

SUBSTANTIAL INVESTMENT**Legislative Authorities**

- subsections 468(6) and 930(6) of *Bank Act*
- subsection 453(6) of *Trust and Loan Companies Act*
- subsections 495(8) and 971(6) of *Insurance Companies Act*
- section 390(6) of *Cooperative Credit Associations Act*

Information Requirements

- name of entity or proposed entity for which approval of substantial investment is requested
- detailed description of business activities or proposed business activities of entity or proposed entity
- details of ownership interest including the number, value and percentage of each type of ownership interest to be held, and whether the ownership interest will result in control or control-in-fact of the entity
- business case including the rationale for the investment, amount and type of consideration, anticipated impact of investment on capital adequacy as appropriate to the materiality of the investment
- business plan with 3 years financial projections as appropriate to the materiality of the investment
- most recent audited and interim financial statements for the entity
- if applicable, the identity of primary regulator other than OSFI for the entity or proposed entity, the regulatory contact person and details of any required regulatory approvals

Administrative Guidance

A substantial investment requiring the Superintendent's approval under the legislative provisions noted above would be one in which the entity or proposed entity to be acquired:

- (i) is a provincially regulated financial institution, except where the RE is acquiring control of or a substantial investment in the provincially regulated financial institution from a person that is not a member of the RE's group, in which case the Minister's approval is required,
- (ii) is a foreign regulated financial institution, except where the RE is acquiring control of or a substantial investment in the foreign regulated financial institution from an RE that is not a member of the RE's group, in which case the Minister's approval is required,

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- (iii) is an entity whose activities are limited to the activities of a factoring entity or a financial leasing entity*, except where the RE is acquiring control of the entity, in which case no approval is required,
 - (iv) is an entity, other than an entity whose activities are limited to the activities of a factoring entity or a financial leasing entity, that engages in financial intermediary activities that expose it to material market or credit risk*, except where the RE is acquiring control of or a substantial investment in the entity from an RE that is not a member of the RE's group, in which case the Minister's approval is required,
 - (v) is a specialized financing entity*, or
 - (vi) is an entity, other than a specialized financing entity, whose business includes the acquisition or holding of ownership interests in entities that an RE is permitted to hold or acquire, except where the RE acquires control of the entity, in which case no approval is required.
- * Please note that a property and casualty insurance company is prohibited from acquiring control of, or a substantial investment in a specialized financing entity or an entity that engages in financial intermediary activities that expose it to material market or credit risk, including a factoring entity, a financial leasing entity and a finance entity.