

OSC STAFF NOTICE 54-701 - comments

Chris Reed to: jstevenson

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Here are my comments on

OSC STAFF NOTICE 54-701

REGULATORY DEVELOPMENTS REGARDING SHAREHOLDER DEMOCRACY ISSUES

The wording used in your notice is disturbing in its POV. E.g. you state: " regulators have focused on improving executive compensation disclosure to provide shareholders with meaningful information to exercise their voting rights." The POV here is that investors HAVE voting rights that accomplish something. The only way to reform the system is start with a POV grounded in reality. Investors have no voting powers to change just about anything. Any time spent 'voting' is a delusional waste of time.

All the following improvements are common sense as long as your POV is that shareholder should have the power to elect representative to control management. The current system is set up to protect management's control of the company. To think otherwise is delusional

If you want meaningful shareholder democracy you must

- 1) Require all votes to be either For or Against. Get rid of this Withholding garbage.
- 2) Stop all delusions that disclosure is a substitute for 'power-to-change'. Is it your policy that investors should have only one actionable decision - "buy, sell or hold the shares"?
- 3) Stop all delusions that current disclosure on Executive Pay actually measures anything correctly. Options must be settled at their exercise. The cost of that settlement is paid for by the existing shareholders of the company. That cost should be measured at each reporting date and the MTM included in the Income Statement and Balance Sheet Liability section.
- 4) Dis-allow director's elections to be staggered over years so that management can target their votes.
- 5) Allow one vote for each director's position, and allow each owner to put all his votes against one candidate.
- 6) Allow groups wanting change easy access to the circular. Set a hurdle to weed out the wackos by requiring a certain percentage of shareholders to back their Board candidate/s. But once that is done, their candidates should be allowed to present their opinions for change along with a BIO of their candidate, inside the circular, beside management's slate.
- 7) Allow one and only one proxy form. When there is a dissenting group, force people to explicitly state which they are assigning their proxy to.

8) Stop all delusions that 'Say-On-Pay' gives shareholders any power for change. No matter how detailed the information, we would never be able to evaluate the terms. Nor can one vote transmit any information regarding individual points in the pay-package that are being objected to. We elect Directors to do this work for us. So it is your job as regulators to ALLOW us the power to elect directors.

9) Some well-connected groups purport to represent investors when they only represent themselves. They believe that only long-term owners of shares should be allowed to vote. Garbage. Since currently the only power investors have is the buy-sell-hold the shares decision, it would be a catch-22 to take away that power as well.

10) Dis-allow votes by owners of shares who have hedged their exposure using derivatives. But I have no idea how you would enforce that.

11) Improve the voting-on-the-Web system. Currently there is a link at the top most voting pages that is supposed to connect you to the circular with all the motions discussed and the directors listed etc. NEVER has that link worked. You are left on your own to search the SEDAR site.

12) Do not allow management to hinder any dissenters by withholding list of shareholders, etc. Also evaluate the current \$\$ cost of presenting an alternate Director. Most all the costs will be completely bogus. Write regulations to prevent those costs.

Chris Reed
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Retail Investor who actually votes