

**SUBSTANTIAL INVESTMENT REQUIRING MINISTER'S APPROVAL**

**Legislative Authority**

- sections 468 and 930 of *Bank Act*
- section 453 of *Trust and Loan Companies Act*
- sections 495, 554 and 971 of *Insurance Companies Act*
- section 390 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 of entity or proposed business activities of entity or proposed entity;
- details of the 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 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 of financial projections as appropriate to the materiality of the investment, including income statement, balance sheet and key assumptions;
- most recent audited and interim financial statement of the entity; and
- 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**

The Minister's approval under the legislative provisions noted above would be required if the applicant

- (i) that is acquiring control of or a substantial investment in a permitted entity is a fraternal benefit society;

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- (ii) is acquiring control of or a substantial investment in a provincially regulated financial institution from a person that is not a member of the regulated entity's group;
- (iii) is acquiring control of or a substantial investment in a foreign bank regulated financial institution from a regulated entity that is not a member of the regulated entity's group;
- (iv) is acquiring control of or a substantial investment in 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\* from a regulated entity that is not a member of the regulated entity's group;
- (v) is acquiring a substantial investment in an entity that engages or will engage in information services or internet activities that the regulated entity is permitted to engage in; and
- (vi) is acquiring a substantial investment in an entity that is not a financial services entity and engages or will engage in the promotion, sale, delivery or distribution of financial products or services to the public.

\* 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.

A substantial investment may be acquired by way of temporary investment. In general, a temporary investment may be held for a period of up to two years except for a substantial investment that requires the approval of the Minister. This latter type of temporary investment may only be held for a period of up to ninety days.

A substantial investment may be acquired by way of a loan workout or realization of security. In general, this type of investment may be held for a period of up to five years.