MANITOBA ○

Manitoba's financial services sector employs an estimated 20,000 people. All major Canadian chartered banks are represented in the province, along with a few smaller regional banks and three foreign banks. Manitoba is also home to 61 credit unions. There are 108 investment dealer firms across the province, all of which are licensed by the Manitoba Securities Commission.

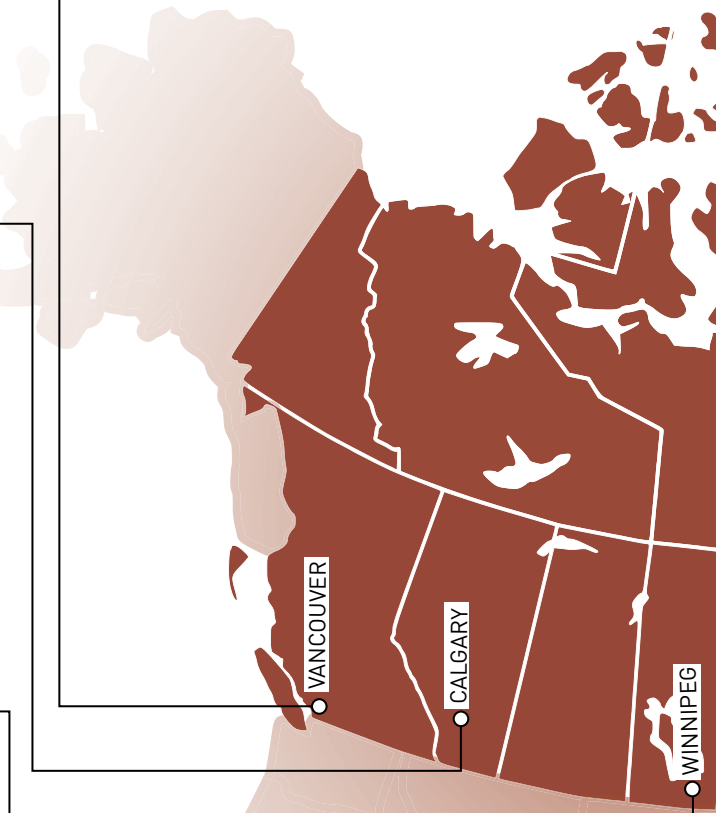
Manitoba's life insurance companies are major participants in the national financial services industry. The province is home to three life insurance companies, including Great-West Life Assurance Co., the largest insurer in Canada. Nine property and casualty insurance firms are also based in Manitoba.

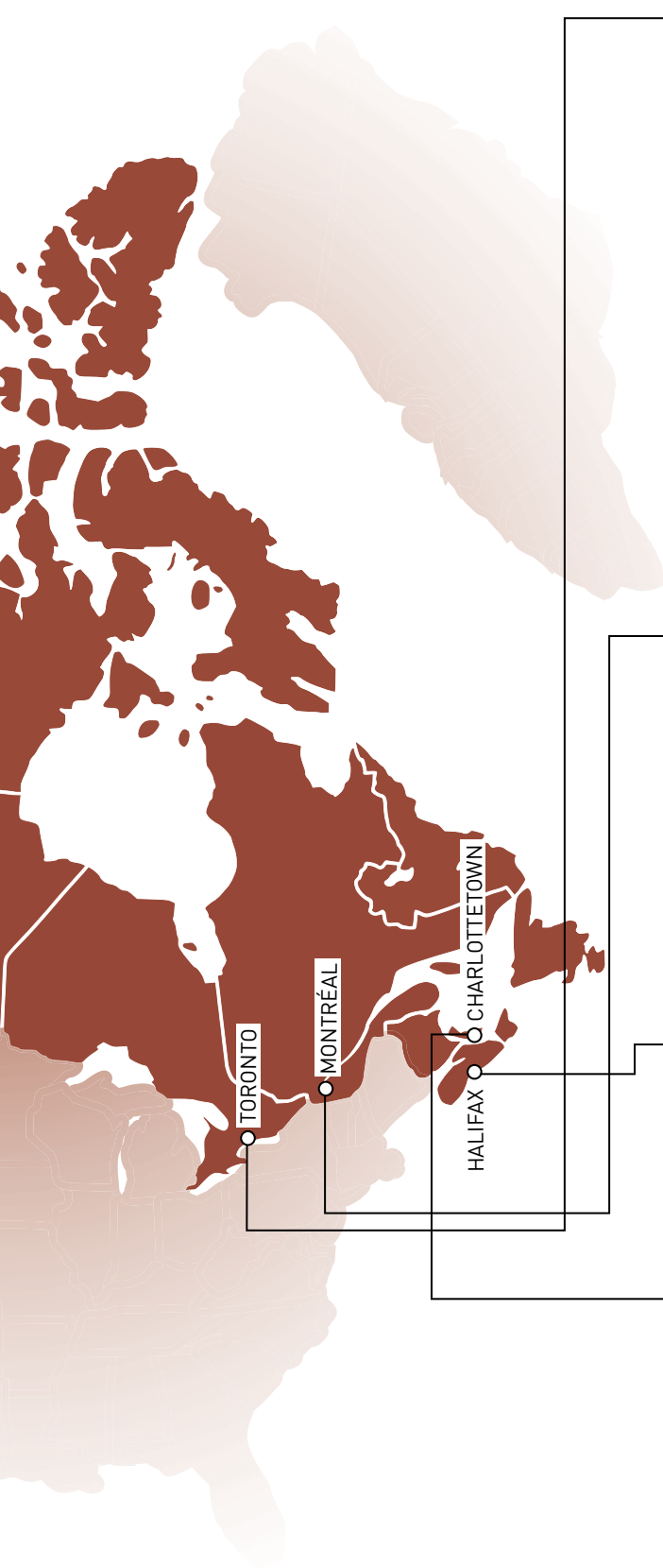
IGM Financial Inc., whose head office is located in **Winnipeg**, is the largest mutual fund distributor in Canada, selling both its own portfolio of financial products as well as third-party funds. Winnipeg-based National Leasing Group Inc. is also the largest independent Canadian leasing company.³

¹ InvestInCanada.com: Financial Services – Vancouver. October 14, 2010.

² InvestInCanada.com: Financial Services – Calgary. October 14, 2010.

³ InvestInCanada.com: Financial Services – Winnipeg. October 14, 2010.





○ ONTARIO

Toronto, Canada's largest city, is Canada's financial services capital as well as North America's third-largest financial centre, employing over 223,000 workers. The city is also a world-leading international financial services centre, and home to a number of international companies.

In addition, Toronto boasts:

- two of the 10 largest global life insurers;
- five of the world's 50 largest banks;
- the third-largest stock exchange in North America and the eighth-largest in the world;
- four of the top 100 global pension funds; and
- operations of seven of the top 10 largest global hedge fund administrators.

Financial services in Toronto are supported by a critical mass of legal, accounting, technology, and other support services, along with a solid base of academic institutions that are continually building a talented workforce. The city's key strengths include financing for the mining, metals, energy, and cleantech industries, as well as highly skilled support, administration, and servicing operations.⁴

○ QUÉBEC

Montréal is known for its pioneering expertise in derivative and commodity trading, wealth management, and pension fund asset management. With more than 3,000 companies and 100,000 workers, Montréal's dynamic financial services sector is growing at a rapid pace. The city is home to some 120 foreign financial institutions with over \$200 billion in combined assets. The *March 2010 Global Financial Centres Report* ranked the city 26th out of 75 on a list of the world's leading financial centres.

Montréal also hosts the International Financial Centre program, created to assist corporations or partnerships specializing in international financial transactions. At the R&D level, Montréal has 30 academic research units in such sectors as derivative products and pension fund management, mathematical and computational finance, and financial engineering.⁵

○ NOVA SCOTIA

Nova Scotia's financial services and insurance sector has seen phenomenal growth since 2006. Major international firms have established back- and middle-office operations in **Halifax**, including Citco Fund Services, Marsh Captive Solutions, and Flagstone Management Services. Halifax also has an experienced labour force of 14,000 in the financial services sector, and some 7,000 students presently enrolled in business administration programs across the province.⁶

○ PRINCE EDWARD ISLAND

The province's strengths include banking, mutual fund administration, client relations, hedge fund administration, and insurance. **Charlottetown**, the provincial capital, is an ideal financial services processing location, and home to 15 companies employing 2,700 people. In comparison to other North American cities, Charlottetown can offer financial service companies important savings on labour rates and space costs.⁷

⁴ InvestInCanada.com: Financial Services – Toronto. October 14, 2010.

⁵ InvestInCanada.com: Financial Services – Montréal. October 14, 2010.

⁶ InvestInCanada.com: Financial Services – Halifax. October 14, 2010.

⁷ InvestInCanada.com: Financial Services – Charlottetown. October 14, 2010.

CANADA'S COMPETITIVE ADVANTAGES

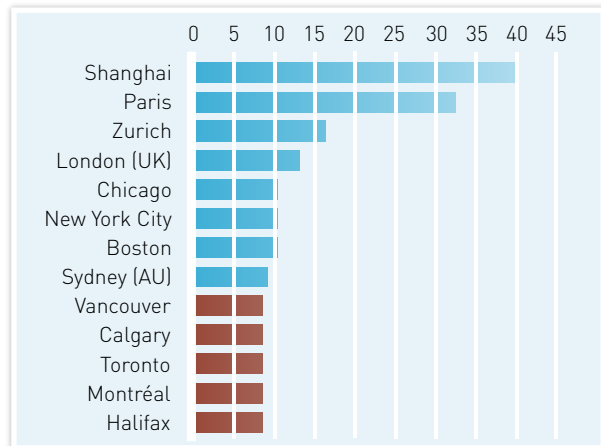
Advantage:

Low social security contributions

Canadian workers have very good social security coverage, but this does not translate into excessive costs to employers. In Canada, social security contributions paid by employers are generally lower than in the United States and in European countries.

- This chart looks at employers' contributions to employee social benefits, expressed as a percentage of employee salaries.

Social security paid by businesses



Sources: fDi Benchmark; Deloitte International, *Tax & Business Guide* (Oct. 2009); Watson Wyatt, *Global 50 Remuneration Planning Report 2009/10*; fDi intelligence based on Towers Watson and ToolKit (Aug. 2010); fDi intelligence based on ISSA (Aug. 2010)

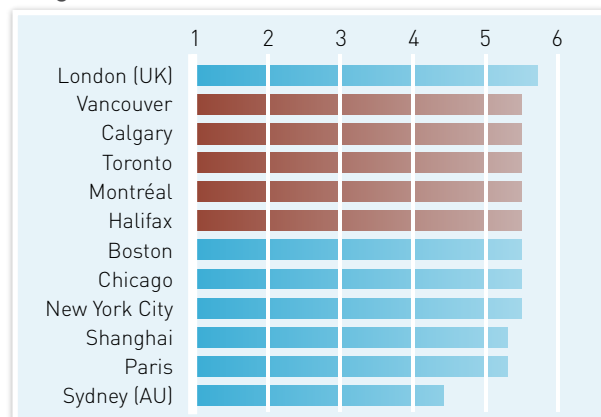
Advantage:

Flexible wage determination

Canadian wage determination regulations are as flexible as those in the United States, giving individual companies a fair level of competitiveness.

- This chart assesses the flexibility with which wages are determined, with 1 signifying that wages are set through a centralized bargaining process (least flexible) and 6 signifying that wages are set by individual companies (most flexible).

Wage determination



Sources: fDi Benchmark; World Economic Forum, *Global Competitiveness Report (2010/11)*

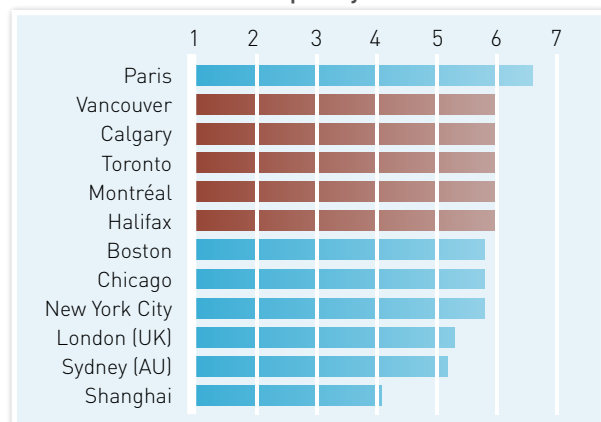
Advantage:

World-class infrastructure

Canada's modern, world-class public infrastructure supports the economic growth of its cities and communities. Canadian roads, bridges, railroads, ports and airports are well located, well built, well maintained and secure.

- This chart rates the overall quality of infrastructure such as transport, telephony and energy. A rating of 1 signifies that infrastructure is "extremely underdeveloped," while a rating of 7 signifies that infrastructure is "well developed."

Overall infrastructure quality



Sources: fDi Benchmark; World Economic Forum, *Global Competitiveness Report (2010/11)*

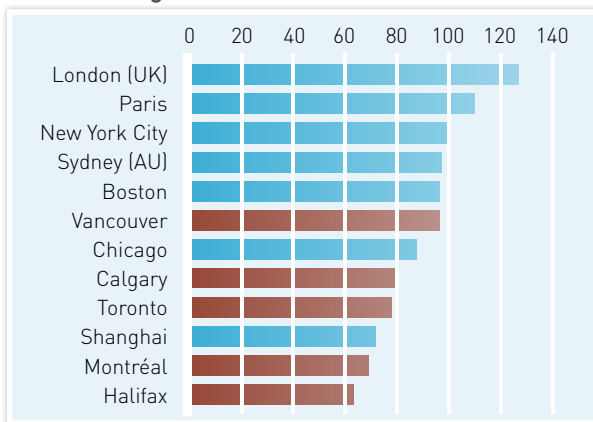
Advantage:

Great quality of life at affordable cost

Canadian cities offer a high quality of life at an affordable cost. Compared to New York City, for example, Vancouver, Calgary, Toronto, Montréal and Halifax boast a lower cost of living combined with a higher quality of life. In 2011, the Economist Intelligence Unit ranked Vancouver as the most liveable city in the world, while Toronto and Calgary also placed in the top 10.

- ▶ This chart assesses a variety of living costs, including housing. New York City is considered the base city, with a weighting of 100.

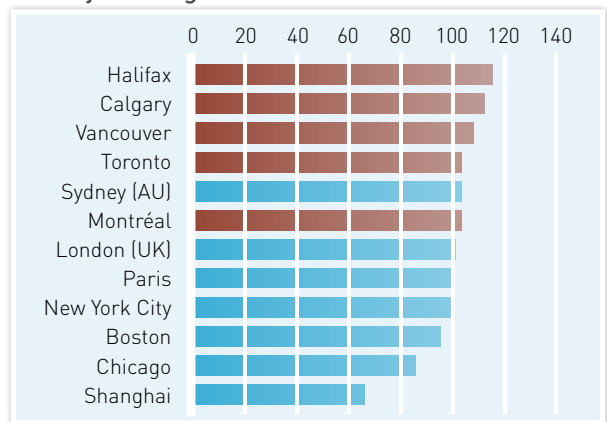
Cost of living index



Sources: fDi Benchmark; fDi intelligence from the Financial Times Ltd.

- ▶ This chart assesses quality of living factors. New York City is considered the base city, with a weighting of 100.

Quality of living index



Sources: fDi Benchmark; fDi intelligence from the Financial Times Ltd.

CANADA'S COMPETITIVE ADVANTAGES

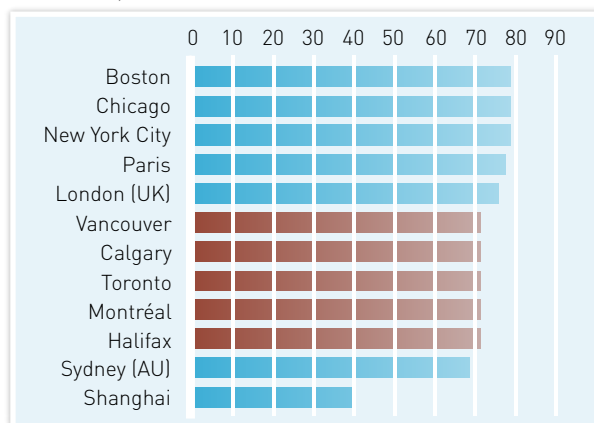
Advantage:

A high-performing, service-based economy

Canada's service sector plays a pivotal role in the country's economy, employing about three quarters of Canada's labour force and accounting for more than two-thirds of its GDP. The service sector is diverse, spanning the retail, business services, education, health, and high-tech industries. Furthermore, the sector continues to grow in areas such as financial services, real estate, communications, and entertainment.

- In this chart, cities are ranked by value-added services expressed as a percentage of GDP. Indicators are based on wholesale and retail trades, transport, and government, financial, professional, and personal services such as education, health care, and real estate.

Services, value added (% of GDP)



Sources: fDi Benchmark; Economist Intelligence Unit (Feb 09); World Bank, World Development Indicators (Jul 2010); World Bank, World Development Indicators (Jan 2010)

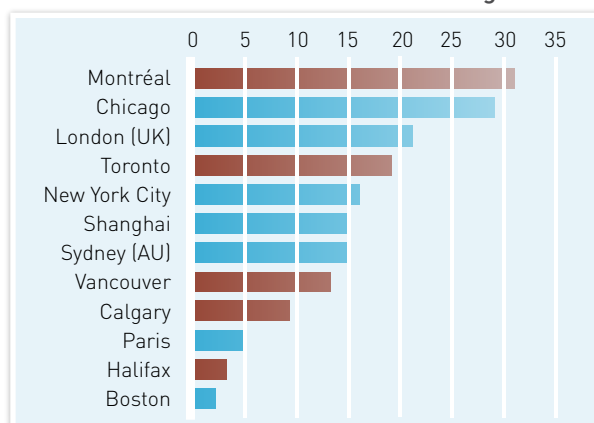
Advantage:

International education programs

In 2009, 128 Canadian high schools offered the International Baccalaureate (IB) Middle Years Programme and 125 schools offered the IB Diploma Program. IB programs at the high-school level provide students with an international standard of education that facilitates entry into post-secondary institutions worldwide. The IB program has also been commended for introducing interdisciplinary thinking to its students.

- This chart ranks cities according to the number of International Baccalaureate schools and IB programs they host—Primary Years Programme (PYP), Middle Years Programme (MYP) and the Diploma Programme (DP).

Number of International Baccalaureate high schools



Sources: fDi Benchmark; International Baccalaureate Organization (www.ibo.org) (Oct. 2009); fDi intelligence based on International Baccalaureate Organization (Nov. 2010)

Canada boasts four of the best international business schools

2010 RANKING	SCHOOL	LOCATION	INDEX NUMBER
1	INSEAD	Fontainebleau, France	100
2	Queen's School of Business, Queen's University	Kingston, Ontario, Canada	97.3
3	IE Business School	Madrid, Spain	95.7
4	ESADE Business School	Barcelona, Spain	95.4
5	London Business School	London, United Kingdom	90.4
6	Ivey School of Business, University of Western Ontario	London, Ontario, Canada	84.7
7	IMD Business School	Lausanne, Switzerland	83.3
8	Rotman School of Management, University of Toronto	Toronto, Ontario, Canada	79
9	Schulich School of Business, York University	Toronto, Ontario, Canada	78.9
10	Judge Business School, University of Cambridge	Cambridge, United Kingdom	75.5

Source: The Best International Business Schools of 2010 – Bloomberg Businessweek, January 2011

INVESTMENT LOCATION BENCHMARKING

The tables and graphs in the preceding pages were generated by fDi Benchmark, a service of the Financial Times Ltd (www.fdibenchmark.com). This search tool relies on industry-recognized databases and location assessments to appraise the attractiveness of countries, states/provinces and cities around the world for specific sectors and investment projects.

- ▶ The following Canadian and foreign cities, all major financial centres, were selected for benchmarking: Boston, Calgary, Chicago, Halifax, London, Montréal, New York City, Paris, Shanghai, Sydney, Toronto, Vancouver, and Zurich.
- ▶ The model enterprise profile is a financial service centre with fewer than 100 employees, located in a downtown office.

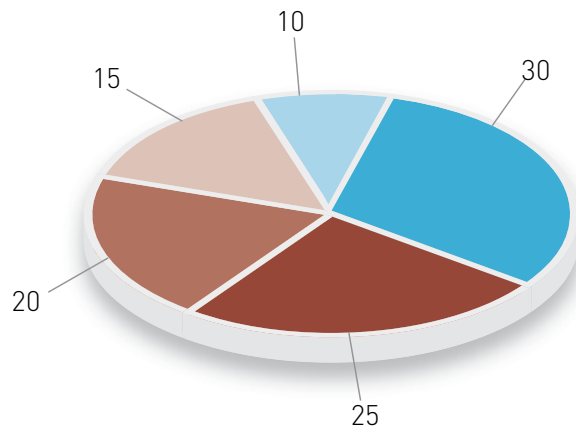
Financial services / fund administration centre






PROPERTY	SQUARE METRES
Total occupancy (in-town office rent)	4,000 m ²

TELECOMS	MINUTES
International calls to the United States	3,550,000

EMPLOYEE TYPE	HEAD COUNT
General Management	
Business Unit Manager	1
Project Manager	7
Finance	
Accountant	3
Financial Analyst	25
Head of Finance and Administration	1
Junior Accountant	15
Junior Financial Analyst	30
Senior Accountant	3
Administration	
Facilities/Office Services Specialist	1
Secretary	2
Total staff	88

Quality model properties/ Weights applied



WEIGHTING MODEL OVERVIEW	WEIGHTING
Labour availability and quality	30% 
General business environment	25% 
Presence of an industrial cluster	20% 
Living environment	15% 
Infrastructure and accessibility	10% 

CANADA'S COMPETITIVE ADVANTAGES

Canada boasts many advantages and unparalleled potential: it is a place where businesses can achieve excellence on a global scale.

A HIGHLY EDUCATED WORKFORCE

Canada ranks second in higher-education achievement among members of the Organisation for Economic Co-operation and Development (OECD). (Source: IMD, *World Competitiveness Yearbook 2010*)

A WELCOMING BUSINESS ENVIRONMENT

The Economist Intelligence Unit rated Canada the number one place to do business in the G-7 for the next five years. (Source: Economist Intelligence Unit, *Business Environment Ranking*, March 2011)

A SOUND ECONOMY

Since the third quarter of 2009, Canada's economy has grown for six consecutive quarters and has now fully recovered job and output losses that occurred during the global economic crisis. (Source: Department of Finance Canada, Budget 2011)

FINANCIAL STABILITY

Over the past three years, Canada's banking system has repeatedly been declared the soundest in the world by the World Economic Forum.

LOW TAX RATES

Canada's overall tax rate on new business investment is substantially lower than that of any other G-7 country, while corporate tax rates are among the lowest in the G-7. (Source: Department of Finance Canada, 2010)

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

Canada has a very generous Scientific Research and Experimental Development Program (SR & ED) and the lowest costs in R & D-driven sectors in the G-7. (Sources: KPMG, *Competitive Alternatives 2010*; OECD)

NAFTA

Canada's NAFTA advantage (North American Free Trade Agreement) gives investors access to more than 448 million North American consumers and a combined continental GDP of more than US\$16.3 trillion. (Source: World Bank, *World Development Indicators Database*, 2010)

A GREAT PLACE TO LIVE AND WORK

World-class universities; a universally acclaimed health-care system; clean, friendly cities; and spectacular scenery make Canada a great place to invest, work, live and raise a family. (Sources: United Nations Development Programme, *Human Development Report 2010*; Economist Intelligence Unit, *Global Liveability Report 2010*)



Invest in Canada.
We Take Care of Business.

Invest in Canada

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