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Canaccord and Genuity Join Forces

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Canadian investment bank [Canaccord Financial Inc.](#) has agreed to acquire closely held Canadian advisory and restructuring firm Genuity Capital Markets for \$277 million in a cash and stock deal that will create one of the largest independent investment banks in Canada.

The deal must be approved by Canaccord shareholders due to the number of shares that firm will issue for the purchase. Genuity, formed by former CIBC bankers in 2005, will receive 26.5 million shares and about \$29 million in cash.

Those shares will be locked up in an escrow account and released out to Genuity employees over five years. The deal also locks up Genuity's 10 largest partners into employment agreements.

The firms, based out of Vancouver, will go by the name Canaccord Genuity.

Canaccord generally had focused on corporate underwriting; Genuity was a middle-market M&A and restructuring firm.

"This deal will make us number one among independent investment banks in equity underwriting, M&A advisory, restructuring and trading," said Canaccord CEO Paul Reynolds. "We think we are marrying their strong advisory firm with our strong underwriting firm."

He said the two firms started talking about a deal late in 2009.

Canaccord has about 1,500 employees in Canada, the U.S. and the UK. It had revenue around \$525 million for the last year, with net income around \$33.5 million.

Genuity, which has about 135 employees, has worked on about 105 M&A deals or restructurings since it was founded, most of them in the middle-market space around \$350 million.