



## IFC: A Brand New Program!

On March 30 2010, the Quebec Ministry of Finance announced an improved IFC fiscal incentive.

With this amendment, the Quebec government firmly intends to make the development of Montreal's financial sector a major part of its economic strategy.

### Tax benefits granted to corporations

The Quebec government has replaced almost all tax benefits with a refundable tax credit calculated on the basis of the salary an IFC operator pays each eligible employee.

More specifically, the value of this tax credit equals 30% of the eligible employee's salary, up to \$20,000 per year.

**An unlimited annual refundable tax credit of 30% on salaries paid to employees of an IFC (maxed at \$20,000 per job, per year).**

Foreign specialists working in an IFC will continue to receive the same benefits, i.e. a 100% provincial tax holiday for the first two years, a 75% tax exemption the 3<sup>rd</sup> year, a 50% exemption the 4<sup>th</sup>, and a 37.5% exemption the 5<sup>th</sup>.

For more information, please refer to the 2010-2011 Quebec budget (pages 203-208):

<http://www.budget.finances.gouv.qc.ca/Budget/2010-2011/en/documents/EconomicActionPlan.pdf>

### The IFC's new program summarized

Measures	Obsolete parameters	New parameters
<b>Deduction for an IFC operation</b>	<ul style="list-style-type: none"> <li>• 75% of income tax</li> <li>• 75% of tax on capital</li> <li>• 75% of employer's contribution to HSF</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Eliminated</b></li> <li>• <b>Eliminated</b></li> <li>• <b>Eliminated</b></li> <li>• <b>Refundable tax credit of 30% on salaries paid to employees of an IFC (max. \$20k per employee per year)</b></li> </ul>
<b>Tax exemption for employees</b>	<ul style="list-style-type: none"> <li>• 37.5% of income, up to a deduction of \$50,000</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Eliminated</b></li> </ul>
<b>Tax exemption for foreign specialists</b>	<ul style="list-style-type: none"> <li>• 100% the first two years, 75% the 3rd year, 50% the 4th year and 37.5% the 5th year</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Maintained</b></li> </ul>

# Creation of a cluster: Finance Montreal

The Quebec government intends to support the efforts of Montreal's financial community to set up a financial sector round table such as the ones in Toronto, Dubai, Geneva and Paris.

To be launched in 2010-2011 with a \$200,000 public budget and additional private funding, Montreal's finance round table will work hand in hand with the IFC to serve Montreal's growing financial community.

## Advantages of the cluster:

- Represents a tool for entrepreneurs for the development of the industry;
- Allows for a homogeneous representation of opinion within the industry;
- Boosts the industry by carrying out projects that bring solutions to common problems.

For more information refer to the 2010-2011 Quebec budget (pages 201-203):

<http://www.budget.finances.gouv.qc.ca/Budget2010-2011/en/documents/EconomicActionPlan.pdf>

## IFC Events & Trips

### **Hedge Fund Re-Domiciliation Conferences**

IFCMontreal participated in three editions of IBC's Hedge Fund Re-Domiciliation conference in London, Geneva and Luxemburg. Steve Gauthier, Vice President of Corporate Development at IFC and panelist at the Luxemburg conference stated: *"There are still many uncertainties in Europe concerning fund and fund administration domiciliation. The EU's AIMS Directives, UCITS IV regulations and the OECD's lists should be drivers for Montreal to position itself as a stable and viable alternative."*

April 2010



### **Quebec Government's U.S. Strategy**

IFCMontreal sponsored a breakfast conference in Boston where the Minister of International Relations of Quebec, Mr. Pierre Arcand spoke on "The Quebec Government's U.S. Strategy". This event was organized jointly by the Quebec Government Office in Boston and the New England-Canada Business Council

June 2010



### **Recent trips**

#### April

London 12-13  
Lux. 14-16  
Boston 21-23

#### May

New York 12-14  
London 24-25  
Paris 26-28

#### June

Luxembourg 1-4  
Toronto 15-18  
Boston 17-18

#### July

Paris 5-7  
New York 7-9  
Luxembourg 8

## Global Financial Centres Index: You can put Montreal on the map!

Semi-annually, the City of London publishes a ranking on the competitiveness of financial centres around the world, the **Global Financial Centres Index**. The last edition put Montreal in 26<sup>th</sup> position, a great improvement from its previous 31<sup>st</sup> place ranking!

By participating in the last survey, you enabled Montreal to jump 5 positions. We need your help to make it happen again. Please take 5 minutes of your time for this confidential survey:

<http://www.fm2x.com/gfci/>



# Notable News

## Montréal Exchange Launches Energy Derivatives

The Montréal Exchange will be launching a new energy derivative product with the introduction of its Canadian Heavy Crude Oil Differential Price Futures (WCH) on **June 18, 2010**.

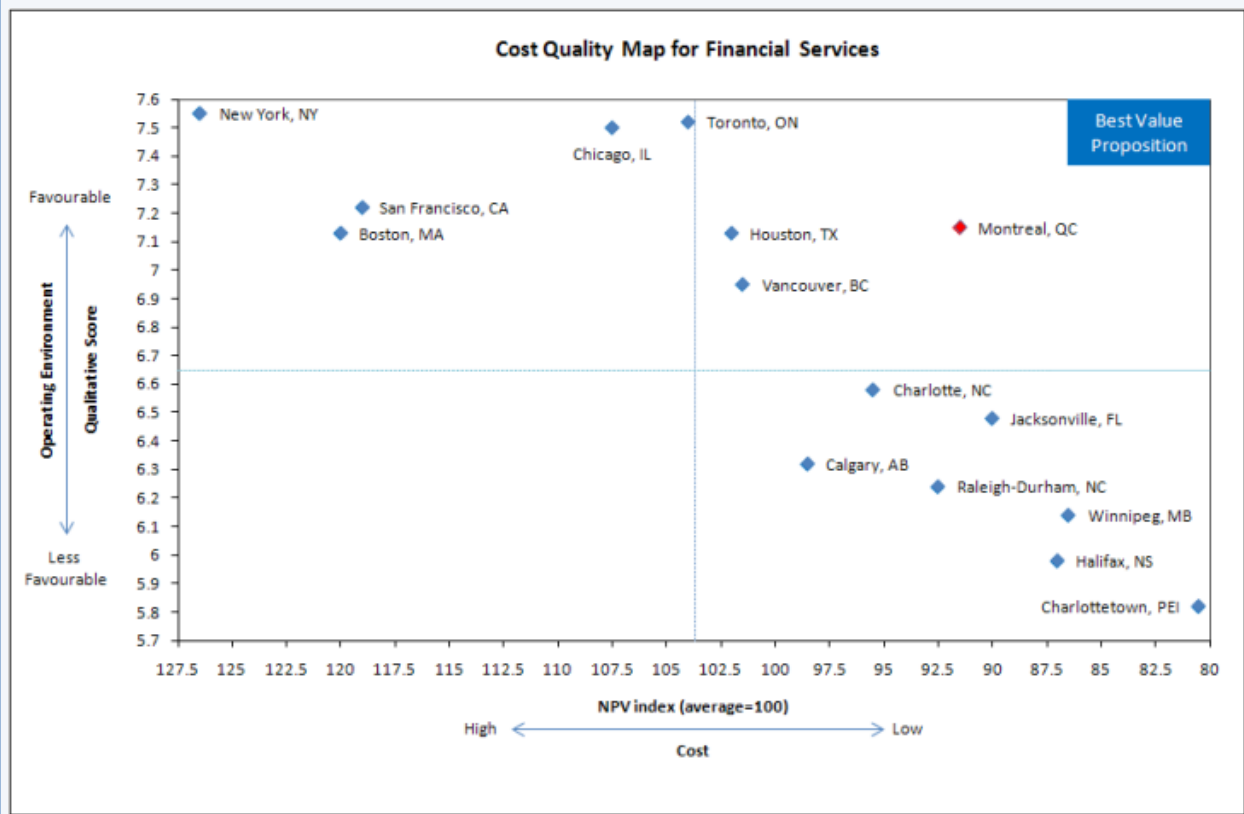
Following an extensive consultation with oil producers, refiners and financial players, the Montréal Exchange has designed the WCH contract, recognizing the need for an efficient exchange-traded basis risk management instrument on Canadian heavy crude oil, specifically Western Canadian Select heavy crude oil. The WCH contract is also a natural progression to solidify the status of the Western Canadian Select stream as a North American benchmark for heavy crude oil.



*Source: Montréal Exchange*

## Montreal as a best value proposition

In March 2010, IBM Corporation's Plant Location International (PLI) Group conducted a study entitled: Global Location Strategies – Cost Plus Benchmarking Tour. In this study, it examined the financial sector in North America and created a cost/quality matrix in which Montreal is favourably positioned as a low cost – high quality operating environment and best value proposition destination.



# Welcoming Montreal's latest IFC members



*"Sigma Alpha Capital is a leader in alternative products. The acquisition of the IFC status will foster more rapid and more significant growth for the specialized unit that is Sigma Alpha by facilitating the hiring of foreign managers and the creation of new products centered on emerging markets. The IFC status gives us even more of an edge over foreign competition"* **Luc Lapointe**, Vice President and Portfolio Manager, Sigma-Alpha Capital Inc.



*"For operations involving cross-border transactions, Montreal is a smart business location given the tax incentives offered by the International Financial Centre, the city's cultural diversity, bilingualism, and financially sophisticated professional resources, as well as the emergence of many companies using cutting-edge technology."*



**Daniel Labrecque**, President, **D&A Labrecque Capital**

*"There has been a recent trend in the Hedge Fund Administration business to move the back office operations from offshore jurisdictions to more stable centers. Over the last year this work has been transferred to the Montreal office to take advantage of the talent pool located in the city."* **Andrew Yonda**, Vice President, **Dundee Leeds Management Services Ltd.**



Dundee Leeds Group of Companies

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**IFCMontreal** is a private corporation whose mission is to promote Montreal as an international financial centre. Through our extensive network of partners, we are a one-stop shop solution to foreign investors looking to establish a business presence Montreal. Our services are free of charge and offered on a confidential basis.

