

Fw: osc

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01/23/2011 05:30 PM

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January 23 2011

John Stevenson
Secretary Ontario Securities Commission
20 Queen Street W 19th Floor
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RE Proxy Voting Effectiveness

I offer comment regarding the above topic within the Commission's review of corporate governance.

As a shareholder, I have had occasion to wish to abstain on some matter requiring a vote – most often a shareholder proposal. This is a straightforward option when voting on a United States corporation's proxy. There is a box in which to record an abstention. For many years I wrote the word "abstain" beside the particular item on any Canadian proxy where I chose to abstain.

Several years ago I asked a corporate secretary whether I had done this properly. She advised me that I might have spoiled my ballot. Since that time I have spent considerable time trying to persuade two particular corporations to provide an abstention box as other jurisdictions do.

Last year Manulife Financial agreed to do this. It took 4 years of negotiation and then the filing of a shareholder proposal to reach this point. The proposal was accepted and I withdrew it. This year I have filed such a proposal with CIBC and there will be an opportunity for shareholders to support the request. (I will send a copy of the proposal in a separate email).

It is my understanding that corporations are specifically required to provide "For or Against" options for certain issues and "For or Withhold" for others. There is no prohibition of abstentions and in fact both Manulife and CIBC in voting proxies held by funds under their administration have in fact abstained.

My proposal makes the case for providing an abstention option and you can assess my rationale.

What is also of note is that there is no apparent reporting mechanism for abstention. While I have abstained on occasion, I have never seen a voting report that records the fact of abstentions. It is entirely possible, in fact, that scrutineers may simply treat an abstention as a vote not recorded.

This misrepresents the intention of the voter and denies shareholders, including the filer of a proposal and the Board of Directors, potentially useful information.

The obvious solution to this shortcoming is to require an abstention box. This would avoid ambiguity regarding the shareholder's intention and would reduce spoiled ballots. It would also provide information about the level of acceptance of both the filer's position and the Board's response.

I would welcome a chance to discuss this question further with you or your committee members.

William Davis

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In regard to other matters under consideration, there have been shareholder efforts to alter the voting for the Board to make it deserve the description as an election. Shareholders do not really elect their Board; they endorse a predetermined slate. I have supported efforts to set a threshold, below which a director is not elected or to provide more candidates than there are positions, thus removing the rubber-stamping process.

As one who often appoints myself as proxy when I attend a meeting, I must confess I do vote on the proxy I submit and seldom accept the manual ballot offered at registration. In such a situation, I am uncertain whether being at the meeting eliminates your ballot submitted earlier if you do not revote in person. I am probably not the only shareholder who is uncertain at times of proper procedure. This is not the issue of most interest just a postscript to my main concern.