

term financing of an intermediate nature of up to ten years, or for long-term financing with terms as long as 30 to 40 years for certain types of real estate. Foreign corporations entering Canada with significant capital requirements on a long-term basis may wish to approach these institutions.

Sales finance companies provide a wide range of financing services to businesses, including term loans and inventory financing arrangements as well as arrangements to finance the sale of the product to the ultimate customer. They also provide, as do certain of the other financial institutions, various forms of leasing accommodation.

Financial Intermediaries

Canada has developed financial markets with stock exchanges operating in several cities.

Before a company can have its securities listed on a stock exchange, it must offer its securities to the public by filing a prospectus or an offering circular with the relevant provincial securities commission. Each province has a securities commission, and a corporation wishing to issue securities must file a prospectus in those provinces where it wishes to issue its securities to the public.

The sale of securities to the public is managed by investment dealers who might offer the securities on a best efforts or agency basis, or they may underwrite the issue. Except for quite large, new ventures, it is usually impractical to consider offering securities to the public when a corporation first establishes itself in Canada. However, if an existing Canadian corporation is acquired and if that company needs funds for expansion, it may be practical to consider a public offering.

More frequently, investment dealers or investment bankers provide a service to corporations by placing their securities on a private basis with institutional investors such as life insurance companies, pension plans and a number of private corporations and individuals with large amounts available for investment. When securities are placed privately, the securities legislation has provisions that relax the requirements of filing a prospectus or an offering circular with the various securities commissions.

Government Sources of Financing

Many business ventures cannot take advantage of the normal sources of credit. For various reasons, there is often a need for government sponsored loans to provide the financing for particular projects, or to give some incentive to locate in Canada or in a particular region.

Each of the provinces and the federal government provides credit or loans through various agencies. Generally, loans from government sponsored financial institutions are at competitive rates. However, the government financial institutions provide credit as lenders of last resort in circumstances when credit might not be available from private financial institutions.

The Federal Business Development Bank (FBDB) provides financing for businesses, particularly smaller enterprises, that cannot obtain commercial bank financing on reasonable terms. Besides term loans, the FBDB offers loan guarantees, equity financing, leasing, and Management Counselling Assistance to Small Enterprise (CASE). Long-term loans are also available to companies that qualify for incentives from the provincial development corporations.

Each of the provinces operates some kind of financial agency which provides credit assistance to business in the province. Terms are usually negotiable on a case by case basis.

The Export Development Corporation (EDC) is a Crown corporation that provides financial services to Canadian exporters and foreign buyers to facilitate and develop export trade. It does this through a wide range of insurance, guarantee and financing services not normally provided by the private sector.

EDC services are provided to assist Canadian exporters, who are offering competitive products in terms of price, quality, delivery and service, to compete internationally. Exporters in other countries have access to similar support facilities from their governments.

There is no minimum value of export business required to qualify for support. The corporation continually reviews its programs and is prepared to consider tailoring its facilities within its legislative limits to meet the specific needs of exporters with high potential for growth and competitiveness.

The facilities of EDC are not intended to subsidize exporters but are designed to assist exporters in competing on an equal basis with their foreign competitors and to promote Canada's export trade.

Comprehensive information on the financing which is available from the Federal Business Development Bank can be obtained from the Bank's head office at 901 Victoria Square, Montréal, Canada, H2Z 1R1.

Information on the Export Development Corporation's complete range of financial services can be obtained from EDC's head office at 110 O'Connor Street, Ottawa, Canada, K1P 5T9.

The following chapter contains information on the range of support provided to industry by the federal and provincial governments in the form of incentives or special financing assistance.