



March 30, 2011

John Stevenson
Secretary
Ontario Securities Commission
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Sent via e-mail to: jstevenson@osc.gov.on.ca

Re: Ontario Securities Commission Staff Notice 54-701 – Regulatory Developments Regarding Shareholder Democracy Issues

Dear Sir:

In response to the above referenced Notice of the Ontario Securities Commission (the "**Commission**") relating to regulatory developments regarding shareholder democracy issues we are pleased to provide the Commission with the following comments on behalf of TransCanada Corporation (the "**TransCanada**").

Slate voting and majority voting for uncontested director elections

For well over twenty years it has been TransCanada's practice to allow shareholders to vote for individual director nominees rather than slate voting. We, therefore, would support the Commission's review leading to reforms which would require issuers to provide shareholders with the opportunity to cast their respective votes in favour of, or withhold their votes separately in respect of, individual director nominees.

We believe plurality voting has in the past provided the appropriate result for TransCanada. Many companies including TransCanada have Governance policies which effectively require those directors who do not receive a majority of votes in favour of their election to tender their resignation which can be accepted on an affirmative vote of the Board of Directors. Leaving discretion with the Board is in our opinion appropriate as this allows the Board to deal with extenuating circumstances which may or may not have been known by shareholders at the time they voted, for example, ill-health, government service or extended leaves of absence for personal reasons.

Mandated shareholder advisory votes on executive compensation

We held a shareholder advisory vote on executive compensation last year and are holding one again this year. We would support proposals by the Commission to undertake reforms in Canada provided they were similar the approach taken in the United States under the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. Specifically, we would support reforms requiring issuers to hold a say on pay vote at least once every three years. We are of the view that an annual say on pay vote is not necessarily applicable to all

companies and that rules requiring an issuer to hold a say on pay vote at least once every three years would enable issuers to coincide a say on pay vote with the confirmation of other important shareholder matters such as shareholder rights plans and stock option plans which currently are mandated for review or confirmation every three years. Further, we would support reforms that would require the frequency of the shareholder vote to be determined by shareholders in a vote that would occur at least once every six years, consistent with the approach taken in the United States.

Effectiveness of proxy voting system

We would support the consideration of proposals by the Commission that would make more efficient and flexible the current proxy solicitation process. This could be achieved by allowing for more flexible approaches to communications with shareholders using electronic formats such as the internet.

We hope you will find the above comments helpful and look forward to your proposed rules. If you have any questions or concerns, please contact the undersigned at (403) 920-7685.

Regards,

(signed) "*Donald J. DeGrandis*"

Donald J. DeGrandis, Vice-President and Corporate Secretary

cc: John MacNaughton, Governance Committee Chair

cc: Sean McMaster, Executive Vice-President, Corporate and General Counsel