



TEACHERS".

PENSIONPLAN / RÉGIME DE RETRAITE
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July 3, 2007

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Securities Office, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o Ontario Securities Commission
20 Queen Street West, Suite 1900, Box 55
Toronto, Ontario M5H 3S8

Attention: John Stevenson, Secretary

Dear Sirs and Mesdames:

Re: Proposed Repeal and Substitution of Form 51-102F6 *Statement of Executive Compensation*, Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Proposed Consequential Amendments to Multilateral Instrument 52-110 *Audit Committees* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*

Thank you for the opportunity to reply to the request for comments published March 29, 2007 as per above. We hope that you find our comments thoughtful and relevant.

A. Executive Compensation

We agree that the quality and transparency of executive compensation disclosure in Canada must be improved. It should not be the case that shareholders learn of significant pay packages well after they have been paid to executives. We are therefore supportive of the proposed amendments which serve to capture this information through forward-

looking disclosures. We also support the improvements to the tabular presentation of executive and director compensation.

Specific Comments

Our comments on the specific questions set out in the request for comments are below, and are numbered to correspond to the notice.

General provisions

1. Will the proposed executive compensation form clearly capture all forms of compensation? Have we achieved our objective in drafting a document that will capture disclosure of compensation practices as they change over time?

We believe this to be the case with the exception of deferred compensation and certain information for new reporting issuers. While deferred compensation is currently less of an issue in Canada than the U.S., and the SEC has addressed it by including a table specific for disclosure of deferred compensation, it is nevertheless an issue and as such, ought to be addressed appropriately in this round of amendments. Concerning new reporting issuers, we feel that disclosure of compensation objectives is insufficient. Contractually agreed upon amounts that are expected to be paid in the first year ought to be disclosed as well.

2. Do you agree with our proposal not to substantially change the criteria for determining the top five named executive officers? Should it be based on total compensation or some other measure, such as those with the greatest policy influence or decision-making power at the organization?

We agree with the CSA proposal to not substantially change the criteria for determining the top five named executive officers ("NEOs") and that the determination ought to be made on total compensation rather than on salary and bonus. However, we note that the CSA has proposed not to include the change in pension value in the calculation of total compensation for determining the highest paid executive officers who must be included in the table. This is because the potentially significant fluctuations in actuarial value of a pension plan that can occur from year to year. Contributions by the company to defined contribution plans are included in total compensation for determining the top five NEOs who must be included in the table. This could affect who is included in the table for companies which have executives who participate in a defined benefit plan and others who participate in a defined contribution plan, which we have seen to be the case.

3. Should information be provided for up to five people individually, or should the information be provided separately for the CEO and CFO, then on an aggregate basis for the remaining three named executive officers?

Information for up to five people individually is in keeping with the stated objectives of improving the quality and transparency of executive compensation disclosure

Compensation discussion and analysis (CD&A)

4. Will the proposed CD&A requirements elicit a meaningful discussion of a company's compensation policies and decisions?

We support the "principles-based" approach to the disclosure of executive compensation taken by the CSA and believe that issuers must strive to apply the principles outlined in the CD&A requirements to their facts in order to provide investors with clear, concise and meaningful disclosure.

5. Should we require companies to provide specific information on performance targets?

Companies should be required to provide specific information on performance targets. Or, if they absolutely cannot provide the specific quantitative thresholds for reasons related to competitive harm, then they should at least name the metrics used. This will provide investors with information to determine if there is adequate linkage between pay and performance and more importantly, determine the validity of changing performance measures.

6. Will moving the performance graph to the CD&A and requiring an analysis of the link between performance of the company's stock and executive compensation provide meaningful disclosure?

Stock performance is not typically one of the metrics used in awarding pay given the lack of control that executives can exercise over this metric. To be useful to shareholders, the metric that should be used in the performance graph is the one that the company predominantly uses in awarding compensation. We understand that this metric will differ from company to company, however, in analyzing a particular company's pay to performance linkage, this makes the most sense.

Summary compensation table

7. Should the summary compensation table continue to require companies to disclose compensation for each of the company's last three fiscal years, or is a shorter period sufficient?

The summary compensation table should continue to require companies to disclose compensation for each of the company's last three fiscal years at a minimum.

8. Do you agree with the way bonuses and non-equity incentive plans will be disclosed in the summary compensation table?

We believe that the proposed disclosure will assist investors in determining which elements of compensation are correlated with performance and which are not, which is useful information.

9. Do you agree with the proposed disclosure of equity and non-equity awards? Are the distinctions between the types of awards and how they will be presented clearly explained?

Yes.

10. Is it appropriate to present stock and option awards based on the compensation cost of the awards over the service period? If no, how should these awards be valued?

We are aware that presenting stock and option awards based on the compensation cost of the awards may result in negative numbers appearing in the summary compensation table. This would not be useful to investors.

The summary compensation table should disclose the Board's intended compensation value (rather than the compensation cost for accounting purposes), as this more accurately reflects the amount intended to be paid.

11. Should the change in actuarial value of defined benefit pension plans be attributed to executives as part of the summary compensation table?

No.

12. Should we include the service cost to the company in the summary compensation table instead of the change in actuarial value or in addition to it?

Service cost to the company relating to a pension plan better represents the amount intended to be paid and as such, ought to be used in the table instead of the change in actuarial value. However, the change in actuarial value is also of interest to investors and should be disclosed in a note to the summary compensation table.

13. Have we retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the bonus column of the summary compensation table?

Yes.

14. Should we provide additional guidance on how to identify perquisites?

Yes. Our understanding from discussions with issuers is that the proposed definition of perquisites places an unreasonable burden on them related to tracking costs. These costs of these burdens must be borne by the shareholders. We believe that a simple brightline test whereby all perquisites exceeding \$50,000 ought to be disclosed and explained is sufficient.

15. Will a total compensation number calculated as proposed provide investors with meaningful information about compensation?

The total compensation number calculated as proposed should be meaningful, but may not provide investors with meaningful information since, as noted above, it may contain components that have negative valuations. If, however, our recommendations are implemented, we do believe that a total compensation number would be useful to investors.

16. Will the disclosure of the grant date fair value of stock and option awards, along with the disclosure provided in the summary compensation table, provide a complete picture of executive compensation?

Yes, and please see our comments under item 10 above.

Equity-based awards

17. Is the information a company will provide in the tables required by item 4 the most relevant information for investors? Do you agree with our decision to take a different approach to the SEC? Could material information be missed by this approach?

Yes, we agree with the proposed approach for disclosing the value of all equity-based awards.

Retirement plan benefits

18. Should we require supplemental tabular disclosure of defined contribution pension plans or other deferred compensation plans? Is a breakdown of the contributions and earnings under these plans necessary to understand the complete compensation picture?

As mentioned above, we believe that defined contribution plans should not be treated differently in the proposed disclosure from defined benefit plans. We also believe that other deferred compensation ought to be disclosed, although not necessarily in the summary compensation table.

Termination and change of control benefits

19. Should we require estimates of termination payments for all NEOs or just the CEO?

Termination payments ought to be estimated for all NEOs.

20. Will it be too difficult to provide estimates of potential payments under different termination scenarios? Should we only require an estimate for the largest potential payment to the particular NEO?

Disclosure of payments under different termination scenarios will enable shareholders to take appropriate action if they deem termination and change of control benefits to be

excessive. Currently, shareholders often only learn about termination and change of control payments after they are paid, at which point it is too late to address the situation.

Director compensation

21. Will expanded disclosure of director compensation provide useful information?

Yes, it will. Director compensation has become increasingly more complex with various equity components and as such, shareholders ought to be properly apprised of what directors are awarding themselves.

Other major issues considered

22. Do you agree that executive compensation disclosure should remain in the management information circular? Would moving it to another disclosure document provide a clearer link between pay and performance?

We believe that the management information circular is the appropriate document in which to disclose executive compensation and so long as all of the relevant information is presented, there should be no issue in establishing an appropriate link between pay and performance.

23. Are there elements of compensation disclosure that are not relevant to venture issuers and that they should not be required to provide? For example, should we allow venture issuers to disclose compensation for a smaller group of executives as the SEC has done?

We do not think that venture issuers ought to be treated differently.

24. Are there other specific elements of the requirements that are not relevant for venture issuers?

We don't believe this to be the case.

25. Would the prescription of a performance measurement tool provide useful information on the link between pay and performance?

We do not believe that a prescriptive tool which applies to all issuers would provide useful information concerning the link between pay and performance to investors. Rather, as we mentioned above, a relevant performance measure that comprises the majority of performance-based pay would be more relevant.

26. Do you think the suggested timeline will give companies enough time to implement these proposed disclosure requirements?

We are not qualified to comment on this.

**B. Additional Amendments to NI 51-102, Form 51-102F2 and Form 51-102F5
and Consequential Amendments to Multilateral Instrument 52-110 and
National Instrument 58-101**

Report of Voting Results

Issuers should be required to disclose the results of the proxies received for each matter voted upon, even if the vote is not conducted by ballot. Although such results would not include the votes of shareholders who voted at the meeting by a show of hands, the majority of shareholders who wish to vote submit their votes by proxy. Requiring that results of proxies be disclosed will provide investors with a significant amount of information about the items voted on and will greatly increase the transparency of voting results.

Compensation Consultant Disclosure

Form 58-101F1 currently requires that issuers disclose the identity of any compensation consultants and the mandate for which they have been retained, as well as a brief description of any other work for the issuer for which they have been retained.

The CSA should also require disclosure of fees billed by compensation consultants for assessment of executive compensation and disclosure of fees billed by such compensation consultants other than for assessment of executive compensation, along with a description of the additional services provided. This additional information, which would be similar to the information required to be disclosed in respect of a company's external auditor, will assist investors in assessing the independence of compensation consultants and evaluating the executive compensation disclosure as a whole.

We appreciate the opportunity to respond to your request for comment and hope that you find our feedback relevant. Feel free to contact us if we can be of further assistance.

Yours sincerely,



Claude Lamoureux,
President & CEO

c.c. Autorite des marchés financiers
Attention: Anne-Marie Beaudoin, Directrice du secretariat