



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

NEWS RELEASE

For immediate release

Live free or die – leave markets free to avoid limiting growth

June 25, 2007 (Toronto, Canada) – Total first quarter equity issuance in Canada – at \$16.7 billion – rose 44.0 per cent over last quarter and 36.2 per cent from a year ago, according to a report released today by the Investment Industry Association of Canada. The Association’s quarterly *[Review of Equity New Issues & Trading](#)* attributed the robust capital markets activity in common and preferred share issuance, and in trading, to soaring oil and metal prices and stellar merger and acquisition activity.

In the first quarter, mergers and acquisitions more than doubled to \$66 billion. The number of foreign acquisitions rose 11.1 per cent over the same quarter in 2006, while the value of the takeovers increased by nearly 50 per cent to \$15 billion.

Globalization has deepened some fears that Canadian companies will be lost to foreign firms, leading to a “hollowing out” of corporate Canada as head office jobs may be lost. Ian Russell, President and CEO of the Investment Industry Association of Canada, disagreed: “Calls to protect Canadian firms are misguided – we cannot deal with the possible downsides of globalization by standing beside the world shouting ‘stop!’”

Russell explained, “By restricting foreign ownership, ultimately we would be restricting ourselves. We could be constraining access by Canadian companies to risk capital sometimes only available in sufficient quantities from outside Canada’s borders. Equally short-sighted, often we would be protecting inefficient management and preventing shareholders – such as Canadian pension plans and other Canadian investors – from getting the best possible price for their shares.”

“Removing the ‘free’ from free markets risks limiting growth,” Russell concluded. “New evidence suggests globalization has actually mitigated the overall severity of volatile economic cycles that over time have sometimes penalized Canadians and Canadian companies.”

Visit www.iiac.ca for the Association’s commentary and statistics in its quarterly publication ***Review of Equity New Issues and Trading***. On June 26, 2007, Ian Russell is presenting his perspective on how hollowing-out-of-Canada concerns ring hollow at the Economic Club of Toronto.

The Investment Industry Association of Canada, formerly the industry association arm of the Investment Dealers Association of Canada (IDA), advances the position of the Canadian investment industry on regulatory and public policy issues. As the professional association for the industry, the Investment Industry Association has a mandate to promote efficient, fair and competitive capital markets for Canada while helping its member firms across the country succeed in the industry.

For more information:

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