

Explore the North

what **foreign** investment fund managers, advisors and dealers need to know **before doing business in Canada**

Investment Fund Managers

- Responding to unsolicited enquiries from investors permitted
- If you (or your agent) actively solicit investors from Ontario, Québec or Newfoundland and Labrador, the fund manager must file for the “International Investment Fund Manager” registration exemption (“International IFM”) in the applicable province(s) and provide a mandated form of notice to investors prior to the time of investment
- You should engage the services of a locally registered dealer (or an entity relying on an exemption from the requirement to register as a dealer) as early as possible to intermediate the distribution of securities from the fund to the investor
- You must obtain certain representations and warranties from Canadian investors and provide Canadian-specific disclosure to investors via a Canadian Addendum to your subscription materials
- You must confirm the International IFM exemption on an annual basis and, if relying on the exemption in Ontario, you will be required to pay a capital markets participation fee in Ontario based on the amount of management fee revenue resulting from Ontario investments in the fund
- Be aware that you will be required to report annually AUM and any distribution of fund securities in Canada to the applicable Canadian securities regulatory authority
- A copy of any offering memorandum (or similar document) used in connection with the investment may have to be filed with Canadian securities regulatory authorities

it’s easier than you think
but...

- Providing Investment Advisory Services, Broker-Dealer Services or the marketing of interests in Investment Funds to institutional clients and high net worth individuals (\$5M+) (a.k.a. “Permitted Clients”) in Canada requires a few basic things which (with the assistance of Canadian counsel) must be addressed prior to undertaking these activities. Set out herein is a summary of the high level items which must be considered by all foreign Investment Fund Managers, Investment Advisors and Broker-Dealers before doing business with residents of Canada.

Provision of Advisory Services via Managed Account

- No pre-filings required to market advisory services in Canada
- Prior to providing advisory services, you must file for the “International Adviser Exemption” (“IAE”) from registration in each province or territory you have clients and provide a mandated form of notice to all Canadian clients
- Restricted to advising in respect of “foreign securities” unless advising on Canadian securities is incidental to this activity
- Annual revenues that can be realized from advisory services in reliance on the IAE is limited to 10% of annual gross consolidated revenues
- You will be required to submit monthly Anti-Terrorism and Money Laundering Reports in Canada
- You must confirm the IAE on an annual basis and if relying on the exemption in Ontario, you must pay an annual capital markets participation fee based on your advisory revenues from Ontario

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Provision of Broker-Dealer Services

- Prior to providing broker-dealer services, you must file for the “International Dealer Exemption” (the “IDE”) from registration in each province or territory of Canada where you have clients and provide a mandated form of notice to all Canadian clients
- To qualify for the IDE, you must be registered as a dealer in your home jurisdiction and carry on the business of a dealer in that jurisdiction
- You must restrict all dealing activities to “foreign securities” which are not publicly offered or traded in Canada
- You will be required to submit monthly Anti-Terrorism and Money Laundering Reports in Canada
- You must confirm the IDE on an annual basis and if relying on the exemption in Ontario, you must pay an annual capital markets participation fee based on your dealer revenues from Ontario

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Firm profile

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