

B

RBC Dominion Securities Inc.
P.O. Box 50
Royal Bank Plaza
Toronto, Ontario M5J 2W7
Telephone (416) 842-2000

October 31, 2000

TO: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Department of Government Services and Lands, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

C/O: John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

- **and** -

Claude St. Pierre
Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square
Stock Exchange Tower
P.O. Box 246, 17th Floor
Montréal, Québec H4X 1G3

RE: Proposed Changes to Draft National Instrument 54-101

The purpose of this letter is to provide you with our comments on the most recent draft of National Instrument 54-101.

We agree that Issuers should have the right to obtain the list of their Non Objecting Shareholders (NOBO's). We also are of the opinion this information should be made available to Issuers in a cost

efficient manner. We do not believe it is in the best interests of either Issuers, Security owners or Intermediaries for Issuers to attempt to facilitate proxy mailing and tabulation using NOBO lists.

Page 2

We support a model that closely resembles the practice in the United States of America, where NOBO lists are made available to Issuers, but are **not** used for the distribution of proxy-mailing and tabulation.

We believe the US market has adopted their proxy mailing, tabulation and corporate event notification process (Shareholder Communications), recognizing the fact that creating bifurcated distribution channels for this vital security owner information would compromise the integrity of their contained and highly efficient Shareholder Communication processes.

The proposed change to the existing process where Intermediaries will make NOBO lists available to interested parties for the purpose of proxy mailing and tabulation particularly without specific reference to a minimum fee schedule, is of significant concern to us. We believe this change if enacted, will create delays, cause significant confusion and ultimately jeopardize the seamless and highly accurate delivery of Shareholder Communication information to security owners.

Issuers currently have the ability to leverage “one stop shopping” with respect to their pre-mailing information gathering process. The proposed changes may result in Issuers being required to gather essential pre-mailing information from a multitude of Intermediaries. It is important to note that Intermediaries do not have this information readily available on short notice, nor have they built the technological infrastructure and capabilities the current service provider has in every facet of this process today.

The vast majority of Intermediaries or Custodians in Canada utilize the current service provider for all proxy mailing tabulation and corporate event notification. Given the fact Custodians do not have the technological capabilities to provide NOBO lists to Issuers (or their agents) on short notice, we believe that Custodians will continue to utilize the current service provider to relay NOBO list information to Issuers. With this technological limitation in mind, we are strongly of the opinion that the proposed changes to the treatment of NOBO's undoubtedly will result in increased costs. These costs will in turn be passed on to the shareholder.

According to the background summary of the proposed changes to Draft National Instrument 54-101 available on the Ontario Securities Commission's web-site:

"The stated purpose of NP41 was to provide a framework to ensure that materials relating to meetings of security holders, including proxies and audited annual financial statements, were provided to such non-registered holders of securities of reporting issuers. The CSA stated in NP41, that the goal of the Task Force and of NP41 was to ensure that non-registered holders have the same access to corporate information and voting rights as registered holders, to ensure that the obligations of each participant in the communication chain were equitable and clearly defined, and to ensure that regulation and procedure was uniform nationwide."

The proposed changes also levy Custodians with the responsibility of processing Shareholder Communications with Objecting Beneficial Owners (OBO's) directly and ultimately either charging OBO's, or bearing the resultant cost of this communication. Clearly this goes against the original goal of the NP41 Task Force as noted above. We believe this change, if enacted, will effectively create two classes of security owners, with OBO's likely being disenfranchised.

We would also argue that by creating two separate and distinct types of security owners, each with their own separate distribution channel, with respect to Shareholder Communications is neither equitable nor clearly defined.

The current Shareholder Communication process in Canada treats NOBO's and OBO's in a fair and equitable manner. Due to the advances in technology deployed by the service provider in this area, both NOBO and OBO security holders receive all Shareholder Communications in an extremely timely and accurate manner.

It is vitally important that the distribution of all Shareholder Communications to shareholders be as uncomplicated and delivered as expeditiously as possible. Investors must have adequate time to carefully digest this vital information. This is of particular importance in view of the trend towards increasingly complex transactions.

The current Canadian Shareholder Communication process is in security holders best interests (both NOBO's and OBO's). This is evidenced by the fact that as an Investment Dealer, we are struggling with our repeated experience that our clients are receiving Shareholder Communications prior to us disseminating this same information throughout our sales organization. We believe this reinforces the fact that the current process is serving Issuers and both NOBO's and OBO's at a very high standard.

In closing, we support Issuers right to obtain their NOBO lists for valid business purposes, however, in providing this information to Issuers we should not jeopardize the contained Shareholder Communication delivery process which is in place in Canada today.

Our firm is willing to work closely with the Canadian industry and regulatory bodies to ensure concerns with the current process are resolved but not at the expense of shareholders.

Yours truly,

David A. Richards
Chief Financial Officer