

## Canadian exchange courting Arizona

4 comments by [Andrew Johnson](#) - Feb. 6, 2010 12:00 AM  
The Arizona Republic

A small [Canadian stock exchange](#) that promises companies lower fees and fewer financial reporting requirements is courting Arizona businesses in search of capital.

The state is a prime target because of its growing base of startup companies and the challenges they face obtaining [bank credit](#), venture capital and other financing from local sources, executives of the Toronto-based Canadian National Stock Exchange said this week.

They met with business leaders and entrepreneurs in Phoenix to educate them about the process for going public on the exchange and to discuss their long-term plans of opening a local office.

The exchange charges companies less money to be listed and provides a more "streamlined" process for reporting financial results and other information to investors and [brokers](#) than large exchanges such as the New York Stock Exchange and Nasdaq, President Robert Cook said.

"We think this would be a really good place to test the model," he said.

Cook and his partners met with Phoenix Mayor Phil Gordon, Greater Phoenix Economic Council President and CEO Barry Broome, Arizona Chamber of Commerce and Industry President and CEO Glenn Hamer and other civic leaders to discuss how the exchange works.

"To us, this is really an exciting new opportunity for Arizona companies, particularly small and medium-sized companies, to attract capital and . . . grow and add jobs here in Arizona," Hamer said.

They also held information sessions with executives from about 25 local companies that could be good candidates for the exchange, said Brian Cameron, an [investment banker](#) from Vancouver.

CNSX isn't the first Canadian exchange to court Arizona businesses.

The TSX Venture Exchange, an arm of the Toronto Stock Exchange that caters to emerging companies, has visited Phoenix several times during the past few years to attract local businesses looking to access the capital markets.

Increased financial regulations such as the Sarbanes-Oxley Act and higher capitalization requirements of major U.S. stock exchanges have made it difficult for smaller companies to handle the costs of being publicly traded, said Glenn Williamson, a local investment banker and CEO of the Canada Arizona Business Council, which

Advertisement

**30-Year Fixed Rate**  
**\$200K loan for \$1,060/mo.**

**866-945-4410**

\*Rates can change. Act now!

**Quicken Loans**

The Easiest Way to Get a Home Loan®

Print Powered By  FormatDynamics™

promotes trade between the two areas.

The TSX Venture Exchange, CNSX and other smaller exchanges fill a "very wide hole" in the market for companies that want to access the public markets but don't need to raise hundreds of millions of dollars, Williamson said.

"One of the things that's very obvious to us is the capital markets outside of the U.S. are outperforming capital markets inside the U.S., at least when it comes to Arizona," GPEC's Broome said. "There's a lot bigger appetite from an investor's standpoint out of Canada and China than there is out of New York."

Executives of several local companies who met with CNSX representatives say they're interested in getting listed on the exchange.

R2 Software AS, a Denmark company with a sales office in Phoenix, already is far along in the listing process, said John Ragan, a member of the company's board and a partner with political consulting firm the Symington Group.

Titus Cycles Inc., a Tempe-based maker of high-end mountain bikes, also is considering getting listed, said CEO Mike Gaumond.

The company, which generates about \$5 million in annual sales, is trying to raise between \$1 million and \$2 million to bolster its marketing, Gaumond said.

It can't afford the costs and time it takes to go public on a large exchange, he said.

"It could be an interesting way to raise [equity](#) from a larger number of smaller investors rather than a small number of high net-worth individuals," he said.

Aerocast Inc., which operates a foundry in Mesa that manufactures aluminum and magnesium alloy castings for aerospace parts, was first listed on the exchange in 2008.

Because it operates in a niche market, Aerocast had a difficult time raising capital from private investors, President Robert Jamieson said.

It decided to do an initial public offering on the CNSX because of low entry costs, he said, adding it costs \$10,000 for an initial-listing fee and \$300 in monthly fees.

It does not charge other fees to file [quarterly reports](#) and other financial announcements like other exchanges do.

As of the end of 2009, there were 127 companies listed on CNSX with a total market value of \$647 million.

The company added 30 new listings last year and lost six, Cook said.

Copyright © 2010, azcentral.com. All rights reserved. Users of this site agree to the [Terms of Service](#) and [Privacy Policy/Your California](#)

Advertisement



Send flowers  
for any occasion

Bouquets \$19.99  
from 19<sup>+s/h</sup>

ProFlowers<sup>®</sup>  
Order ONLY at  
[proflowers.com/happy](http://proflowers.com/happy)  
or call 1-877-888-0688

Print Powered By  FormatDynamics™

[Privacy Rights](#)

Advertisement

**Help people in need.**

Donate your car, boat or RV

**Free Towing • Tax Deductible**

**FREE**  
3 day vacation  
to over 80  
destinations



Call Toll-Free

**1-877-225-9384**

Print Powered By  FormatDynamics™