

B.1.2 Notice of Commission Approval of OSC Rule 51-506 Extension in Ontario to CSA Blanket Order 51-930 Exemption from the Director Election Form of Proxy Requirement

**NOTICE OF COMMISSION APPROVAL OF
OSC RULE 51-506
EXTENSION IN ONTARIO TO CSA BLANKET ORDER 51-930
EXEMPTION FROM THE DIRECTOR ELECTION FORM OF PROXY REQUIREMENT**

May 9, 2024

Introduction

On April 3, 2024, the Ontario Securities Commission (the **OSC** or **we**) made as a rule under the *Securities Act* (Ontario) local OSC Rule 51-506 *Extension in Ontario to CSA Blanket Order 51-930 Exemption from the Director Election Form of Proxy Requirement* (the **Rule**).

The Rule extends in Ontario the blanket relief issued on January 31, 2023 by CSA Blanket Order 51-930 *Exemption from the Director Election Form of Proxy Requirement* (the **Blanket Order**) by 18 months.

On January 31, 2023, the Canadian Securities Administrators (**CSA**) published an exemption from the director election form of proxy requirement in subsection 9.4(6) of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) for reporting issuers incorporated under the *Canada Business Corporations Act* (**CBCA**) in respect of the uncontested election of directors.

The Blanket Order clarifies the form of proxy requirement for CBCA-incorporated reporting issuers in respect of the uncontested election of directors.

In Ontario, the Blanket Order will cease to be effective in Ontario on July 31, 2024 and the Rule will cause the relief provided in the Blanket Order to be in force for an additional 18-month period from July 31, 2024 to January 31, 2026.

The text of the Rule is contained in Annex A of this notice and is also available on the OSC website at www.osc.ca.

Substance and Purpose

Under subsection 9.4(6) of NI 51-102, a form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the name of the securityholder must be voted or withheld from voting in respect of the election of directors.

On August 31, 2022, subsection 106(3.4) of the CBCA came into effect generally requiring “majority voting” for each candidate nominated for director in uncontested director elections of CBCA-incorporated reporting issuers (the **Majority Voting Amendments**). Pursuant to subsection 149(1) of the CBCA and subsection 54.1(2) of the *Canada Business Corporations Regulations, 2001*, where the Majority Voting Amendments apply, the form of proxy must allow shareholders to specify, for each candidate nominated for director, whether their vote is to be cast “for” or “against” the candidate.

The Blanket Order exempts CBCA-incorporated reporting issuers from the requirement to specify that securities be voted or withheld from voting in respect of the election of directors, as required by subsection 9.4(6) of NI 51-102, where the reporting issuers comply with Majority Voting Amendments.

The OSC is reviewing options for a more permanent solution. Any amendments will be adopted by the CSA through the normal rule-making procedures on a coordinated basis.

Authority for the Local Amendments

Paragraph 143.11(3)(b) of the *Securities Act* (Ontario) provides the authority for the making of a rule which extends a blanket order for a further period of up to 18 months, in accordance with sections 143.3 to 143.6.

Delivery of Rule to Minister

The OSC delivered the Rule to the Minister of Finance on or about May 7, 2024. The Minister may approve or reject the Rule or return it for further consideration within 60 days. If the Minister approves the proposed Rule or does not take any further action, the Rule will come into force on July 31, 2024.

Questions

Please refer any questions to the following OSC staff:

Michael Balter

Manager
Corporate Finance Division
Ontario Securities Commission
(416) 416-593-3739
mbalter@osc.gov.on.ca

Erin O'Donovan

Manager
Corporate Finance Division
Ontario Securities Commission
(416) 204-8973
eodonovan@osc.gov.on.ca

ANNEX A

OSC RULE 51-506
**EXTENSION IN ONTARIO TO CSA BLANKET ORDER 51-930
EXEMPTION FROM THE DIRECTOR ELECTION FORM OF PROXY REQUIREMENT**

Purpose

1. This Rule provides, in Ontario, a temporary extension to the exemption provided in CSA Blanket Order 51-930 *Exemption from the Director Election Form of Proxy Requirement*, pursuant to paragraph 143.11(3)(b) of the *Securities Act* (Ontario).

Extension of temporary exemption

2. ***In Ontario, Section 8 of CSA Blanket Order 51-930 Exemption from the Director Election Form of Proxy Requirement is amended by replacing*** “July 31, 2024, unless extended by the Commission” ***with*** “January 31, 2026”.

Effective date

3. This Rule comes into force on July 31, 2024.