

January 11, 2008

*British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut*

SENT VIA EMAIL

c/o Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8
Attention: John Stevenson, Secretary to the Commission (jstevenson@osc.gov.on.ca)

Dear Sirs:

**Re: Request for Comment - Proposed amendments to National Policy 51-102
(proxy solicitation provisions)**

The Canadian Coalition for Good Governance was formed to promote good governance practices in the public companies owned by our members. Currently CCGG's 49 members are institutional investors managing approximately \$1.3 trillion in assets.

We have reviewed the proposed amendments to the proxy solicitation provisions of National Instrument 51-102 and Companion Policy 51-102 published for review and comment on October 12, 2007, and we have the following comments.

We support the proposed amendments to the proxy solicitation provisions. They will serve to bring the requirements of NI 51-102 substantially in line with the proxy solicitation requirements in the *Canada Business Corporations Act* which were updated in 2001, and those in the *Business Corporations Act (Ontario)* which were updated in 2007. "Solicitation" by way of public broadcast, speech or publication (including the prescribed information) should be an accepted method by which investors can make their views known on pending corporate votes and solicit support for their views.

Notably, in CCGG's Statement of Principles Regarding Member Activism (available on the website www.cggg.ca), CCGG's members have approved as a matter of principle that when they have been unable to reach a satisfactory outcome in relation to concerns raised in active dialogue with a public issuer, among the action steps to be considered (on a case-by-case basis) is making a public statement prior to the issuer's shareholder meeting, with other shareholders being informed of the anticipated statement in advance where it would make the intervention more effective. Unnecessarily restrictive legislation in relation to proxy solicitation should not serve to silence our members from voicing their views when appropriate.

We remain concerned that even if the proposed amendments are enacted, the Canadian system will leave public issuers and their owners with proxy solicitation matters being governed by both securities laws and corporate laws. In some circumstances, inconsistent corporate laws will render the proposed amendments to NI 51-102 ineffective for issuers established under those laws (as it has done in relation to the previously-enacted proxy solicitation provisions of NI 51-102).

We understand that many provincial and territorial business corporations statutes (as well as certain legislative schemes for incorporating special types of business entities, such as the federal *Bank Act*) continue to widely define proxy "solicitation" and allow for only a narrow range of exemptions from mandatory circular requirements. These statutes have not been kept up-to-date with reforms effected in the United States during the 1990s or more recently in the federal and Ontario corporate statutes and Canadian securities laws; these reforms allow investors to have an informed, open and meaningful dialogue with one another about pending shareholder votes without undue expense or compliance risk or unnecessary restrictions.

We urge the CSA to communicate with the relevant authorities in those jurisdictions and encourage them to consider updating their legislation, so that it will be consistent with the sound approach taken by NI 51-102 (as proposed to be amended) concerning proxy solicitation.

If you have any questions concerning these comments, please contact us directly and we would be pleased to discuss them with you.

Yours truly,

David R. Beatty, O.B.E.
Managing Director