

competition law bulletin

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Competition Policy Review Panel Recommends Removing Restrictions on Financial Services Mergers

In a report released on 25 June 2008, the Canadian Competition Policy Review Panel has recommended that the Minister of Finance remove the de facto prohibition on bank, insurance and cross-pillar mergers of large financial institutions subject to regulatory safeguards enforced and administered by the Office of the Superintendent of Financial Institutions and the Competition Bureau.

The Panel has also recommended that the “widely held” rule with respect to large banks and demutualized insurance companies be maintained. Under this rule, no person can hold more than 20% of the voting shares or more than 30% of the non-voting shares in a bank with equity of more than \$8 billion or in a demutualized insurance company with equity of more than \$5 billion at the time of demutualization.

Financial institutions regulated under the “Bank Act” and the “Insurance Companies Act” are exempt from the application of the “Investment Canada Act” and review of investments in these institutions is the responsibility of the Minister of Finance. For those financial institutions that are affected by the Investment Canada Act, the Panel has recommended that the threshold for review be raised from \$5 million to \$1 billion.

Finally, the Panel has suggested that greater international competition and increased competition between bank and non-bank lending institutions could benefit the Canadian financial services sector and the public interest. The Panel proposed that these issues be considered in the Minister of Finance’s review of the “Bank Act” in 2012.

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Our Competition Group is home to some of Canada's most experienced and respected competition practitioners.

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