

August 27, 2010

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Service Commission - Securities Division  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

c/o Ontario Securities Commission  
20 Queen Street West, 19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8

**Attention: John Stevens**  
**Secretary**

Dear Sirs and Mesdames:

**Re: Proposed Amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer and Companion Policy 54-101CP Communication with Beneficial Owners of Securities of a Reporting Issuer, National Instrument 51-102 Continuous Disclosure Obligations and Companion Policy 51-102CP Continuous Disclosure Obligations, and National Policy 11-201 Delivery of Documents by Electronic Means (“Proposed Amendments”)***

Manulife Financial Corporation (“Manulife” or the “Company”) is pleased to have the opportunity to comment on the Proposed Amendments. Overall, we commend the Canadian Securities Administrators (“CSA”) for moving to adopt notice-and-access in Canada. Manulife has a very large shareholder base as a result of its corporate history as a holding company for a demutualized mutual life insurance company as well as its subsequent merger with John Hancock Financial Services, Inc. We therefore welcome the CSA’s proposal for a more efficient, cost effective alternative for proxy solicitations and communications with shareholders.

Our comments on the Proposed Amendments focus on: (1) expanding notice-and-access to special meetings; and (2) certain technical aspects of the CSA’s proposed notice-and-access process, including its integration with the mailing of annual financial statements and management’s discussion and analysis (“MD&A”).

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## **(1) Expanding notice-and-access to special meetings**

Manulife supports expanding notice-and-access to special meetings. We do not see a persuasive policy rationale for excluding special meetings from notice-and-access and therefore, we believe notice-and-access should apply equally to special and non-special meetings. Alternatively, we would recommend that the CSA more narrowly define the circumstances that would exclude a special meeting from notice-and-access<sup>1</sup> or only exclude from notice-and-access the additional beneficial shareholders who are required to be sent proxy-related materials in respect of special meetings.

A “special meeting” is defined under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) as a meeting at which a special resolution is being voted on by shareholders. Under Manulife’s corporate statute, the *Insurance Companies Act* (Canada) (the “ICA”), a special resolution means a resolution passed by a majority of not less than two thirds of the votes cast by or on behalf of voting shareholders. It should be noted that despite the greater approval threshold, special resolutions often relate to routine matters. For example, at Manulife’s annual meetings in 2009 and 2010, shareholders were asked to confirm amendments to the Company’s by-laws. Such amendments had to be approved by special resolution and the annual meetings were thus special meetings. In both cases, the by-law amendments could be largely characterized as routine or administrative in nature and the special resolutions confirming the amendments were easily approved by shareholders with 96% and 89% of the votes cast in favour of each special resolution in 2009 and 2010, respectively

The main difference in the proxy voting process between special meetings and non-special meetings is the expanded mailing obligation to beneficial shareholders in connection with a special meeting. For a special meeting, issuers are required to mail proxy-related materials to certain beneficial shareholders who would not ordinarily receive such materials if it were a non-special meeting. In 2009, Manulife sought and received exemptive relief from its principal regulator, the Ontario Securities Commission, to use a form of notice-and-access in respect of its 2009 special meeting, but only for the additional population of beneficial shareholders that had to be mailed proxy-related materials in connection with that meeting. Notwithstanding the use of notice-and-access for this additional population of beneficial shareholders, the overall percentage of shares represented in person or by proxy at our 2009 special meeting was 54% of the total issued and outstanding common shares, consistent with the voter turnout at previous annual meetings going back to 2005, which ranged between 49% and 56%. We conclude that employing this specifically targeted form of notice-and-access in respect of our 2009 special meeting did not have a significant impact on the overall percentage of shares voted.

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<sup>1</sup> The U.S. model permits notice-and-access for all proxy solicitations other than those involving business combination transactions.

Due to Manulife's corporate history, it has an uncommonly large shareholder base of around one million shareholders with beneficial shareholders comprising almost two-thirds of the total.<sup>2</sup> The costs related to the printing and mailing of the proxy circular represent a significant part of the Company's annual meeting budget. For a non-special annual meeting, notice-and-access would allow the Company to save approximately \$500,000<sup>3</sup> as a result of the reduced numbers of proxy circulars to be printed and mailed. The Company's annual meeting in 2010 was also a special meeting. If the Company had been able to use notice-and-access for its 2010 special meeting, the cost savings would have been approximately \$700,000.<sup>2</sup> From an issuer's perspective, if notice-and-access is not extended to special meetings, there would be a meaningful cost differential between holding a special meeting versus a non-special meeting (in our example, about \$700,000).

## (2) Technical aspects of the proposed notice-and-access

**(a) Notice.** We are concerned with proposed subparagraph 2.7.1(a)(ii) of NI 54-101 which specifies that the notice must contain "*a summary of the items to be voted on.*" The proposed subparagraph could simply state "the items to be voted on" or it should be made clear that an issuer may choose to list the items to be voted on without further commentary. Reporting issuers should avoid summarizing the business of the meeting in the notice beyond how the items are listed in the notice of meeting or on the voting instruction form to avoid any inconsistency with how those items are described in the proxy circular. Shareholders should be encouraged to read the proxy circular before voting.

**(b) News release.** We question the purpose and effectiveness of the news release under the proposed notice-and-access. Our preference would be to eliminate this requirement which we feel is largely redundant. However, we submit that if the proposed news release requirement is maintained, issuers should be able to combine such news release with other applicable notice requirements to the extent practicable to reduce confusion and costs. At a minimum, it should not be necessary to copy the content of the notice into the news release given that the shareholder will receive the actual notice in the mail. Copying the content of the notice into the news release only serves to lengthen the news release. We also point out that there are other notice and publication requirements regarding shareholder meetings that may overlap with the proposed news release both in content and timing. For example, under the ICA, Manulife is required to send a notice of meeting to its registered shareholders at least 21 days before the date of the annual meeting as well as publish a notice of meeting in the newspaper once a week for at least four consecutive weeks before the date of the annual meeting. In addition, under the New York Stock Exchange rules, Manulife must issue a news release when it files its Form 40-F with the U.S. Securities and Exchange Commission ("SEC").

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<sup>2</sup> Based on the Company's most recent annual meeting record date for shareholders.

<sup>3</sup> Amounts are based on 2010 data and are net of the cost of printing a stock of proxy circulars for requests and general fulfillment purposes.

**(c) Integrating notice-and-access with the mailing of annual financial statements and MD&A.**

We submit that the deadline be revised so that the notice can be sent within a specified number of days after filing proxy-related materials on SEDAR, provided such day is not less than 30 days before the date fixed for the meeting. This slight modification will make it easier for issuers who wish to incorporate information by reference into their AIF or Form 40-F to mail the notice with the annual financial statements and MD&A in a single package.

Under the current proposal, the timing of notice-and-access may cause a conflict between a reporting issuer's desire to mail the annual financial statements and MD&A with the notice and also incorporate information by reference in its annual information form ("AIF") or Form 40-F. As explained below, in such cases notice-and-access could be better integrated with the mailing of annual financial statements and MD&A if issuers are permitted to mail the notice within a prescribed window of time *after* the proxy-related materials had been filed on SEDAR as opposed to *on the same day*.

Under National Instrument 51-102 *Continuous Disclosure Obligations* ("NI-51-102"), if a reporting issuer filed its annual financial statements and MD&A on the deadline for filing (90 days after the end of the year) and wanted to mail the annual financial statements and MD&A within 10 calendar days of filing as permitted, the only way to ensure the notice is mailed at the same time would be to file the proxy-related materials on the same day that the annual financial statements and MD&A are mailed. The problem this creates is that the proxy-related materials would be filed after the deadline for filing an AIF (also 90 days after the end of the year).

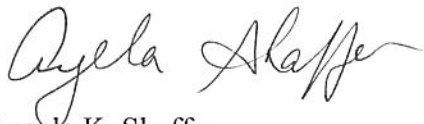
Many issuers incorporate by reference information from their proxy circulars into their AIF. However, any material incorporated by reference in an AIF is required to be filed with the AIF unless the material has been previously filed (see section 6.1 of NI 51-102CP). Therefore, if the proxy circular is filed after the AIF, it would not be possible to incorporate this information by reference into the AIF. Similarly, reporting issuers that file a Form 40-F with the SEC would not be able to incorporate this information by reference into their Form 40-F.

By revising the deadline so that the notice is required to be sent within a prescribed number of days after filing proxy-related materials on SEDAR (for example, ten calendar days) and at least 30 days before the date fixed for the meeting, issuers who wish to incorporate information by reference into their AIF or Form 40-F will be able to mail the notice with the annual financial statements and MD&A in a single package.

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We thank you for this opportunity to submit comments on the Proposed Amendments. If you have any questions regarding the above, please do not hesitate to contact the undersigned at 416-852-3950 or [angela\\_shaffer@manulife.com](mailto:angela_shaffer@manulife.com) or Kay Song, Assistant Vice President and Senior Counsel at 416-926-3427 or [kay\\_song@manulife.com](mailto:kay_song@manulife.com).

Yours truly,



Angela K. Shaffer  
VP & Corporate Secretary

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Directrice du secretariat