April 15, 2009

BY EMAIL

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

To the attention of:

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.ca

M^{e} Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, Square Victoria, 22^{e} etage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
e-mail: consultation-en-cours@lautorite.qc.ca

RE: Proposed Repeal and Replacement of National Policy 58-201, National Instrument 58-101, National Instrument 52-110 and Companion Policy 52-110CP

Dear Sirs/Mesdames:

This letter is submitted in response to the Request for Comment (the "Request for Comment") published by the Canadian Securities Administrators (the "CSA") on the proposed repeal and replacement of National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201"), National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), National Instrument 52-110 *Audit Committees* ("NI 52-110") and Companion Policy 52-110CP ("CP 52-110") (together, the "Proposed Amendments").

Astral Media is a leading Canadian media company, reaching people through a combination of highly targeted media properties in television, radio, outdoor advertising, and interactive media. Astral Media is the country's largest broadcaster of English- and French-language pay and specialty television services and operates, on its own or with partners, 20 television services, including The Movie Network/HBO Canada, Super Écran, Family, Canal Vie, Canal D, VRAK.TV and TELETOON. Astral Media is also Canada's largest radio broadcaster with 83 licensed radio stations in 8 provinces, including Énergie, RockDétente, Virgin Radio, EZ Rock and The Bear. Astral Media Outdoor is one of Canada's most dynamic and innovative outdoor advertising companies with over 7,500 faces located in the largest markets in Québec and Ontario.

Astral Media also operates over 100 websites with a high level of interactivity and a variety of different products and services online. Astral Media employs over 2,800 people at its facilities in Montréal, Toronto, and a number of cities throughout Canada. The shares of Astral Media Inc. trade on the Toronto Stock Exchange under the ticker symbols ACM.A/ACM.B.

GENERAL

Although the philosophy behind the Proposed Amendments is to allow issuers to disclose their corporate governance practices with more flexibility, your "examples" of practices for each of the nine principles will result in much of the same disclosure as is currently found in management proxy circulars. In essence, the language in the commentary and examples of practices following each of the nine principles will lead to a "Comply or Explain" approach as to each practice. In other words, the content of existing disclosure will not change very much – it will only be rearranged.

More importantly, the Proposed Amendments seek to increase disclosure in a non-meaningful way for investors by providing for duplication of disclosure that is already found in other continuous disclosure documents. For example, the description or summary of Committee mandates and the Code of Business Ethics are now accessible on SEDAR and, in many cases, on an issuer's website. Also, compensation practices are already required to be disclosed in the Management Proxy Circular under Form 51-102F6. In addition, the disclosure of risk oversight is already required in the MD&A and AIF.

Lastly, we strongly endorse the Alberta Securities Commission's position with respect to the proposed definition of independence, particularly the concern that a reasonable but less informed and less experienced person's perception is the determining factor.

You will find below our general comments regarding the disclosure requirements for each of the principles set forth in Form 58-101F1 of NI 58-101 ("Form 58-101F1"), followed by our answers to the specific questions set forth in the Request for Comment.

COMMENTS ON THE DISCLOSURE REQUIREMENTS RELATED TO EACH PRINCIPLE

As a general comment, we believe that the information to be provided by the issuers in Form 58-101F1 should be qualified by a materiality test as it is the case for other disclosure obligations in rules adopted by the CSA. Hence, the information to be provided should be the information that is likely to influence a reasonable investor's decision whether or not to buy, sell or hold securities in an issuer. Providing too much information could be confusing for an investor and could entail liability for issuers. Issuers should thus focus on material information instead of simply adding more disclosure that is not meaningful and that will only result in lengthier management proxy circulars.

Principle 1 - Create a framework for oversight and accountability

With respect to the requirement to describe the roles and responsibilities of the board and the terms of any written mandate or formal charter (Item 1(c)), we believe that a reference to a written mandate or charter posted on the website of the issuer should be specifically allowed.

With respect to the requirement to describe any directors' authority and responsibilities that have been delegated to an executive officer or officers of the issuer (Item 1(e)), we believe that such requirement is too broad and difficult to understand as corporate law allows issuers to delegate a whole range of responsibilities. As worded, it is unclear what is the focus or purpose of this requirement. We would suggest limiting the disclosure to responsibilities that were specifically delegated to the Chief Executive Officer ("CEO"), and we would allow a reference to the website of the issuer if the position description of the CEO is posted on the website.

The electronic posting of corporate governance documentation on issuers' websites should be encouraged and recognized as a best practice leading to more accessible disclosure and reduced sizes of management proxy circulars.

Principle 2 - Structure the board to add value

The requirement to describe any practices the board uses to address the commitment of its directors (Item 2(a)) is unclear given the requirement to provide the attendance record of each director and the disclosure of directors' holdings of shares and other securities (Item 2(h)).

With respect to the disclosure of relationships between a board member and the issuer or its executive officers (Item 2(d)), we would limit the disclosure to the material relationships and only in the case of non-independent directors.

Similarly, we would not require disclosure regarding "business or other relationship" between directors (Item 2(f)), as such requirement is too broad. We would qualify it with a materiality test and we believe it should be limited to relationships that the board considers can affect the independence of a director. The board should be trusted in its determination of relationships which can impair independence.

Principle 3 - Attract and retain effective directors

We would rename Principle 3 "Identify and nominate effective directors" as it is more representative of the disclosure required under that principle.

We would remove the requirement to describe what the issuer does to attract and retain directors (Item 3(a)), as such requirement is generally more appropriate for management. Indeed, directors are elected every year and many mechanisms to "retain" them, such as option plans, have been put into question in recent years. Furthermore, the issue of retention of directors has not been at the forefront of board governance issues.

We would delete the requirement to disclose whether a consultant or advisor has assisted the board in the nomination process (Item 3(b)) as such disclosure is not relevant for an investor.

Principle 4 – Continuously strive to improve the board's performance

No comment.

Principle 5 - Promote integrity

Again, issuers should be permitted to refer to their website instead of summarizing their code of business conduct (Item 5(b)) as it has become common practice to post this document on a corporate website.

Principle 6 - Recognize and manage conflicts of interest

We would remove the requirement to disclose details as to the consultant or advisor who assists the board with respect to conflicts of interest (Item 6(c)). Such information is often privileged attorney/client information. The name of the advisor, the type of work and other work performed for the issuer by such advisor should be kept strictly confidential. We would instead highlight the importance of adopting a process or policy to deal with conflicts of interest as opposed to disclosing corporate information in connection with conflicts of interest.

Again, reference to the issuer's conflict of interest policy on the issuer's website should be specifically allowed.

Principle 7 - Recognize and manage risk

Policies on risk oversight and management are already disclosed in the annual information form and the MD&A of the issuer which are filed concurrently with the Management Proxy Circular.

Principle 8 - Compensate appropriately

Practices issuers use to establish and maintain appropriate compensation policies for executive officers and directors are already covered by Form 51-102F6. We would not require such disclosure in Form 58-101F1 (Item 8(a)), given that the disclosure is made in the same document (the Management Proxy Circular).

Similarly, disclosure with respect to a compensation consultant is already required under Form 51-102F6 (Item 8(b)).

This duplication of disclosure only creates lengthier management proxy circulars with no additional meaningful information for investors.

Principle 9 - Engage effectively with shareholders

The words "ongoing dialogue" require qualification and should be limited to institutional investors. It goes without saying that an "ongoing dialogue" with individual shareholders is practically impossible.

SPECIFIC REQUESTS FOR COMMENTS

Our comments below relate to the questions set forth in the Request for Comment.

1. *Do you think Principles 6, 7 and 9 provide useful and appropriate guidance? Does this guidance appropriately supplement other corporate law and securities law (including legislation and decisions of Canadian courts) relating to these areas?*

   Please refer to our specific comments related to Principles 6 and 9 under "Comments on the disclosure requirements related to each principle" above.

   With respect to Principle 7, that topic is the focus of MD&A and AIF disclosure and should not be repeated.

2. *Does the level of detail in the commentary and examples of practices successfully provide guidance to issuers and assistance to investors without appearing to establish "best practices"?*

   No, as mentioned at the beginning of our letter, the language in the Commentary and Examples of Practices following each of the nine principles will lead to a "Comply or Explain" approach.

   In addition, the examples provided in NP 58-201 will no doubt quickly become part of the voting guidelines of institutional investors and be expected from issuers. Rating agencies may also come to consider them as minimum standards to adopt. A careful cost/benefit analysis should be made before proposing such examples of best practices.

3. *In your view, what are the relative merits of a principles-based approach for disclosure, compared to a "comply or explain" model?*

   As mentioned above, we believe that Form 58-101F1 is too cumbersome. The model suggested requires too much disclosure and thus becomes less flexible.

4. *Is the level of disclosure required under each of the principles appropriate both from an issuer's and an investor's point of view? Specifically, do you think the disclosure in respect of Principles 6, 7 and 9 provides useful information to investors?*

   See our comments related to Principles 6, 7 and 9 under "Comments on the disclosure requirements related to each principle" above.

5. *Should venture issuers be subject to the same disclosure requirements concerning their corporate governance practices as non-venture issuers?*

   No comment.

6. *In your view, what are the relative merits of the proposed approach to independence compared to the current approach?*

   We generally are in agreement with the process of guiding the board through indicia instead of imposing bright line tests.

   However, as mentioned in our answer to the following question, we believe that the board should be trusted when it comes to determining which directors are independent.

7. *Is it sufficiently clear that the phrase "reasonably perceived" applies a reasonable person standard?*

   We would allow the board to subjectively determine whether or not a director is independent. We would require that the board's subjective decision be reasonable, and we strongly endorse the Alberta Securities Commission's position in the Request for Comment, particularly the concern that a reasonable but less informed and less experienced person's perception is the determining factor.

8. *Is the guidance in the Proposed Audit Committee Policy sufficient to assist the board in making appropriate determinations of independence?*

   We believe the guidance is appropriate. We believe that there should be only one definition of independence (as opposed to different definitions for audit committee members and for other committees and the board members).

9. *The proposed definition provides that independence is independence from the issuer and its management, and not from a control person or significant shareholder. Given this definition:*

   (a) *should a relationship with a control person or significant shareholder be specified in section 3.1 of the Proposed Audit Committee Policy as a relationship that could affect independence?*

   We believe that a relationship with a control person or significant shareholder should only affect independence if the person is part of management.

   (b) *should such a relationship be solely addressed through Principle 6 – Recognize and manage conflicts of interest as proposed?*

   Yes, we believe that Principle 6 is the appropriate way of disclosing mechanisms to avoid conflicts of interest.

   (c) *is it appropriate to include as an example of a corporate governance practice that an appropriate number of independent directors on a board of directors and audit committee be unrelated to a control person or significant shareholder?*

   No, we believe that the disclosure under Principle 6 is enough. Furthermore, in the current NI 52-110, issuers are allowed to appoint at least one representative of a control person or significant shareholder. This exemption should be specifically kept.

10. *Does the required disclosure on director independence provide useful and appropriate information to investors?*

    As mentioned with respect to Principle 2 of "Comments on the disclosure requirements related to each principle" above, the disclosure is useful only if it relates to material information and for directors who are not independent. We should trust the board in its determination of who is independent.

11. *Do you think our proposal regarding the effective date adequately addresses the needs of both venture and non-venture issuers?*

    We believe that another round of comments will be necessary before the adoption of the Proposed Amendments. If the CSA do not republish for comments, we believe that the CSA should provide at least twelve (12) months advance notice of the implementation of the new regimes in order to provide issuers enough time to adapt to the new requirements.

OTHER COMMENTS

1. A controlled issuer should expressly be allowed to have a director who is the representative of the control person on the nominating committee.

2. An issuer's disclosure on corporate governance is more and more focussed on complying with RiskMetrics and other proxy voting guidelines, as well as CCGG principles and the criteria used in the annual Globe & Mail Board Games survey. These "non-regulated" bodies are gaining influence to the extent that CSA requirements are no longer the only focus of issuers. The consequences of not complying with the criteria of these "non-regulated" bodies are also more "immediate" and more "public".

Please do not hesitate to contact the undersigned should you have any questions concerning our comments above.

Yours very truly,

Brigitte K. Catellier