



TFSA | TORONTO FINANCIAL
SERVICES ALLIANCE

TMX Ecosystem

A dynamic concentration
of financial expertise.

Toronto: Serving the Financial World

For companies that want to raise capital in North America, Toronto is an ideal place to start. Endowed with expertise, stability, advanced technology, a dynamic equity marketplace and a global presence, the city is the business capital of Canada and ranks among the world's leading financial centres.

"The concentration of financial expertise in Toronto has created an ecosystem in which companies can raise capital efficiently from a worldwide investment community," says Kevan Cowan, President, TSX Markets and Group Head of Equities.

As a capital marketplace, Toronto has evolved into a dynamic financial ecosystem of domestic and offshore investment banks, law firms and other capital-market participants. Informed by a network of managers, professionals, consultants and participants across Canada, the city's financial expertise extends from domestic regulatory requirements to cross-border issues such as tax, financial risk management, bill payments and global technological infrastructure.

"A foreign mining company's executives can come to Toronto and Vancouver and easily see a multitude of investment bankers, project lenders, and investors in a few days," says Ted Mayers, former Chief Financial Officer of Lundin Mining Corporation and a director of several mining companies in Toronto. "With volume comes a better chance of success, and even competition in the case of the best projects."

Top 10

Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSX-V) are Canada's leading equity exchanges and rank among the world's top 10 public equity markets.





“Law firms also form an important part of Toronto’s fund-raising infrastructure. They help mining companies to negotiate their way around Canada’s multi-jurisdictional and translation issues. And Toronto law firms are significantly cheaper than firms in London or New York.”

TED MAYERS
Former CFO of Lundin Mining Corporation

Domestic institutions dominate Toronto's investment banking community, but offshore banks such as J.P. Morgan, Morgan Stanley, Credit Suisse, Macquarie Group and Barclays have established themselves in the city, as well.

To accommodate the global investment community, Toronto's underlying technology accommodates order flow into TSX and TSX-V from the U.S., Europe and Asia.

“Our technology provides enhanced capital markets connectivity solutions to a broad audience and levels the playing field for offshore investors trading into Canada,” says Robert Fotheringham, TMX Group's Senior Vice President of Equities Trading. “It connects buy-side firms, execution venues, exchanges, multilateral trading facilities, electronic communication networks, alternative trading systems, clearing houses, central securities depositories, independent software vendors, brokers and market data providers. Our technology has more than 300 end data points on the network and covers 11 countries using 25 points of presence. Once connected, clients can access multiple venues, services, brokers, buy-side firms, ISVs and market data vendors using the same connectivity link.”

Facts about Toronto

Based on direct employment, Toronto is the second-largest financial centre in North America and ranks among the top 10 in the world.

The city is the hub of Canada's banking system, which has been ranked for five consecutive years as the soundest in the world by the World Economic Forum.

Led by its major equity exchanges, Toronto Stock Exchange and TSX Venture Exchange, Canada is the fourth-largest equity market by float capitalization in the MSCI World Index and has ranked for the last four years as the global exchange leader in new listings.

With the lowest debt-to-GDP ratio of all G7 countries, Canada is ranked by The Economist magazine as the best country for business among G7 nations over the next five years, while Forbes Magazine places Canada among the top five countries for business in the G20.



Growing Today for Tomorrow's World

With its unique capital markets and a network of investment banks and law firms, Toronto provides a dynamic market for senior equities and a supportive environment for growing small and mid-sized companies. In the first two months of 2013, for example, more than 2,200 small and mid-sized issuers on TSX-V raised almost C\$633 million. Of that total, C\$129 million was raised by two real estate investment trusts, a sector that has performed well recently on TSX-V and TSX.

A public listing introduces small and mid-sized companies to domestic and international investors, who rank TSX and TSX-V among the most stable public equity markets in the world. Issuers in the mining and oil & gas sectors account for about one-third of the exchanges' market capitalization, with another 40% held by companies in financial services and diversified industries. But TSX and TSX-V provide access to critical public funding for companies in a wide range of sectors, from communications and media to Clean Technology.

"Toronto offers the most concentrated cluster of [Clean Tech] financing and advisory capabilities of any city in Canada," says David Rozin, Senior Account Manager of Knowledge Based Industries at RBC Commercial Bank. Last year, 118 issuers in the clean tech sector raised more than C\$1 billion on the two exchanges.

TSX operates as an exchange for the trading of senior equities. TSX-V serves the public venture capital market, providing access to growth capital for early-stage companies while offering investors a well-regulated market for making venture investments. In addition to accommodating early-stage companies, TSX-V also administers a unique listing vehicle called the Capital Pool Company (CPC) program. The CPC program introduces investors with financial market experience to entrepreneurs whose growth and development-stage companies require capital and public company management expertise.

Because its public equity exchanges accommodate companies as they grow from their venture stages into more mature operations, Toronto is an ideal location for emerging firms. As these companies expand, they graduate to the senior exchange, exposing themselves and their investors to a broader investment community in the process.

"We're the global experts in supporting the growth of mid-cap companies," says Robert Peterman, TMX Group's Director of Global Business Development.

+530

Since 2000, more than 530 companies have graduated to TSX from TSX-V. Of note, almost one in four companies in the S&P/TSX Composite Index are graduates of TSX-V, and graduates account for more than \$186 billion in market capitalization on TSX.

A Financial Home for Global Miners

When the world's mining companies need to raise capital, most of them do it in Toronto. The city ranks among the leading sources of capital and financial expertise for mineral, mining and energy companies. Its public equity markets rank first in new listings and in capital raised for mining companies, and almost 60% of the world's public mining companies, with a wide range of market caps, are listed on TSX and TSX-V.

"Toronto remains the go-to place for mine financing," says Ted Mayers, former Chief Financial Officer of Lundin Mining Corporation and director of several mining companies in Toronto. "The investment banks are knowledgeable and ambitious when it comes to raising equity or public bonds, and the major lending banks all have competent mining groups."

TSX and TSX-V support companies at all stages, from grassroots explorers to some of the largest mining companies in the world. The junior exchange is tailored to early-stage companies and widely respected as the world's leading public venture capital marketplace.

Up **40%**

Last year issuers in the global mining sector raised 40% of their capital on TSX and TSX-V. In fact, with their growth determined by access to funding, most of the world's mining companies regard Toronto as a critical factor in their potential success.



The two-tiered structure of the exchanges enables smaller companies with exploration programs to gain access to public investors. Once a company grows to meet the listing requirements of the senior exchange, it may choose to graduate to TSX.

"In some jurisdictions of the world, investors encourage companies to issue dividends," Mayers says, "while Canadian investors primarily seek capital gains. As most mining companies don't and can't issue dividends, Toronto is a better home, particularly for junior and mid-tier mining companies."

A Financial Ecosystem

Kevan Cowan

President, TSX Markets and Group Head of Equities

The concentration of financial expertise in Toronto has created an ecosystem in which companies can raise capital efficiently from a worldwide investment community.

Our public equity markets are world leaders, particularly in mining and clean technology stocks. Toronto Stock Exchange and TSX Venture Exchange accommodate companies at almost every stage of development, from junior companies that need venture capital to major global companies with established operations. And there's a network of law firms, investment banks, brokerage firms and consultants in Toronto whose contacts extend throughout the global investment world.

Companies that want to raise capital in Toronto can depend on support from this knowledgeable and well-informed community of experts. A company doesn't have to waste time on educating its advisors before it puts a deal together. It can also feel confident that its deal will meet regulatory standards in every jurisdiction where it intends to attract investors. And once it makes an offering, it can be sure that its shares trade in a stable and well-regulated marketplace.

Some companies may not be familiar with specific laws and regulations that govern issuers in Canada. These laws and regulations aren't much different in Canada than they are in the other leading equity markets in the world, and fortunately, companies can depend on the expertise of Toronto's investment community to help them. In most cases a company can interact with these experts through associated offices in their own countries.

The legal, investment, accounting and consulting firms that operate in Toronto are part of a worldwide network of expertise that extends into every major city in the world. Combined with leading-edge technology, this network gives issuers almost immediate access to their advisors at any time and from almost any location in the world.

An Investment Hub

Richard Raymer

Partner, Dorsey & Whitney LLP

When a company makes an offering in Canada, a lot of money comes from the U.S., Europe and Asia.

Most Canadian investment banks extend the offer into the U.S. through their U.S. subsidiaries, and they maintain a substantial book of private placements. We help with compliance with securities regulations and U.S. legislation. It's a large part of what we do.

For mining companies trying to raise money for operations around the world, Toronto stands high on the list. The city's a global hub for mining. Companies can find expertise here in management, engineering, geology, as well as lawyers, accountants and investment bankers - all disciplines involved in the sector. This fosters lots of opportunity within a market-place that has a high level of stability.

Clean Technology has also become a growing focus of the investment community in Toronto. For people trying to access capital markets or looking for acquisition opportunities, their chances of success are enhanced by being in Toronto.

One-Stop Shop for Global Mining Issuer

Collin Ellison

Managing Director & CEO, PMI Gold Corp.

As a financial centre for global mining companies, Toronto offers substantial expertise and knowledge, a one-stop shop. This allows things to get done on a tighter time schedule and provides a number of financing options for a broad range of company sizes from junior exploration to developers to the major operators.

As investors become more cautious, companies that want to raise small amounts of money, or are in their very early stage, get overlooked in preference to bigger projects. If companies are not listed on TSX, then it's difficult to be taken seriously, and the cost of compliance is quite significant. If a company has a dual listing, then compliance with multiple exchanges can become very complicated.

The Toronto market is very experienced in the global mining industry and well educated in all the geopolitical and geo-economic issues that mining companies are confronted with. It's one of the best localities to find the financial support for raising capital for most international mining projects.

Expertise in Clean Technology

John van Leeuwen

CEO, Ecosynthetix Inc.

Toronto investors have traditionally been heavily focused on mining and resource sector investments, and they're eager to see new ideas and good quality investments such as Clean Technology. Since there are relatively few Clean Tech issuers on TSX, there's less dilution of attention and a better chance to get the investment.

The Toronto area offers access to several great universities and colleges where Clean Tech companies can find bright minds that range from people with undergraduate degrees to graduates and post docs. The universities in the area are all eager to collaborate with industry, and government funding is available to fuel this further. Many universities have developed expertise in a particular area that can be of help to a Clean Tech company and all of them provide access to expensive scientific equipment for testing. An example is the Waterloo Institute of Nanotechnology, which is world class and open for business. Companies can staff ongoing R&D projects with co-op students from Waterloo and other universities while providing valuable work experience to the students.

For companies in later stages of their development that are willing to go public, the financing options are broad, and they have access to large funds that are willing to invest. There are fewer options for companies raising venture capital. But the biggest obstacles to financing a Clean Tech company are not having a clear story or a clear financial model showing its path to profitability.

Investment bankers in Toronto are adept at helping companies prepare a clear story and a solid financial model. They're experienced in guiding these companies through a round of financing and will shoulder the due diligence. They're also the key to securing meetings with fund managers with whom they have longstanding relationships. And TSX is an excellent exchange to take a company public on, if it comes out with a market capitalization of less than C\$500 million.

Canada's Clean-Tech Cluster

David Rozin

Sr. Account Manager, Knowledge Based Industries,
RBC Commercial Banking

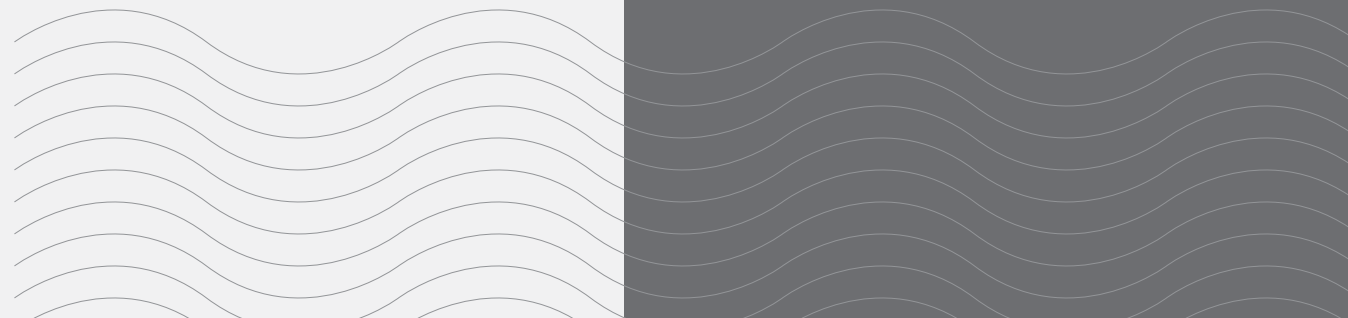
By far, Toronto offers the most concentrated cluster of financing and legal, trade and tax advisory capabilities of any city in Canada.

Given the cluster of companies in the city that leverage talent and expertise from more established industries such as extraction, technology and energy, Toronto offers support in a variety of ways for Clean Tech to grow, ranging from advice and connections to capital and skilled labour. Toronto also boasts the strongest cluster in the country of incubators, research labs and accelerators that can influence a Clean Tech company's success.

This concentration of expertise reduces the time and cost inefficiencies involved in identifying competent and willing advisors, lenders and investors for Clean Tech companies. Successes are more quickly shared and supported. Access to capital, information and other forms of support are more readily identifiable and accessible.

Clean Tech companies are capital intensive. They face greater demands to demonstrate their effectiveness and often face much higher barriers to adoption. Most Clean Tech ventures spin out of research labs too quickly, and their technologies have such wide applications that they've rarely put together a focused business plan with capital-efficient milestones. For this reason, they often need government subsidies and programs to reduce the risks involved and make them more attractive to investors.

The presence in Toronto of incubators, accelerators, accessible investment professionals and service providers provides a layer of support that can help to direct and focus the efforts of Clean Tech ventures and their management teams toward successful outcomes.



The Toronto Financial Services Alliance (TFSA) is a unique public-private partnership dedicated to building Toronto as a global financial services centre.

For more information on the TFSA and Toronto's financial services sector, please visit [tfsa.ca](https://www.tfsa.ca) or call 416-933-6780.