



fullsail

Making the Commitment

March 2007

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www.fullsailsummit.com
www.nbsc-cvmnb.ca

NEW BRUNSWICK
SECURITIES COMMISSION

COMMISSION DES
VALEURS MOBILIÈRES
DU NOUVEAU-BRUNSWICK



thank you

On behalf of the Members and Staff of the New Brunswick Securities Commission, I would like to thank the Fullsail participants and partners for their ongoing commitment to strengthen our entrepreneurial culture.

At the Summit, 28-30 January, approximately 150 delegates met in Moncton to discuss the 33 key recommendations contained in the *Funding our Future* report. This report was the culmination of our research and discussions with stakeholders from across the province and beyond. Individuals and organizations agreed to implement 24 recommendations over the next twelve months, and a number of other recommendations will be considered as we continue on our journey forward.

As the Chair of the Commission, I am encouraged by the commitment to rekindle this province's entrepreneurial spirit. Our objective is to help create dynamic capital markets that will lead to economic wealth and independence. I am pleased to see Fullsail delegates coming forward and seizing the opportunity to challenge our future. We need this kind of passion and commitment to achieve our vision.

I thank you for your participation, support and guidance. We look forward to sharing the progress of this initiative with you over the coming months. If you are reading or hearing about this initiative for the first time, we urge you to join us in our efforts to develop a successful and prosperous New Brunswick.

I hope to see you at the second Fullsail Summit, in the spring of 2008.

Sincerely,



Donne W. Smith
Chair and Chief Executive Officer
New Brunswick Securities Commission

Partners:



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique



NEW BRUNSWICK
SECURITIES COMMISSION
COMMISSION DES
VALEURS MOBILIERES
DU NOUVEAU-BRUNSWICK



STEWART MCKELVEY



Deloitte.



GROWTHWORKS

Progress



introduction

The New Brunswick Securities Commission (NBSC) was established in 2004 as an independent crown corporation. We have a dual mandate to protect investors from unfair, improper or fraudulent practices, and to promote the growth of New Brunswick capital markets for the benefit of both entrepreneurs and investors.

Our objective is to create dynamic capital markets, leading to economic independence and wealth for our province. We see an inter-relationship between the two mandates. New Brunswickers can have confidence in capital markets and invest within their own province if we keep the playing field fair and properly regulated. We firmly believe our success will be measured not only by how we fulfill our traditional role as investor protectors, but also by the extent to which we are able to help build visible, viable and efficient capital markets in New Brunswick.

Developing the capital markets

The focus of this initiative is on fostering the capital markets in the province. Since autumn 2005, we have been researching the state of capital markets in New Brunswick and what initiatives have worked and not worked in other jurisdictions around the world. A study of our own capital markets confirmed that with few publicly-traded companies, limited venture capital investment, and fragmented and informal angel investment, the province's capital markets are under-developed and under-used.

In early 2006, our research culminated in our *Roundtable on Fostering Capital Markets* discussion document. This report identified approximately 120 recommendations from stakeholders, aimed at growing the entrepreneurial economy in New Brunswick. We held a series of roundtable discussions around the province to talk with knowledgeable stakeholders in order to better understand the issues and impediments to developing effective capital markets in New Brunswick.

The roundtable dialogues affirmed our understanding of the inherent challenges in New Brunswick's capital markets, but also demonstrated the desire and ability of our people to achieve change.

From this process, we refined the recommendations to 76. These were identified in the *Funding our Future* report issued in January 2007.

Of these recommendations, 33 were presented for consideration and discussion at the Fullsail Summit. Selection of the recommendations was based on the following criteria:

- They provide a benefit to as many stakeholder groups as possible.
- Their implementation can begin within 12 months.
- They can be grouped into discrete, manageable programs to allow champions to take ownership.

The remaining recommendations have not been dismissed; rather, they have been kept as part of an appendix in that report for future consideration.

Fullsail Summit

The Fullsail Summit, held 28-30 January 2007, was the next step in our initiative to grow vibrant capital markets in our province. The recommendations in the *Funding our Future* report were organized into five program areas that formed the backbone of the Fullsail Summit working groups.

At the Fullsail Summit, five Owners were identified as project managers of these programs. These Owners assumed responsibility for their program areas and agreed to work with Champions and Supporters in undertaking specific capital market development initiatives.

Program area	Owner
Entrepreneurship	University of New Brunswick
Entrepreneur networks	New Brunswick Enterprise Networks
Financial incentives for business development	Business New Brunswick
Angel activity	National Research Council – Industrial Research Assistance Program
Capital raising options	New Brunswick Securities Commission

At the Summit, delegates participated in one of five working groups to discuss the recommendations and identify which ones could be undertaken. At the end of the day, 24 recommendations were selected. Champions committed to take the lead on each of the recommendations and Supporters signed up to help take the recommendations from paper and discussion to reality.

Making the Commitment

We have moved beyond discussion and have gained commitment and support. We are pleased to identify those individuals and organizations that have made a commitment to implement the recommendations.

There is no one solution, or single solution-provider in the initiative to rebuild New Brunswick's entrepreneurial heritage. Stakeholder vision has driven this initiative from the beginning, starting with the roundtable discussions, and a wide range of stakeholders is needed to take us the rest of the way.

The development of vibrant capital markets will increase investment, innovation and prosperity for New Brunswickers. But we need to sustain a coordinated effort and a commitment to change. If you see yourself as part of the solution, contact us at the NBSC, or contact one of the program Owners directly. Visit the Fullsail website at www.fullsailsummit.com for contact information and to see regular updates on our progress.

recommendations

The following tables identify champions and supporters who have expressed a desire to work together to realize Fullsail recommendations.

Note: Recommendations which have champions or supporters are listed in the first section. The second section lists those recommendations that have been referred from one working group to another, or to an outside party, as well as recommendations that do not yet have champions or supporters and will be considered in the future.

Working Group: Entrepreneurship

Owner: University of New Brunswick. Contact: Gerry Pond.

Recommendation		Champions	Supporters
4.	Create a <i>Premier's Council on Entrepreneurism</i> .	UNB. Contact: Dannie Brown, Director, International Business and Entrepreneur Centre.	Business New Brunswick. Contact: Yvon Belliveau, Executive Director, Business and Export Development. Transetix GSI. Christopher Boudreau, CEO/President.
5a.	Actively seek the involvement of the provincial departments dealing with K-12 education and post-secondary education.	New Brunswick Securities Commission Contact: Michael Arbow, Capital Markets Specialist.	catalict/propelsj. Contact: Jeffrey Roach. UNB. Contact: Dannie Brown, Director, International Business and Entrepreneur Centre.
5b.	Provide post-secondary students with work experience and consultancy opportunities at early stage businesses.	Shannon Parlee. Student, Mount Allison University. Kevin Natkinniemi. Student, Mount Allison University.	UNB. Contacts: Linda Bulmer, Professor/ Chair at the Dr. J. Herbert Smith Centre (TME); Dannie Brown, Director, International Business and Entrepreneur Centre. catalict/propelsj. Contact: Jeffrey Roach.

Working Group: Entrepreneurship

Owner: University of New Brunswick. Contact: Gerry Pond.

Recommendation		Champions	Supporters
8.	Provide better access to investment readiness tools, including marketing tools.	Université de Moncton. Contact: Egbert McGraw, Directeur, Centre de commercialisation internationale.	UNB. Contact: Dannie Brown, Director, International Business and Entrepreneur Centre. Enterprise Carleton Region. Contact: Gary Melanson, General Manager. Transetix GSI. Contact: Christopher Boudreau, CEO/President.
9.	Launch education and awareness campaigns about all types of capital markets.	New Brunswick Securities Commission Contact: Manon Losier, General Counsel and Secretary to the Commission.	New Brunswick Community College. Contact: Deanna Hallager, Instructor. catalict/propelsj. Contact: Jeffrey Roach. Progress Magazine. Contact: Pamela Scott Crace, Editor. UNB. Contacts: Linda Bulmer, Professor/Chair at the Dr. J. Herbert Smith Centre (TME); Dannie Brown, Director, International Business and Entrepreneur Centre.
12.	Develop a mentoring network, including a train the mentor component and a component that matches entrepreneurs with mentors.	Enterprise Carleton Region. Contact: Gary Melanson, General Manager.	catalict/propelsj. Contact: Jeffrey Roach. Noble Concepts Inc. Contact: Duncan Noble, President. Ewing Marion Kauffman Foundation. Contact: Susan Preston, Entrepreneur-in-Residence.
14.	Teach students that entrepreneurship is a desirable career objective.	Enterprise Carleton Region. Contact: Gary Melanson, General Manager.	Sarah Cudmore. Étudiante, Faculté de droit, Université de Moncton. Atlantic Baptist University. Contact: Heather Steeves, Professor, Business Faculty.

Working Group: Entrepreneurship, continued

Owner: University of New Brunswick. Contact: Gerry Pond.

	Recommendation	Champions	Supporters
17.	Create a long-term media alliance to encourage positive messages about the merits of entrepreneurship and investing in New Brunswick.	Université de Moncton. Contact: Sylvie Berthelot, Professor, Faculty of Business.	Progress Magazine. Contact: Pamela Scott Crace, Editor. Tranetix GSI. Christopher Boudreau, CEO/President. Business New Brunswick. Contact: Yvon Belliveau, Executive Director, Business and Export Development.

Working Group: Entrepreneur networks

Owner: Enterprise Network. Contact: Richard LeBlanc.

	Recommendation	Champions	Supporters
18.	Establish a provincial network of information resources for entrepreneurs.	Enterprise Network. Contact: Richard LeBlanc, Executive Director.	<p>The entire working group, including: Industry Canada. Contact: John Connell, Director General.</p> <p>Halifax Global Inc. Contact: Andy Cutten, Partner.</p> <p>InteliSys Aviation Systems. Contact: Frank Kays, Vice President.</p> <p>Business New Brunswick. Contact: David Kirkpatrick, Project Executive.</p> <p>Amy Merrithew. Student, Atlantic Baptist University.</p> <p>NRC-IRAP. Contact: Susan Simpson, Business Analyst.</p> <p>Enterprise Saint John. Contact: Keith Melvin, Economic Development.</p> <p>RTi-Resurgence. Contact: Vern Card, President.</p> <p>ACOA. Contact: Wendy MacWilliams, Senior Development Officer.</p> <p>Enterprise Fundy. Contact: Frank Tenhave, Executive Director.</p> <p>Mary Beth Harris. CA & CFP Consultant.</p> <p>Deloitte. Contact: Ron Marcolin, Senior Manager.</p>

Working Group: Entrepreneur networks, continued

Owner: Enterprise Network. Contact: Richard LeBlanc.

Recommendation		Champions	Supporters
19.	Prepare consulting, accounting and legal firms to work with entrepreneurs and equity capital.	New Brunswick Securities Commission. Contacts: Manon Losier, General Counsel and Secretary to the Commission; Kevin Hoyt, Director and Chief Financial Officer.	
20.	Connect business owners who wish to retire to networks of entrepreneurs interested in acquiring businesses.	<i>Integrated with Recommendation 18.</i>	

Working Group: Financial incentives for business development

Owner: Business New Brunswick. Contact: Deborah McQuade.

Recommendation		Champions	Supporters
21.	Provide a Tax Credit for community venture capital and early stage investment.	<p>ACOA. Contact: Denis Lanteigne, Innovation Development Officer.</p> <p>City of Miramichi. Contact: Jeffrey MacTavish, Director, Economic Development.</p> <p>CareerBeacon.com. Contact: Jean Nadeau, General Manager.</p>	
23.	Repay student loans.	<p>Mathis Consultants. Contact: Chris Mathis, Partner.</p> <p>Moritz Gunther. Student, Mount Allison University.</p>	
24.	Promote executive recruitment using financial incentives.	Canada/NB Business Service Centre. Contact: Shannon Sanford, Senior Policy Advisor.	
25.	Promote employee share purchase and option plans.	<i>Integrated with Recommendation 21.</i>	

Working Group: Angel activity

Owner: National Research Council. Contact: Johannes Larsen.

Recommendation		Champions	Supporters
26.	Create a New Brunswick Angel Network.	First Angel Network Association. Contact: Ross Finlay, Director.	NRC-IRAP. Contact: Michelle Johnston, Business Analyst.
27.	Create a web portal for New Brunswick angels.	National Angel Organization. Contact: Dan Mothersill, President.	NRC-IRAP. Contact: Johannes Larson, Innovation/Network Advisor.
28.	Promote the creation of angel networks that serve specific regions or demographic groups.		<p>CIBC Wood Gundy. Contact: Bob Cormier, Branch Manager.</p> <p>Canadian Business Development Council, Southwest Valley. Contact: Robert Bowles, Executive Director.</p> <p>New Brunswick Securities Commission Contact: Michael Arbow, Capital Markets Specialist.</p> <p>Wellington West Capital Inc. Contact: Hilary Brock, Investment Advisor.</p> <p>MedSenses. Contact: Tim Barnett, Chairman/CEO.</p>

Working Group: Capital raising options

Owner: New Brunswick Securities Commission. Contact: Andrew Nicholson.

	Recommendation	Champions	Supporters
29.	Create an Annual Lieutenant-Governor's Venture Plan Competition.	New Brunswick Innovation Foundation. Contact: Calvin Milbury, Vice President, Business Development.	<p>PricewaterhouseCoopers. Contact: Jamie Nicoll, Vice President.</p> <p>Cox & Palmer. Contact: Arthur Doyle, Partner.</p> <p>Interchange/Executive Knowledge Exchange. Contact: David Melia, Partner.</p> <p>Enterprise Fredericton. Contact: Doug Motty, Executive Director.</p> <p>GrowthWorks Atlantic. Contact: Peter Clark, Regional Investment Manager.</p>
30.	Promote education and awareness about capital raising options for entrepreneurs and advising professions.	New Brunswick Securities Commission. Contact: Manon Losier, General Counsel and Secretary to the Commission; Michael Arbow, Capital Markets Specialist.	<p>Deloitte. Contact: Jeff White, Vice President.</p> <p>Calabrese Law & Immigration. Contact: Hazen Calabrese, Partner.</p> <p>ACOA. Contact: Debbie McKinnon, Account Manager.</p> <p>Enterprise Charlotte. Contact: Mike Rouse, Director.</p> <p>Interchange/Executive Knowledge Exchange. Contact: David Melia, Partner.</p>

Working Group: Capital raising options, continued

Owner: New Brunswick Securities Commission. Contact: Andrew Nicholson.

	Recommendation	Champions	Supporters
77.	Conduct a capital pool company offering for select NB company as evidence of NB success.	PricewaterhouseCoopers. Contact: Jamie Nicoll, Vice President.	<p>New Brunswick Innovation Foundation. Contact: Calvin Milbury, Vice President, Business Development.</p> <p>Interchange/Executive Knowledge Exchange. Contact: David Melia, Partner.</p> <p>New Brunswick Business Council. Contact: Nancy Mathis.</p>
78.	Create opportunity for select and ready NB companies to be profiled to Canadian Venture Capital Association attendees, May 2007.	PricewaterhouseCoopers. Contact: Jamie Nicoll, Vice President.	<p>Ballast Capital. Contact: Stephen Goddard.</p> <p>GrowthWorks Atlantic. Contact: Peter Clark, Regional Investment Manager.</p>

other recommendations

General recommendations to promote the awareness of entrepreneurship

The recommendations below promote the awareness of entrepreneurship and apply to all the program areas.

Recommendation	
1.	Provide positive messages about the merits of entrepreneurship and investment within New Brunswick.
2.	Actively promote New Brunswick entrepreneurship and investment.
3.	Initiate efforts to bring New Brunswickers home.

Referred recommendations

The recommendations below were referred for consideration from one working group to another.

Recommendation		Referred to
31.	Establish university and community college angel capital funds.	Angel activity
32.	Establish a New Brunswick sidecar financing fund.	Angel activity
79.	Competitive NB R&D tax credit/mechanism to support reinvestment by entrepreneur.	Financial incentives for business development

Deferred recommendations

The recommendations below do not yet have champions or supporters, or have been deferred until specific dependencies are met.

Recommendation		Notes
6.	Develop a culture of collaboration among universities and colleges to encourage entrepreneurship.	
7.	Create an alliance between employers and labour to foster a positive entrepreneurial environment.	
10.	Educate the public, private, and academic sectors about the benefits of capital markets, entrepreneurs and 'intrapreneurs'.	
11.	Create awareness within traditional financial institutions about the benefits of facilitating access to equity financing for entrepreneurs.	
13.	Encourage entrepreneurial and intrapreneurial growth within academia.	
15.	Develop a web portal aimed at high school and post-secondary students to showcase career paths and academic requirements.	
16.	Establish university and community college 'entrepreneurs in residence'.	
22.	Increase the dividend tax credit for New Brunswick private corporations.	Held over until further research is performed.

Discarded recommendations

The recommendations below were discussed and not pursued.

Recommendation		Referred to
33.	Encourage the New Brunswick Investment Management Corporation to allocate its stated 2% objective for 'alternative' investment.	There is already NBMIC policy, opportunities and preparedness to support NB alternative investments.

External recommendations

The recommendations below require the involvement or championship of parties who are not yet engaged with the Fullsail initiative.

Recommendation	
34.	Reduce immigration restrictions.
35.	Empower local and regional bank managers.
36.	Allow the factoring and sale of tax credits.
37.	Provide front and back end tax incentives.
38.	Launch a pan-Atlantic initiative to build a talent pool.
39.	Promote greater regional partnering.
40.	Create a single securities regulator for Atlantic Canada.
41.	Develop a formal "sister" relationship with the State of Wisconsin.
42.	Launch a pan-Atlantic initiative to develop technology and start-up companies.
43.	Create an Atlantic Canada early stage tax credit agreement.

Additional recommendations

The recommendations below were not directly considered during the Fullsail Summit, but may be considered during future Fullsail activities.

Recommendation	
44.	Reward attempts at development.
45.	Create a greater awareness of regional listed companies.
46.	Provide an exit strategy for Community Economic Development Investment Funds through a capital pool company.

Additional recommendations, continued

The recommendations below were not directly considered during the Fullsail Summit, but may be considered during future Fullsail activities.

Recommendation	
47.	Do not use the number of jobs created as a key metric for economic development.
48.	Attract more venture capital firms to Atlantic Canada.
49.	Host regular investor forums that travel the province.
50.	Bring top-level management marketing executives to New Brunswick for speaking tours.
51.	Provide introductions and professional coaching to entrepreneurs so they can access venture capitalists.
52.	The Government of New Brunswick should buy New Brunswick products.
53.	Encourage venture capital investment in New Brunswick from "Route 128".
54.	Actively solicit regional and national conferences in New Brunswick for high-growth sectors.
55.	Do not use government funds to maintain the viability of existing industries.
56.	Reduce the cost of starting new businesses.
57.	Mandate government and related institutions to invest in early stage companies.
58.	Discourage businesses from listing too early.
59.	Establish a fund to provide early stage capital investment.
60.	Find and nurture gazelles.
61.	Spend 20% of regional economic development money on the promotion of informal investment.
62.	Make the New Brunswick Investment Management Corporation part of a pan-Atlantic or New Brunswick wide angel network.

Additional recommendations, continued

The recommendations below were not directly considered during the Fulsail Summit, but may be considered during future Fulsail activities.

Recommendation	
63.	Create a public or private body to identify New Brunswick opportunities.
64.	Provide an initial public offering of a New Brunswick Crown Corporation.
65.	Waive the NBSC's initial registration fee for capital pool companies and initial public offerings.
66.	Develop, brand and market a technology zone.
67.	Provide an education tax credit to encourage undergraduates to acquire technology-related post-graduate degrees at New Brunswick universities.
68.	Permit the delivery of disclosure documentation over the Internet.
69.	Provide regionally based commercialization internships.
70.	Encourage economic agencies to be proactive with growth companies.
71.	Encourage agencies to hire connectors.
72.	Increase the investment tax credit to 40% on profits that are re-invested.
73.	Establish public and private funded business incubators.
74.	Create a PNB \$1,000,000 annual revolving Entrepreneurial Investment Fund.
75.	Allow students and staff to own intellectual property.
76.	Establish a New Brunswick Distinguished Professors program.

the next steps

We are committed to the Fullsail initiative and we know others are as well. There is accountability and ownership assigned to each recommendation, and there will be reporting that reflects that commitment and the progress of the initiative.

This report outlines the specific recommendations taken on in each program area and those who have committed to implement it. In addition to the ownership of the capital raising options program area and the championship of a number of recommendations, the New Brunswick Securities Commission has the role of overall coordinator of the initiative. We will have quarterly progress reviews with the Owners. Owners, in turn, have planned working meetings with their Champions and Supporters.

Progress reports will be issued every six months and posted on our Fullsail website (www.fullsailsummit.com). Our intention is to have a follow-up summit in the spring of 2008. This conference will be a forum where we can see what we've accomplished since our January 2007 summit.

Target Dates

Owners Progress Reviews (Quarterly)	Progress Reports
April 2007	
June 2007	June 2007
September 2007	
December 2007	January 2008

Fullsail Summit II – Spring 2008

The Fullsail initiative is not a finite thing. There needs to be an ongoing commitment to change. There is no one solution, or single solution-provider in the initiative to rebuild New Brunswick's entrepreneurial heritage and develop our capital markets. Stakeholder vision has driven this initiative from the beginning, starting with the Roundtable discussions, and a wide range of stakeholders are needed to take us the rest of the way. We appreciate the commitment stakeholders have shown so far.

We firmly believe our success will be measured not only by how we fulfill our traditional role of investor protection, but also by the extent to which we are able to help build visible, viable, efficient capital markets in New Brunswick.

Do you share the passion and the vision?

The development of vibrant capital markets will increase investment, innovation and prosperity for New Brunswickers. For this initiative to be sustainable, we need a coordinated effort and a commitment to change. If you see yourself as part of the solution and have not yet made the commitment, or you know of someone else who could also join us in our efforts, please visit our website at www.fullsailsummit.com to contact us, or one of the program owners directly.

Thank you

The Fullsail Team

notes
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