

October 31, 2000

British Columbia Securities Commission
c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

Dear Mr. Stevenson,

We are pleased to be afforded another opportunity to comment on the proposed revisions to National Instrument 54-101 and related Instruments.

On previous proposals we have, in the interests of brevity, relied on the comments of both the Investment Dealer's Association of Canada and the Canadian Banker's Association to articulate our reactions to the proposed changes outlined in the policy. However, on this occasion, we feel it important that we respond directly on what we feel is a serious flaw in the proposed policy with potential to fragment and confuse a process that is currently efficient and well understood by all participants.

While we fully concur that issuers should have the right to directly contact their Non-Objecting Beneficial owners (NOBO's) on corporate matters and to be aware of who these NOBO's are; we believe that extending this right to include the mailing and tabulation of proxy materials to Issuers could and, in our view, will lead to fragmentation of the process, add cost, and ultimately lead to increasing dissatisfaction and complaints from non-registered shareholders, largely directed at their intermediary.

In our experience, the current process relating to proxy solicitation has resulted in a high level of client satisfaction and compliance in the last number of years and we would urge the CSA to seriously reconsider the proposed changes to the policy relating to proxy solicitation.

While we feel that, by far, the paramount issue of concern in the proposed policy relates to the use of NOBO lists by issuers for proxy solicitation, we urge the CSA to consider two other issues prior to finalizing this policy:

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- (1) The current policy prescribes a fee for intermediary distribution of proxy material whereas the proposed policy appears to be silent on this subject other than specifying such fees should be “reasonable”.

We believe that a prescribed fee is essential for this process to work effectively.

- (2) Section 3:2 of the proposed policy requires an intermediary to obtain instructions from their client prior to holding any securities for the client.

As it is not uncommon for accounts to be opened and transactions completed in advance of all documentation being received, we would request that some latitude be provided between account opening and the requirement for documentation completion.

We believe that the existing process functions well and provides efficiencies for all participants. While there were unquestionably problems related to the policy evident in the early years subsequent to implementation of NP 41, we believe that most of these issues have largely dissipated over time due to improved processes and understanding on the part of all participants in the process.

We hope that the CSA will see fit to consider these views in revising this Instrument.

Norman K. J. Graham
Senior Vice President
ISS Securities Operations