

# Financing and banking arrangements



## Things to know

- A Canadian subsidiary can be funded either internally (e.g., by its shareholders or partners) or externally (e.g., financial institutions, banks, private investors or venture capital firms).
- Unlike the United States, Canada does not have a single federal securities regulator. Each of the Canadian provinces and territories has enacted laws that govern securities transactions, and each has established a securities commission or similar securities regulatory authority.
- There is no minimum capitalization requirement in Canada, which means that there is no minimum amount of equity which needs to be contributed to a corporate subsidiary upon formation.
- Canadian banks will require extensive documentation in order to set up the bank account including identification, proof of ownership and incorporation documents. Assembling these documents can be cumbersome so be sure to provide enough lead time for completing this step.

## Things to do

### DETERMINE THE METHOD OF FINANCING

- Consider whether to raise funds by issuing equity or debt or arranging for a loan or line of credit – where necessary, engage local counsel to advise on the chosen transaction and prepare the required documentation.

### TAX PLANNING

- Consult with your Canadian tax advisor at the outset to ensure all financial arrangements are made on a tax-efficient basis.

### FIND A BANK IN CANADA

- Consider leveraging the business' relationship with its current foreign bank (if it has relationships with banks located in Canada), or consult local advisors for recommendations.

### USEFUL RESOURCES

#### Government of Canada

- [List of domestic and foreign banks regulated in Canada](#) (click on “Banks”)
- [Financing your new business](#)
- [Innovation funding and support](#)

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- [Financing a foreign business operating in Canada](#)

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