

Robert Parizeau

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Le 30 avril 2009

Me Anne-Marie Beaudoin
Secrétaire corporative
Autorité des marchés financiers
800, Square Victoria, 22^e étage
Montréal (Québec) H4Z 1G3

Madame,

L'Institut des administrateurs de sociétés à Toronto a créé un comité de travail pour commenter un certain nombre de changements que l'Autorité des marchés financiers propose. On m'avait demandé mes commentaires, à titre de membre du conseil, sur le travail du comité spécial qui avait été créé. J'ai pensé que vous seriez peut-être intéressée à les recevoir étant donné que j'aborde la question sous un angle un peu différent, et que j'ai limité mes commentaires à la notion d'indépendance des administrateurs dans les sociétés où il y a un actionnaire de référence.

Je vous prie d'agréer, chère madame, l'expression de mes meilleurs sentiments.



The Canadian Securities Administrators have proposed major revisions to National policy 58-201 and National Instrument 58-101. It is difficult to give pertinent comments in such a short delay, but I will concentrate on the following :

To move to a principles-based approach to governance from a rules-based is appropriate; however, it is such a change of culture that it will take two to three years to build the necessary consensus and adjustments to answer many of the valuable questions that will be raised, including those at the ICD roundtable discussions of April 1st, 2009.

Meanwhile, it would be very important to find a proper solution to the requirements affecting controlled companies which are presently in force. At the time of implementation, CSA acknowledged in 2005 the concern expressed by many reporting issuers as to whether CSA's view of director independence was appropriate to controlled companies. CSA stated at the time in National Policy 58-201 that it intended "over the next year to carefully consider these concerns in the context of a study to examine the governance of controlled companies", and that it would "consider whether to change how this policy...treats controlled companies". The CSA reaffirmed this commitment in 2007.

The solution proposed today is incorporated in a complete new approach which will need time to implement. Canada has a high proportion of companies with a controlling shareholder. The present guideline does not accommodate these companies and sometimes works against good and effective governance at these companies. I have been and I'm still very much involved with companies with a majority shareholder or with a significant shareholder; the CSA should distinguish between independence from management and independence from the shareholder. These are two different notions. The present policy favors parallel meetings with the controlling shareholder and this is against good governance. Other jurisdictions have dealt adequately with this question.

The "comply or explain" approach has not yet been tested in Court; when you do not follow the best practice recommended by CSA, an issuer does expose itself.

I believe ICD should make the point clear in its submission, i.e. to deal immediately with the issue of independence in connection with controlled companies and correct the current flawed definition.

Robert Parizeau, F.ICD

April 15, 2009