



## Ontario to provide backing for Centre of Excellence for Education in Financial Services

### Government pledges \$4 million to project

The Ontario government's budget in March had good news for Toronto's financial sector and local educators. Finance Minister Dwight Duncan announced that the government will invest \$4 million over three years to help establish a centre of excellence for education in financial services.

The creation of such a centre was first recommended by the Toronto Financial Services Alliance as part of its landmark *Talent Matters* study last year. The TFSA has been working with government and educators to bring the idea to reality.

In making his announcement, Minister Duncan said he was "very proud" of Ontario's financial sector, calling it one of the province's great success stories that deserves to be celebrated. "Financial services and professional business services are major drivers of Ontario's knowledge economy," he said, "and one of the reasons that Ontario's economy has been resilient in spite of external challenges."

TFSA President Janet Ecker applauded the announcement and the Minister's leadership in making this project happen. "We are pleased that Minister Duncan is willing at this time to invest in the sector," Ms. Ecker said, "and we applaud his commitment to the sector." Ms. Ecker went on to say that the TFSA was looking forward to working with the Ministry of Training, Colleges and Universities and Toronto's post secondary educational community to finalize details of the concept.

In international rankings, Toronto ranks among the highest in the world for the quality of its financial services workforce and Toronto has a growing international reputation for the quality of the business education provided by its seven post-secondary institutions. Designed to create a virtual, region-wide network of educators, researchers, financial services professionals, government partners and experts in innovation and technology, the centre will work collaboratively to ensure that the sector attracts and develops the best and the brightest talent to financial services in Ontario.

## Toronto's financial industry woos the Big Apple: 60 high-profile delegates embark on first-ever marketing tour

A large team of Toronto and area executives traveled to New York City on March 4 to discuss ways in which they could grow and strengthen ties between the two financial capitals.

The visit was organized by TFSA in partnership with the Greater Toronto Marketing Alliance, the Ontario Ministry of Economic Development and Trade, and the Canadian Consulate.

The event featured presentations by Ontario Finance Minister Dwight Duncan and TD Financial Group's Deputy Chairman, Frank McKenna, as well as testimonials from Merrill Lynch and UBS Global Asset Management which have already established operations in Toronto.

It was the first time such a partnership had been assembled to promote the Toronto area's financial services sector.

"We need to be more proactive about promoting the opportunities to attract financial services business here," said TFSA President Janet Ecker. "This was a great start."

# International journalists study Ontario's financial services sector

## First-ever "fam" tour deemed a success

As further evidence of the growing appreciation of the value of promoting financial services in Toronto, Ontario's Ministry of Economic Development and Trade (MEDT) recently invited 12 leading international financial journalists to Toronto for a day and a half of briefings on Ontario's financial services sector. It was the first media tour of its kind focused on the financial sector – and based on the response from journalists and presenters alike, it will be repeated.

The invited journalists on the familiarization tour (or "fam" tour) write for business wires, dailies and magazines in the U.S., U.K., France, Germany and Switzerland, including influential media such as *Dow Jones*, *US Banker*, *Les Échos* and *Frankfurter Allgemeine Zeitung*.

The Toronto Financial Services Alliance and its members were involved with Ministry officials from the start in preparations for the visit. In addition to briefings on the economic and regulatory climate in Ontario and a session with MEDT Minister Sandra Pupatello, the journalists interacted with representatives of the main financial services associations, global companies operating in Ontario, as well as organizations involved in specialized financial services education. They also visited the TSX and Manulife Financial.

# IMF gives high marks to Canada's financial sector

## First G7 country to complete FSAP Update

The International Monetary Fund (IMF) has offered a strong endorsement of the strength of Canada's financial sector, having just completed a comprehensive assessment under the Financial Sector Assessment Program (FSAP).

"The Canadian financial sector is among the world's most highly developed and offers many examples of best practice," the FSAP Update says. "The institutions, markets, infrastructure, safety nets, and oversight arrangements that comprise the system are sophisticated, and include a full range of financial intermediaries."

Canada's financial stability is underpinned by sound macroeconomic policies and strong prudential regulation and supervision, the report added. Deposit insurance and arrangements for crisis management and failure resolution are well designed.

Federal Finance Minister Jim Flaherty welcomed the findings, noting: "This positive assessment shows that Canada is demonstrating leadership in the world financial system. Despite global uncertainty, Canadians can be confident that their financial sector is stable and well-managed."

The IMF report also suggested that moving toward a single securities regulator – a move favoured by the TFSA – would allow policy development in Canada to be streamlined, reduce compliance costs and improve enforcement.

## Latest GFCI survey provides more evidence of stiff international competition in fin'l services sector

While Toronto's overall competitiveness score remains high, other world financial services centres have improved their scores, pushing Toronto down two notches to 15<sup>th</sup> on the most recent Global Financial Centres Index (GFCI), released in March.

The GFCI is produced on behalf of the City of London, and ranks 66 world financial centres on more than 60 factors that contribute to five key areas of competitiveness: people, business environment, market access, infrastructure and general competitiveness.

Moving ahead of Toronto in the latest survey were San Francisco and Dublin, which scored particularly strongly in people factors and business environment factors, respectively.

Toronto continued to score highly in terms of general competitiveness factors, ranking among the top ten financial centres in the world on this dimension.

London and New York continued to be ranked as the world's most important financial centres, although London's leading margin has narrowed somewhat in the latest survey.

Two other Canadian financial centres were ranked in the Top 50 worldwide. Montreal was ranked 30<sup>th</sup> and Vancouver was ranked 33<sup>rd</sup> – both down 2 positions from the previous survey.

Readers of *TFSA Update* are encouraged to complete the GFCI survey, which can be found on the authors' website at [www.zyen.com](http://www.zyen.com).

# New and Noteworthy

**RBC Financial Group** has acquired **Phillips, Hager & North Investment Management Ltd.** (PH&N), one of Canada's best known independent fund managers. PH&N will become part of RBC's Wealth Management group. The deal will make RBC one of the country's largest mutual fund managers, with more than \$100 billion in assets under management.

**The Co-Operators Group** has announced plans to acquire investment management firm **Addenda Capital** of Montreal for \$306.5 million. Addenda specializes in the active management of fixed-income portfolios, primarily for institutional clients, and has about \$29 billion of assets under management.

**Scotiabank** continues to expand its operations in Latin America with the acquisition of several assets owned by **Grupo Altas Cumbres** (GAC) of Chile. The acquisitions increase Scotiabank's footprint in Guatemala and the Dominican Republic.

Global institutional fund assets grew by about 9% to more than US\$25 trillion last year, according to a study by **Watson Wyatt**, and Canada remains the fourth largest pension fund market after the U.S. Japan and the U.K. Together, the four markets account for 87% of total assets. In the seven largest markets, the proportion of assets in defined contribution (DC) plans has grown significantly in the past decade, although Canada still has a larger proportion in defined benefits (DB) plans.

**TD Bank Financial Group** has completed its acquisition of **Commerce Bancorp**, a leading retailer of financial services with more than 470 stores in New Jersey, New York, Connecticut, Pennsylvania, Delaware, Washington, D.C., Virginia, Maryland and Florida. The new entity, which combines TD Banknorth with Commerce will be known as TD Commerce Bank, serving customers from Maine to Florida. **BMO Financial Group** and its U.S. subsidiary, Harris, meanwhile, have completed the acquisitions of **Ozaukee Bank** and **Merchants & Manufacturers Bancorporation, Inc.**, both based in Wisconsin. Harris now has more than 270 full-service locations in Illinois, Indiana and Wisconsin.

**TSX Group** says it will launch a parallel trading order book for high-velocity, high-volume trades next year. The project is codenamed Photon, and will be "optimized for high-velocity traders trading high-velocity symbols in a transparent auction market," TSX says, allowing institutional brokers to get in and out quickly without tipping the market.

The **Canada Pension Plan Investment Board** (CPPIB) and Teachers Private Capital, the private equity arm of **Ontario Teachers' Pension Plan** – announced recently that they each have invested US\$200 million in **FountainVest**, a new private equity fund focused on investing in private enterprises in China. At the same time, CPPIB announced that it was opening its first international office in Hong Kong last month in an effort to focus on Asia investment opportunities.

## UPDATE:

### Ontario fast-tracks Next Generation of Jobs Fund: \$1.15B committed

The Ontario government's five-year, \$1.15 billion, Next Generation of Jobs Fund is designed to encourage new knowledge-based jobs and investment in Ontario – particularly building on strengths in sectors where the province is, or has the potential to be, a global leader.

Companies in the financial services sector are eligible to apply for funding. Companies are guaranteed a decision within 45 days of submitting a complete proposal.

### Federal budget well received

Tax measures announced in the federal budget in February were greeted favourably by the financial services sector – especially, the new program to help Canadians save for the future. Individuals will be permitted to invest up to \$5,000 in a Tax-Free Savings Account and the earnings on the investment will be exempt from taxes, including capital gains.

### Educators meet with Merrill Lynch

Merrill Lynch is moving forward with its plans to open a global technology centre in Toronto.

The centre will employ as many as 250 technology professionals to support the company's global lines of business, and Merrill Lynch has indicated that it will hire as many as 15% of the complement as trainee-apprentices from local universities.

In February, TFSA arranged a meeting with area educators to discuss how they can meet Merrill's needs.

# New and Noteworthy (continued)

**Scotiabank** chalked up two awards from Global Finance magazine in recent months. Scotia Capital was named “Best Foreign Exchange Bank” in Canada for the fourth year running, while Scotiabank was named “Best Trade Finance Bank” in Canada. **RBC Dexia** Investor Services, meanwhile, was voted the “Top-Rated” global custodian in Europe by Global Custodian magazine.

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Earlier this year, **CIBC** completed the sale of its U.S. domestic investment banking, equities, leveraged finance and related debt capital markets businesses to **Oppenheimer Holdings** Inc. The transaction also included CIBC’s Israeli investing banking and equities business, and certain parts of CIBC World Markets’ U.S. capital markets-related businesses located in the United Kingdom and Asia. CIBC is keeping its other wholesale businesses in the United States, which include real estate finance, equity and commodity structured products, merchant banking and oil and gas advisory, as well as the balance of its U.S. debt capital markets, Asia and U.K. businesses.

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The **Investment Industry Association of Canada** (IIAC) has joined the EU-US Coalition on Financial Regulation. The Coalition is a securities industry organization comprised of trade associations from European countries and the United States. The purpose of the Coalition is to promote mutual recognition of transatlantic securities markets and regulatory convergence. In a recent report, the Coalition argued for the early adoption of a tailored and progressive regime for establishing a more open, simplified, integrated and well-regulated transatlantic marketplace for securities trading and issuance. The IIAC believes that the Report will promote healthy dialogue between the securities industry and regulators in Canada, the U.S. and the European Union to improve the current global system of regulation that places unnecessary costs on investors and financial service providers. The IIAC would like to see changes that protect retail investors, facilitate broad securities distribution and support fair, innovative and competitive capital markets.

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Despite uncertain global economic conditions, Canadian CFOs remain optimistic. In interviews with more than 270 CFOs, 11 per cent said they plan to hire extra accounting and financial staff in the second quarter of 2008, according to the **Robert Half International Hiring Index**. Of the CFOs who plan to hire more staff, 73% cited business growth as the reason, while 14% identified rising workloads as the motivating factor. Executives in the professional and business services sectors are the most optimistic about hiring. Seventeen percent of CFOs from these sectors plan to do more hiring in the second quarter.

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## Upcoming events

### April 16, 2008

David Wilson, Chair, Ontario Securities Commission, addresses the Economic Club of Toronto, Toronto

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### April 17, 2008

James Blanchard and Paul Cellucci, Former U.S. Ambassadors to Canada, and John Ibbitson, Globe and Mail, address the Empire Club, Toronto

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### April 25, 2008

Sir David Tweedie, Chairman, International Accounting Standards Board, addresses the Empire Club, Toronto

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### May 4-10, 2008

Canadian Financial Mission to Hong Kong and Shenzhen (Investment Industry Association of Canada)

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### May 12, 2008

Forum 2008. Canadian Pension & Benefits Institute, Toronto

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### June 22-24

Annual Meeting and Conference, Investment Industry Association of Canada, Banff

## We want your input.

Please contact us if you have comments or questions about TFSA. If you have a news item or information about an upcoming event that we should know about, please submit your contributions by email to [info@tfssa.ca](mailto:info@tfssa.ca) and put “TFSA Update” in the subject line.

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