

March 31, 2011

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto ON M5H 3S8

Email: jstevenson@osc.gov.on.ca

**Re: OSC Staff Notice 54-701
Regulatory Developments Regarding Shareholder Democracy Issues**

Dear Mr. Stevenson:

This letter represents the comments of Broadridge Investor Communications Corporation¹ ("Broadridge") in response to the publication of OSC Staff Notice 54-701 – *Regulatory Developments Regarding Shareholder Democracy Issues* ("SN 54-701"). Broadridge supports the Ontario Securities Commission ("OSC") in their goal to improve the investor communications process in Canada.

The OSC has identified three shareholder democracy issues requiring additional review and potentially the development of regulatory proposals for reporting issuers. These issues are:

- Slate voting and majority voting for uncontested director elections
- Shareholder advisory votes on executive compensation
- The effectiveness of the proxy voting system

Broadridge welcomes the dialogue on proxy process and shareholder communication issues in Canada, the U.S., and globally. We participate actively in these very important discussions, providing the benefits of our experience and expertise and critical access to quantitative data (Exhibit 1 – Statistics and Securityholder Trends, March 31, 2011). In addition, we value and invest heavily in continuous improvement, particularly in technological solutions that support the principles of efficiency, equity and engagement in the proxy process.

There is no process in existence that cannot be improved and it may well be time to re-examine the issues and process relating to the proxy voting system in Canada. However, we believe that any review of the process must be conducted based on a solid foundation of factual and balanced information. Further, in our view any discussion of the proxy communication process in Canada needs to take place within the full market context and take into account all aspects of the issues and their associated implications.

¹ Broadridge is an industry leader in the Canadian financial marketplace, facilitating the proxy communication process since 1987. Our services include delivery of securityholder communications and other documents on behalf of corporate issuers, mutual funds and banks, brokers and trust companies, in compliance with industry regulations. We currently support 70 proximate intermediaries representing 230 financial institutions and approximately 3,600 public issuers in Canada, as well as custodians and institutional investors. Broadridge's global reach also provides U.S. and other foreign investors the opportunity to receive materials from and participate in the voting process for Canadian reporting issuers. Unique to Broadridge is our combined industry, regulatory and information technology expertise. Our clients rely on us to help them efficiently and cost-effectively comply with industry laws and regulations.

Part 1

Enabling Regulatory Evolution in Support of Good Governance and Investor Protection

A History of Innovation

Now entering our 25th proxy season, Broadridge continues to deliver innovative solutions that drive efficiency in the proxy communication process. Broadridge sought and received exemptive relief from the OSC in order to bring to market new tools to support proxy processing in Canada. These first-to-market tools include telephone voting in 1998 and Internet voting and Internet delivery of securityholder materials in 2000. The creation of these tools has benefited all constituents. In particular, issuers have realized savings of \$109.5 million. Further, such innovations address changing demographics and investor behaviour in the Canadian marketplace, increase investor participation and, ultimately, lead to enhanced corporate governance.

Introduced	Service Offering	Benefit
1987	Introduced proxy processing	Ensured equitable treatment for registered and beneficial owners
1988 – 1992	Ongoing automation to proxy system	Reduced cost and improved accuracy
1998	Managed account processing	Reduced issuer costs
1998	Telephone voting	Increased vote returns
1999	Smart Proxy for Investment Funds	Increased vote returns
2000	Internet voting	Increased vote returns and reduced costs
2000	Internet delivery	Reduced issuer costs
2001	ProxyEdge®	Increased vote returns and reduced costs
2002	Electronic Vote Transmission	Delivered faster, more accurate vote reporting
2003	ICSOnline (rebranded to MyService.Broadridge.com)	Improved issuer service
2003	Smart Prospectus®	Reduced dealer costs, improved investor experience
2004	Proxy Disclosure	Enhanced corporate governance
2004	Interactive Securityholder Communications	Reduced issuer costs
2004	Financial Statements Preference Management (NI 51-102)	Reduce costs and improve investor experience
2005	Cross-border account management	Improved issuer service
2005	Smart Disclosure®	Reduced costs for investment funds, improved investor experience
2006	Individual Consolidation	Reduced issuer costs
2006	Analytics	Improved issuer service
2007	U.S. Notice & Access	Improved efficiency
2007	Over Reporting Prevention Service	Supports the integrity of the voting process
2009	Virtual Shareholder Meeting	Supports shareholder engagement
2009	Shareholder Forum	Supports shareholder engagement
2010	Mobile ProxyVote®.com	Encourages investor / vote participation



Supporting Ongoing Regulatory Evolution

Provided legal requirements allow, technology can be used to address certain issues pertaining to the proxy process in Canada and the United States. For example, Broadridge supports end-to-end vote confirmation as a way of providing participants in the proxy process with greater confidence in its accuracy, transparency and efficiency.

In order to ensure the system is and remains as efficient as possible, it is essential that any amendments to the proxy rules give issuers, shareholders and financial intermediaries (banks, brokers and trust companies) sufficient flexibility to maximize the use of new technologies as they become available, without compromising investor protection or preferences. At the same time, there is the need to ensure that requirements remain flexible so that processes can be improved to make use of future technological advances, without compromising investors' right to receive information about their investments in the form they prefer.

As fairness and engagement in shareholder communications becomes more vital, we are committed to providing issuers with products and services that encourage transparency and inclusiveness, and that support excellence in corporate governance practices.

Proposal 1 – Majority Voting

As of March 24, 2011, the Canadian Coalition for Good Governance has identified a list of 145 companies and trusts as adopters of majority vote policies governing director elections. The list may not be complete, as few companies make public announcements of their policies, other than via disclosure in their proxy circulars.

Given this emerging trend, Broadridge has responded by building the systems necessary to ensure the Voting Information Form (VIF) provided to shareholders accommodates individual director voting and majority voting for director elections of reporting issuers and processes those voting instructions accurately and efficiently.

Proposal 2 – Say-On-Pay

The Canadian Coalition for Good Governance published its "Say on Pay" policy in September 2010. The policy states that an annual 'Say on Pay' shareholder advisory vote on a board's approach to compensation is an important part of an ongoing integrated engagement process between shareholders and boards.

Further, the Shareholder Association for Research & Education (SHARE) maintains a list of issuers who have adopted a 'Say on Pay' vote. That list is available on SHARE's web site at www.share.ca.

Broadridge has completed programming requirements to support reporting issuer compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (The Dodd-Frank Act) signed into U.S. federal law on July 21, 2010. The Dodd-Frank Act requires every public company in the United States to include in their proxy for the first shareholder meeting held on or after January 21, 2011 an advisory "Say-On-Pay" vote on executive compensation, as well as a separate "Say-On-Pay Frequency" vote, to determine whether subsequent Say-On-Pay votes will be held annually or at intervals of two or three years. The Dodd-Frank Act also requires any public company seeking shareholder approval of a merger or acquisition at a meeting held on or after January 21, 2011 to include in its proxy an advisory vote on certain "golden parachute" payments to its executive officers in accordance with SEC regulations.



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Broadridge has enhanced its systems in both the U.S. and Canada relating to the VIF to carry the “Say-On-Pay” executive compensation proposal along with The “Say-On-Pay Frequency” proposal. Correspondingly, the multiple proxy report which is prepared by Broadridge lists the votes collected for each intermediary and is provided to the meeting tabulator. The report has been enhanced to report both the “Say-On-Pay” and “Say-On-Pay Frequency” votes which requires four voting options of 1 year, 2 years, 3 years or Abstain.

These enhancements to the VIF provide immediate benefit to inter-listed Canadian issuers by providing a standard VIF reflecting Say-On-Pay proposals available to all U.S. and Canadian shareholders. Canadian reporting issuers who voluntarily ask the Say-On-Pay proposal have the opportunity to include the Say-On-Pay Frequency proposal as well.

Part 2

Proposal 3 – The Proxy Voting System

Staff Notice 54-701 seeks comment on the effectiveness of the proxy voting system. Broadridge believes that voting is only one component of the proxy process as a whole. The process in fact begins with the identification of record date owners and the delivery of materials to investors, continues when shareholders exercise their votes, and concludes with an investors’ attendance at an issuer’s annual shareholder meeting, in person or by proxy.

While the proxy voting system is at the forefront of the OSC’s discussions about shareholder democracy and governance, we believe any review of the proxy communication process should seek to understand the data on recent process performance including, among other aspects, the following:

- why growing numbers of beneficial shareholders are no longer afforded effective access to proxy information and voting materials
- how technology can be utilized to provide process efficiencies to issuers
- what steps can be taken to simultaneously increase investor participation and efficiency.

The purpose of the proxy process is to provide investors with sufficient information to make informed decisions on the matters to be considered at shareholder meetings. Our data confirms disconcerting trends related to the delivery of proxy communication materials to beneficial shareholders and vote participation.

National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*

Since the introduction of National Instrument 54-101 (“NI 54-101”) in 2002, we have been tracking communication with beneficial owners and the impact on good corporate governance. Specifically we have been monitoring the trends associated with the rule and its impact on the extent to which investors receive proxy materials, have an opportunity to vote their shares, and attend shareholder meetings. Informed and engaged investors play a key role in corporate governance.



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NI 54-101 is silent regarding payment for delivery of materials to Objecting Beneficial Owners (“OBOs”) and, as a consequence, 37% of issuers have chosen not to pay for delivery of proxy materials to their OBOs. Among issuers that hire transfer agents to deliver materials to Non-Objecting Beneficial Owners (“NOBOs”), the percentage choosing to not pay for delivery of proxy materials to OBOs increases to 49%.

At the same time, the number of investors opting to be OBOs has increased from 20%, in 2002, to 51%, in 2010. Investors are opting to retain their personal privacy related to their account information. These same investors want to participate in the voting process. However, this means that not only do the investors not receive the proxy; they cannot vote their shares or attend the meetings. The consequence is that there has been a decline in the opportunity for a significant number of beneficial investors to participate in the proxy process and vote their shares.

To put this in context, investors holding 22.8 billion shares or 21% of all shares in Canadian reporting issuers did not receive proxy materials from issuers in which they had invested in 2010. These numbers are increasing and the retail investor in particular is at risk of being disenfranchised. As illustrated on page 9 of Exhibit 1, when a transfer agent completes the proxy project on behalf of an issuer and where in conjunction with the mailing, the issuer has elected not to pay for the distribution of proxy materials to the OBOs, fewer OBOs have access to vote, resulting in lower OBO vote returns. This correlation between lower OBO shares voted is directly attributable to the issuer’s decision to not pay for the distribution of proxy materials. Furthermore, the selective distribution of proxy materials to some investors results in the unequal treatment of shareholders with respect to the exercise of their voting rights.

We should all be working to ensure that all investors are recognized and that their right to participate in the proxy process is being protected. Issuers need to ensure proxy communications include all of their shareholders. Investors must be sent materials and given the right to vote their shares in the companies in which they’ve invested, as they are the owners.

Good corporate governance and the effectiveness of the proxy system depend on informed decision-making and active participation by all shareholders.

Principles for Enhancement

Although we believe that the current system works well from a technology standpoint, we support the periodic evaluation of the system with a view towards appropriate enhancements. Any efforts to revise the system should keep the following key principles in mind:

Vote Accuracy Through Audit: Accuracy is critical to the proxy system. The aspects of the system administered by Broadridge have helped achieve goals of vote accuracy, process integrity and transparency, and consistently have been found to be reliable by a variety of constituencies and independent parties. Broadridge annually undergoes an independent audit to test the accuracy of vote processing and vote reporting.

Process Efficiency: The proxy system was not designed in isolation. It supports the needs of the most efficient and liquid markets in the world and ever-evolving and expanding regulatory requirements. Broadridge’s systems, technologies and scale create significant efficiencies for all of the constituencies involved in the proxy distribution process, including reporting issuers, shareholders, brokers and banks. The recurring savings on printing and postage alone far exceeds the service fees paid by several orders of magnitude. These savings result largely from significant ongoing levels of private-sector investment by Broadridge and our technology innovations.



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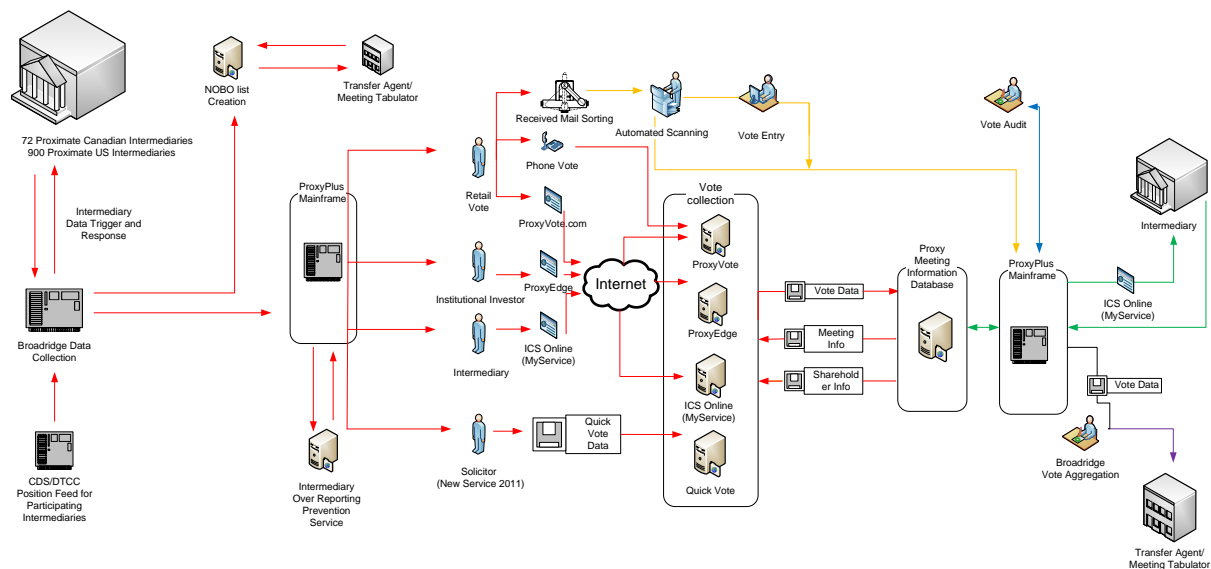
Voting Participation: A core principle of the North American/Canadian proxy system involves the provision of communications in ways that reflect beneficial shareholders' preferences and choices. Issuers are afforded a variety of methods to communicate and shareholders are provided a variety of methods to vote without sacrificing privacy preferences. However, voting participation among retail shareholders remains a concern. Technologies are providing opportunities to efficiently increase participation.

Accuracy and transparency of the proxy process should be central considerations in any discussion regarding shareholder communications and proxy voting. This is particularly important in light of the complex requirements and, at times, different interests of the various participants in the proxy process, including shareholders, corporate issuers, brokers, banks, transfer agents, and regulators. In this regard, there are significant benefits including higher levels of participation from a voting system that is operated by reliable and neutral third parties.

Overview of the Broadridge Vote Processing Environment

Vote processing consists of multiple channels for shareholders to vote their shares. Each of the various voting methods has a different processing workflow and a different set of controls. These ensure that votes are completely captured, processed through the system and accurately reported to the issuer or its tabulator. In Canada, the meeting tabulator is usually the issuer's transfer agent. The following diagram provides an overview.

Vote Processing





Broadridge is responsible for collecting and combining the voting instructions of beneficial owners at the intermediary level. Broadridge tracks the underlying votes for all beneficial owners to whom the issuer has sent materials indirectly on behalf of its intermediary clients and provides vote reporting to meeting tabulators for each of these beneficial clients. The meeting tabulator is responsible for reconciling the beneficial and registered positions.

As a practical matter, tabulators' reported vote outcomes for meetings do not exceed the vote-able shares of securities intermediaries or an issuer's total shares outstanding. "Over reporting" can occur before a meeting and, when there are discrepancies in vote-able positions, tabulators typically do not accept vote instructions until they are reconciled. Broadridge provides its custodian bank and broker clients with an Over Reporting Prevention Service to assist them in eliminating instances of over reporting.

Canadian intermediaries representing 97% of all beneficial positions processed by Broadridge use our Over Reporting Prevention Service, which we provide at no cost. The service uses CDS and DTCC position files to ensure voting instructions that would exceed the number of voting shares held by that intermediary are not forwarded to the tabulator. Under this service, if a vote instruction is received by Broadridge that would result in an over reporting condition, that instruction is held in a pending file. The intermediary is alerted to reconcile the position before the vote will be reported to the meeting tabulator. This service has been significant in mitigating potential over vote situations in Canada and has been recognized by the SEC in the United States as having a significant role in all but eliminating over voted positions in that market since its introduction in 2007.

Broadridge does not adjust or prorate any votes received from intermediaries.

Furthermore, other empirical research affirms the virtual elimination of over vote situations. Reena Aggarwal of the McDonough School of Business at Georgetown University has authored a paper "*Does Proxy Voting Affect the Supply and / or Demand for Securities Lending?*" (January 2011)² that confirms this fact.

Investing in the Proxy Voting System

Broadridge consistently innovates its service offerings to improve the efficiency and integrity of the proxy system in Canada and the U.S. The following are some recent examples of our investment in the proxy voting system.

ProxyEdge®

ProxyEdge, Broadridge's suite of electronic voting services, simplifies the management of institutional proxies. Over 4,000 institutional investors use ProxyEdge to manage, track, reconcile and report proxy voting instructions through electronic delivery of ballots, online voting, and integrated reporting and record keeping. ProxyEdge provides proxy information through an automated electronic interface based on share positions provided directly to Broadridge by intermediaries. Institutional shareholders have the ability to reconcile their shares available for voting and votes cast using Broadridge's ProxyEdge institutional voting platform.

²

Paper can be found at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1688993



Consistency in the method of proxy information delivery and in the method of voting is also critical, especially to investors whose shares are held in multiple accounts across multiple financial intermediaries. For example, ProxyEdge is an important technology used by institutional investors, financial advisors and others for notification of proxy events and information, voting and filing compliance reports. It accounts for approximately 80% of all beneficial shares voted.

Vote Confirmation Service

In the U.S., Broadridge has developed a Vote Confirmation system for institutional investors utilizing our ProxyEdge product. Vote Confirmation acknowledges that a vote instruction has been given and the shares corresponding to the instruction have been counted and will be represented at the shareholder meeting. Confirmation of the vote is relayed back through ProxyEdge to the institutional investor as a "flag" indicating that the position is confirmed and accepted. Presently, Vote Confirmation is only available in the U.S. when Broadridge has been appointed as meeting tabulator by the issuer and where the reporting intermediary participates in Broadridge's Over Reporting Prevention Service. Canadian institutional investors and financial advisors who use ProxyEdge, have U.S. holdings and where Broadridge is the meeting tabulator in the U.S. receive confirmation that their votes are included as instructed.

End-to-End Vote Confirmation Initiative

The inaugural meeting of the Round Table on Proxy Governance was conducted at the University of Delaware on December 13, 2010. The forum was co-sponsored by the Weinberg Center for Corporate Governance and Broadridge. The working group is comprised of 35 industry invitees from issuer and institutional investor organizations, SEC, NYSE, FINRA, intermediary, custodial bank, broker, transfer agent, academic and legal communities. The goal is to explore an industry solution for end-to-end confirmation for shareholders in North America, specifically with a focus on the role of the tabulator.

Broadridge is completing our first pilot of end-to-end vote confirmation this proxy season with a U.S.-based issuer and retail investors will be afforded the opportunity to use an electronic vote confirmation service, which is currently available to institutional investors.

The Canadian market has examined many of the lessons learned in the U.S. We are now participating in these ground breaking initiatives. Representatives from Canada have been invited to participate and examine the applicability of end-to-end vote confirmation. End-to-end vote confirmation can be provided on an industry-wide basis to shareholders who use voting platforms other than Broadridge's as well as to issuers who utilize other meeting tabulating agents. This can be accomplished without requiring beneficial holders to provide identifying information to third parties who are not authorized to receive such information.

Supporting Shareholder Engagement

Broadridge is making innovative use of new technologies to support shareholder engagement and voter participation.

Mobile ProxyVote®.com

In early March 2011, Broadridge launched Mobile ProxyVote in the U.S. and experience to date by retail investors has been very positive. This service allows mobile devices to seamlessly integrate with Broadridge's electronic voting platform, ProxyVote.com, through a sophisticated graphical interface that will support an array of mobile devices including iPhone®, iPad®, BlackBerry® and Android™ smart phones. Mobile ProxyVote further enhances shareholder communications and voter participation through this convenient alternative to the desktop. As of March 28, 2011, over 22,000 beneficial account holders voted through this new tool.



Shareholder Forum

Shareholder Forum has been designed to provide an online meeting place where corporate issuers can interact with both institutional and retail investors. Access to the forum is limited to record date shareholders who are validated through the unique twelve-digit control number provided to them with their proxy material. Now retail shareholders can voice their opinions directly to management and receive a response and view the opinions of other retail shareholders. Shareholder Forum can be hosted by the issuer at anytime throughout the year to communicate with shareholders through interactive tools such as online surveys, chat rooms and customized messages. This service gives issuers a social media forum to understand shareholder opinions (retail and institutional), their attitudes toward corporate matters and communicate more effectively with them.

Virtual Shareholder Meeting

Virtual Shareholder Meeting (VSM) provides for another channel for active engagement with shareholders through increased and enhanced participation in the annual meeting process. The shareholder meeting is delivered via the Internet through a streamed audio and/or video content. Validated shareholders have the ability to watch the proceedings, post questions and tender their votes. Virtual Shareholder Meeting can be used in conjunction with the physical meeting (also known as a hybrid meeting) or as a stand-alone virtual meeting. 12 hybrid meetings and 10 virtual-only meetings were conducted in the U.S. in 2010. As a result, there has been interest from Canadian issuers generated by this new tool.

Enhanced Broker Internet Platforms

Increasingly, retail investors are utilizing a broker's online platform for receiving proxy communications and for voting their shares. Broadridge's Investor Mailbox provides single logon convenience, and "one-click" access to investor communications, including statements, trade confirmations, and corporate actions, as well as to proxy information. This technology enables shareholders to vote directly from a familiar and secure site. Each day an increasing percentage of these accounts is availing itself of this tool.

Experience indicates that the Investor Mailbox results in a significant increase in the number of affirmative consents to e-delivery. When email is utilized, a customizable link is provided directly to a broker's online platform. Such platforms can provide an additional cost-effective channel for notifying shareholders of annual meetings, electronic forums, and other communications activity.

Delivering Integrity and Accuracy in Proxy Processing

Broadridge's proxy delivery and voting systems are the result of significant investment and ongoing expense. They consist of highly sophisticated technologies and networking infrastructure and the advanced development capabilities necessary to continually address the evolving needs of the proxy system and all of its participants.

Broadridge has two geographically dispersed, fully redundant data centers and network operations which deliver Tier IV reliability as defined by the Federal Reserve's standards on uptime availability. Broadridge is one of fewer than a dozen firms in the financial services industry to hold this distinction.



By Broadridge's estimate, we have invested \$1 billion in our systems, technologies and processing for shareholder communications and proxy voting globally over the past decade, and over \$100 million has been invested each year.

The proxy voting system benefits from Broadridge's investments in technology to effectively support evolving proxy regulations and to create levels of scale and integration that save issuers and other participants significant ongoing expense.

- Every issuer, large and small, is afforded an advanced technology infrastructure for a process that, for all intents and purposes, cannot be permitted to fail.
- Every participant – including custodian banks, broker-dealers, institutional investors, and individual investors, as well as large and small corporate issuers – is afforded robust information security and management. Corporate issuers are afforded the efficiencies and conveniences of technology innovations and processes that exceed the requirements of applicable proxy rules and are provided to issuers at no additional fee.
- Corporate issuers benefit significantly from Broadridge's processing of managed accounts. Considering the cost to mail a full set of proxy materials, including the annual report, we estimate issuers saved over \$31.4 million in 2010 alone.

The proxy distribution and voting systems designed and administered by Broadridge handle investors' needs for privacy as well as issuers' needs for communication and voting. Now more than ever – as the digital age has increased the importance of privacy and identity protection for everyone – information security is fundamental to proxy distribution and voting.

In its request for comments on proposed changes to NI 54-101, the CSA invited comment on whether the system was "functioning with appropriate reliability, integrity and transparency" including "the integrity of the proxy voting system". We noted in our comment letter of August 31, 2010, that the CSA has not set out any general principles that govern how votes are to be tabulated or how reconciliation of positions are handled, which may contribute to errors being made by significant participants in the proxy process, especially those tasked with tabulation.

Furthermore, we noted that Broadridge voluntarily undertakes extensive independent annual audits of our processes related to shareholder communications to ensure their integrity. The audits are documented and supported by a CICA 5970 and SAS 70 Type II audit reports along with an independent accountants' report that tests the accuracy of vote processing and vote reporting procedures. Reports are made publicly available upon request.

Part 3

Promoting Efficiency, Equity and Engagement

The Framework for Productive Discussion

Any discussion of the proxy communication process in Canada needs to take place within full market context and take into account all aspects of the issues and their associated implications. The proxy process in Canada has its basis in both corporate and securities law. Its structure and operations are linked to the trading of securities on the stock exchanges and the clearing and settlement systems in Canada and globally.



There is a need to balance sometimes contrary policy objectives and take into account all costs imposed and benefits anticipated. The 'right' answer from the point of view of simplifying the ability of issuers to communicate with their shareholders may not be the right one from a market efficiency point of view or that of investors wishing to keep their financial affairs as confidential as possible.

Productive discussion on the proxy process should be focused on solutions that protect the interests of investors and support the principles of efficiency, equity and engagement. We must look for the best solution for the investing public generally, while taking into account other more recent aspects of public policy – such as the opportunity to vote shares and investors' privacy rights – and allow for maximum use of technology consistent with these objectives.

Education Fosters Understanding

Assertions that very few people understand how the proxy voting system works from end to end may be a disconcerting truth. It is clear that more work should be done to enhance everyone's overall level of knowledge of the process and the role each participant plays. Education on the details of the proxy process will foster greater understanding, which should in turn create greater confidence in the efficacy and reliability of the process.

Broadridge has long considered education as an integral part of our value proposition. Our "Charting the Course" newsletters and forums and soon-to-be-launched educational web site have provided and continue to provide issuers with regulatory and service information. In addition, Broadridge engages with regulators to provide relevant, quantitative data and practical insights regarding the implementation of rules. In the U.S., Broadridge has developed an investor education web site that explains the proxy process and its importance in good corporate governance. It can be found at www.shareholdereducation.com. Also, Broadridge has established Advisory Steering Committees on both sides of the border to encourage dialogue regarding shareholder communications.

Ongoing education, exchange of information and collaborative, productive dialogue remains essential to the continuous improvement of the proxy process in Canada.

Potential Improvements to the Canadian Proxy Process

Proxy services, including those provided by transfer agents and proxy solicitors, are not regulated activities in Canada. As such, the service standards and processes to be followed are not subject to minimum expectations set by regulators. Broadridge is the only service provider to proactively engage independent external auditors to review and assess our processes and performance.

- To ensure vote integrity and that equitable principles are applied to vote tabulation, the OSC might consider requiring entities who perform vote tabulation to make transparent and publicly available their tabulation processes and related procedures.
- A review of The Depository Trust & Clearing Corporation ("DTCC") participant position report distribution process may help to ensure that the meeting tabulators are receiving and reconciling all positions for an issuer.
- The OSC might consider imposing a requirement for meeting tabulators to disclose their reconciliation method.



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- Concurrent with this process, the OSC might also consider a requirement for companies in the shareholder communications business to complete an annual independent audit on performance of their processes (third party attestations).
- An efficiently designed end-to-end vote confirmation process could enhance the existing process in Canada.

Part 4

In Conclusion

It is evident that a range of ideas is being discussed by various commentators and interested parties.

Many recognize that proxy system technology is fundamentally sound, but that the process as a whole may benefit from certain “tweaks” or incremental improvements. The Society of Corporate Secretaries and Governance Professionals, in their November 22, 2010 comment letter to the SEC states:

“Society members and their companies depend on the accuracy, efficiency, transparency, integrity and reliability of the proxy distribution system and voting process. The corporate proxy is the primary means by which shareholders exercise their voting rights and it plays a critical role in the development of corporate governance in the United States. The fundamental purpose of the proxy system, in our view, is to deliver proxy materials to shareholders on a timely basis and to receive timely and accurately recorded shareholder votes or vote instructions, so that the 13,000 public companies that conduct annual meetings each year receive the necessary quorum and hold successful meetings. We believe that the current proxy system functions well, although as with any process, there is room for improvement.”

These ideas reflect the reality of the system as it is today: issuers can effect timely and efficient communications with beneficial shareholders; materials are delivered in a timely manner; shareholders have multiple means to vote; their preferences are captured and applied to proxy communications; the costs associated with physical mailings are being reduced; and, there is sufficient flexibility for capabilities to evolve with a changing regulatory landscape.

Other ideas recognize that the proxy system is on the cusp of vast changes in demographics and in technology. Technologies that address the needs of a highly mobile society -- and that create appropriate environments for social networking -- hold transformative potential. These can make possible levels of participation, transparency, and efficiency beyond what is viewed as attainable today. Broadridge is confident that it can make these possibilities a reality and, as always, will verify its success and accuracy through leading independent audit firm reviews.

We believe that efficient communication is fundamental to good corporate governance and a strong capital market in Canada.

To that end, we are working with all participants and continuing to invest in our business to create the tools that will ensure efficiency, equity and engagement in the proxy communication process.



The importance of corporate governance to our capital markets demands reliability and efficiency in proxy distribution and voting. As investors become more actively involved in the oversight of the companies in which they invest, the process of voting their shares must operate seamlessly to communicate their decisions.

The proxy delivery and voting system in place today for beneficial shareholders is the result of significant private-sector investment. It provides a cost-efficient infrastructure for large and small companies. It results in the elimination of substantial amounts of paper and cost, and its functions and benefits would not easily be replicated.

Indeed, today's technology systems can be adapted to support evolving needs for corporate governance and regulatory reform in our market. This would include innovations with new technologies for communication and voting, and even greater levels of integrity, efficiency, and participation. We believe some improvements are achievable through incremental changes to the system, including, for example, the adoption of a vote confirmation model similar to Broadridge's current solution through ProxyEdge. Continuous improvements may help to further the goals of accuracy, reliability and transparency without imposing significant costs on participants in the proxy process.

In closing, Broadridge is committed to making the significant ongoing investments necessary to maintain and build upon Canada's proxy system. We look forward to working with all concerned parties and share the OSC's commitment to the protection of shareholders' rights and the promotion of excellence in corporate governance.

Sincerely,

(signed Patricia Rosch)

Patricia Rosch
President
Broadridge
Investor Communication Solutions, Canada

Attachment



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Improving Efficiency, Equity and Engagement in the Proxy Process

Background Information

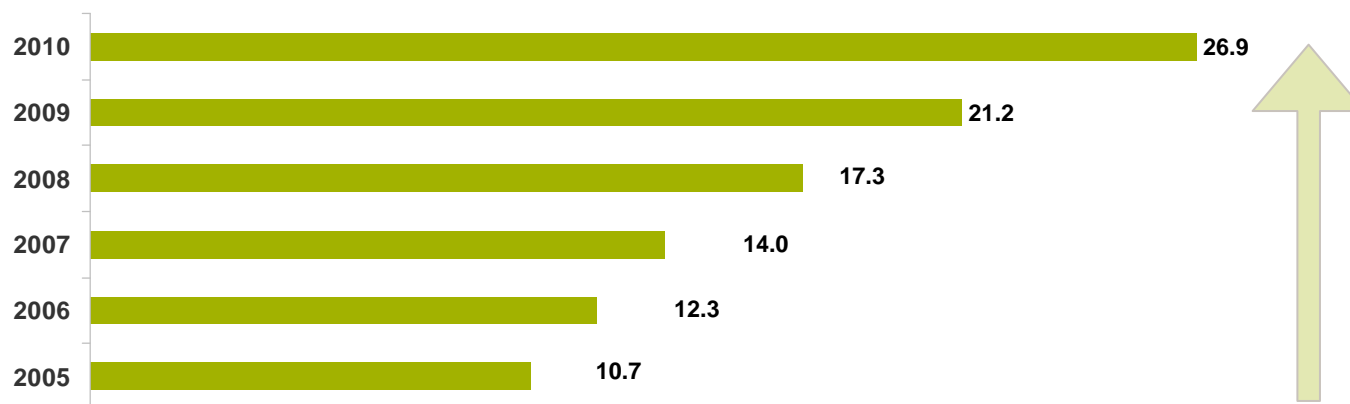
- Statistics & Securityholder Communication Trends
- Solutions
 - Vote Participation
 - Shareholder Engagement

Broadridge
Investor Communication Solutions, Canada

Efficiency and Cost Reduction

Shareholders Are Online and Issuers Are Benefiting From Cost Savings

- U.S. investors are participating in Internet delivery with Broadridge sending almost 78 million e-mails in 2010, up from 27 million in 2006
 - In Canada, 1.7 million e-mails were released for proxy purposes in 2010 as compared to 1.6 million in 2009
- SEC's Notice and Access delivery option has been available for 3 years, and over 1,601 corporate issuers chose to use in 2010 (over 50% of beneficial records)
 - By mailing a Notice instead of a full set of proxy materials, issuers saved an estimated \$233M in print and postage in 2010



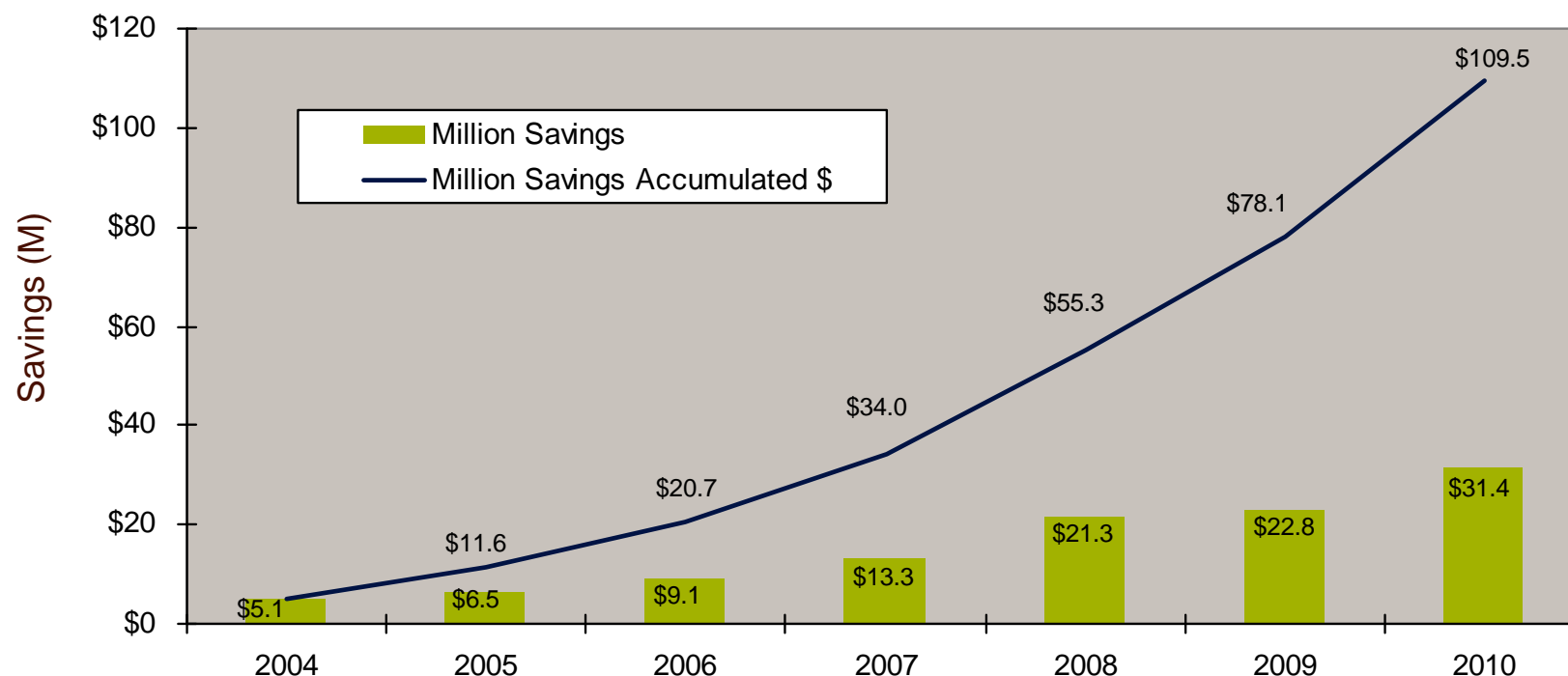
U.S. e-adoption - Number of Accounts (M)

Time period represents June 30 Year End

Efficiency and Cost Reduction

Issuers, Investors and Intermediaries Benefit from Service Enhancements and Cost Efficiencies

- Canadian issuers have saved over \$109.5M since 2004
- Leveraging data processing and NI 51-102 efficiencies are resulting in ongoing reduction of issuer costs
 - In 2010, the opt-in consent rate to receive Annual Financial Statements was 1.9%



Time period represents June 30 Year End

Broadridge completed the programming to support Individual Consolidation and Householding in 2006 (Householding is currently not permitted in Canada)

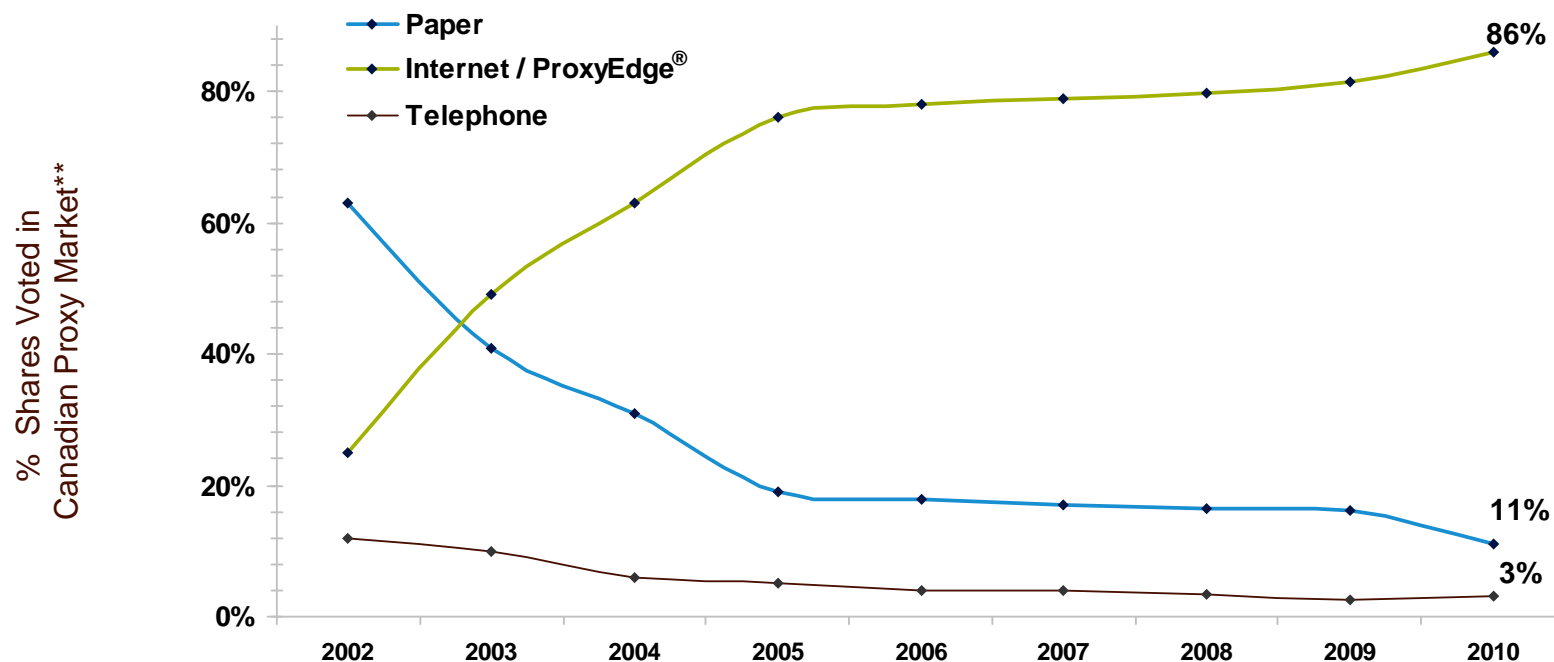
Savings Based on a \$6.65 fee comprised of \$2.65 Postage + \$4.00 Print

Introduction in 2005 of National Instrument 51-102 – *Continuous Disclosure Obligations*

Efficiency and Cost Reduction

Canadian Issuer Proxy Vote Return Analysis by Channel

- Adoption of electronic voting channels has increased from 37% in 2002 to 89%* in 2010 (shares voted)
- 95% of all securityholders that vote use electronic voting channels



*Combines Internet/ProxyEdge® and Telephone voting channels

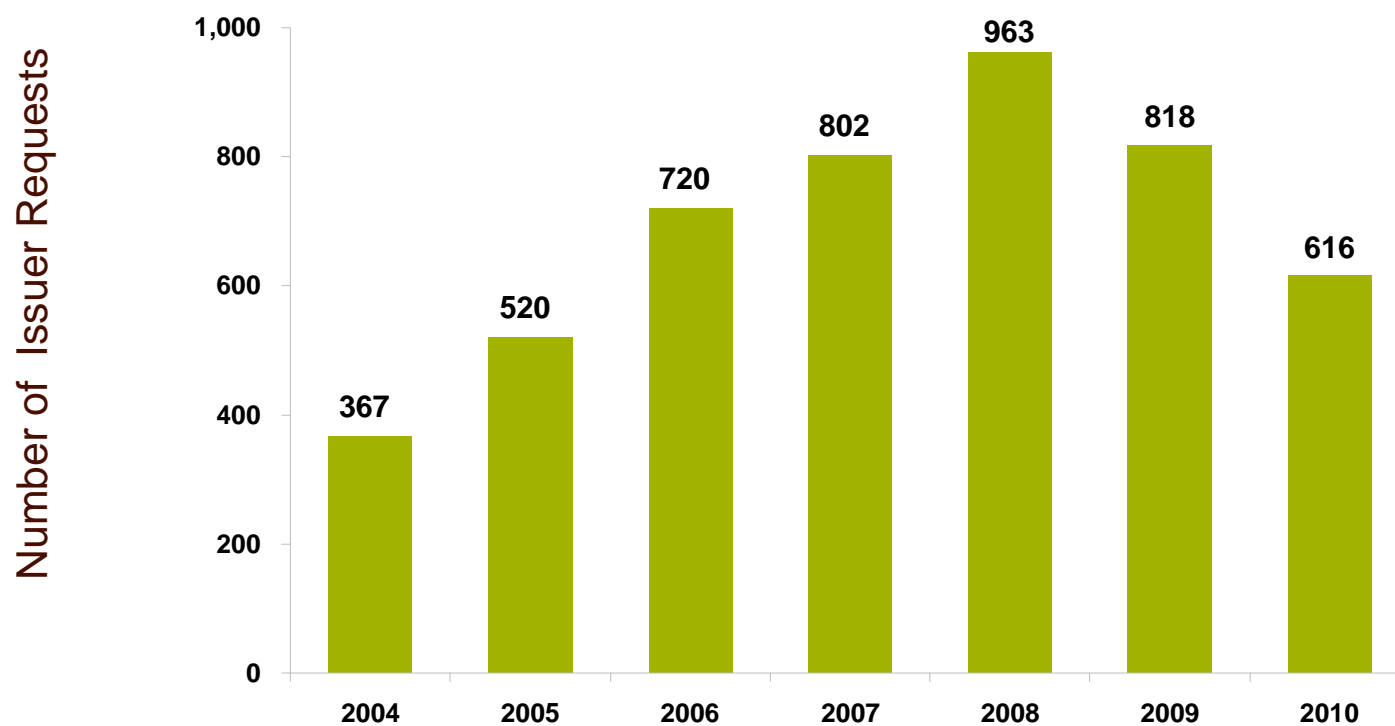
**Represents all proxy jobs mailed by Broadridge Canada for Canadian issuers for Canadian intermediaries

Time period represents June 30 Year End

Access to Beneficial Owner Information

Phase I of NI 54-101 Provided Access to Beneficial Owner Information

- There has been a decline in the number of requests since 2008 for NOBO lists for non-proxy mailing purposes

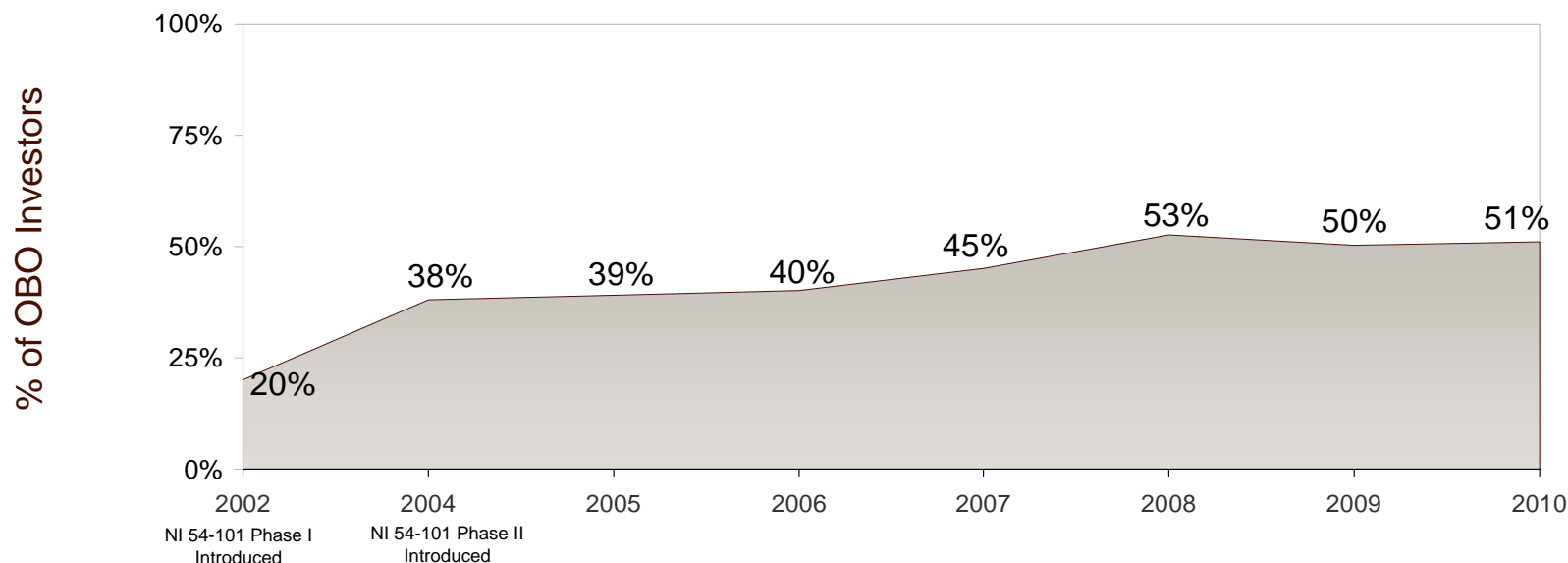


Time period represents June 30 Year End

Changing Investor Preferences – NOBO / OBO Distinction

Number of Securityholders Opting to be OBOs Increased from 20% to 51% Since the Introduction of NI 54-101

- Provincial securities laws allow beneficial owners to protect their “ownership information” from being disclosed to a company in which they own shares
- Evolving investor behaviour has resulted in more investors opting to be OBOs
 - Institutional investors opt to be OBOs to protect their block trading information and to be able to use ProxyEdge® (voting platform) to facilitate proxy processing
 - Retail investors opt to be OBOs to protect their personal information
 - OBO designation prevents solicitation by proxy solicitors for both institutional and retail OBOs



Time period represents June 30 Year End

*Beneficial owners, like others, do not want to be telephoned.

Issuer Non-Payment for Delivery to OBOs for Proxy Purposes

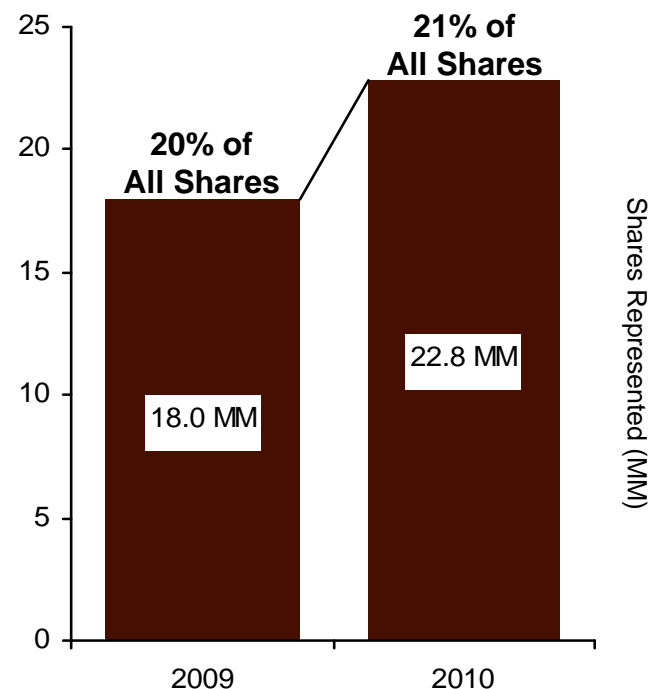
Total Number of Issuers Not Paying (NOBO List Requests and Broadridge Completing the Mailings)

- In 2010, 1,423 or 37% of issuers did not pay for delivery to OBOs for proxy purposes
- Potential impact on 437,038 OBO investors that should have received proxy material and opportunity to vote and this represented 22.8 billion shares or 21% of All shares eligible to be voted
 - A total of 79 billion shares were voted for Canadian issuers through Broadridge
 - Investors representing 12% of all shares in Canadian corporations were not sent proxy materials by the companies in which they had invested in 2010

Issuers Paying for
Delivery to OBOs
63%



Issuers Not
Paying for
Delivery to OBOs
37%

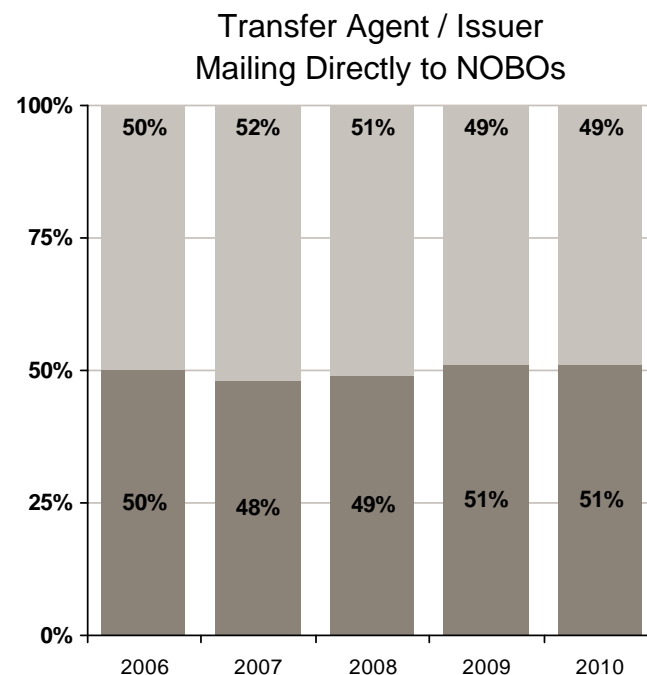
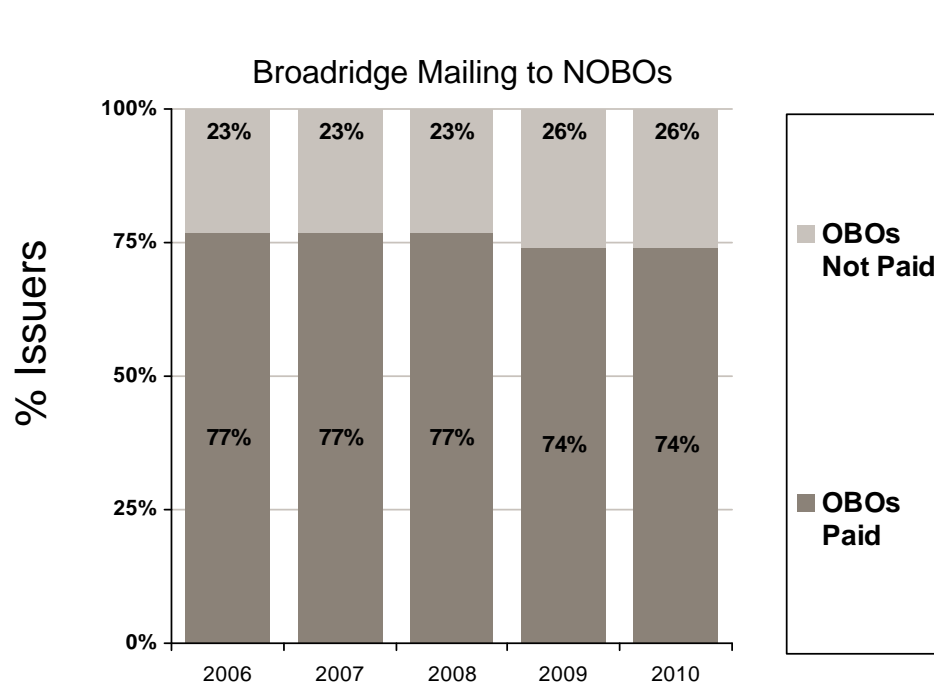


Time period represents June 30 Year End

Different Treatment of Securityholders

Delivery of Proxy Materials Varies Significantly by Service Provider

- The rule is silent regarding payment for delivery of proxy materials to OBOs. In 2010, 49% of issuers chose not to pay for delivery to OBO investors when NOBO lists were acquired for proxy mailing purposes
- Issuers are more likely to send proxy materials to OBOs when Broadridge is completing the proxy project
- Broadridge has implemented an education program regarding importance of treating OBOs the same as NOBOs with positive results in both proxy material receipt and voting



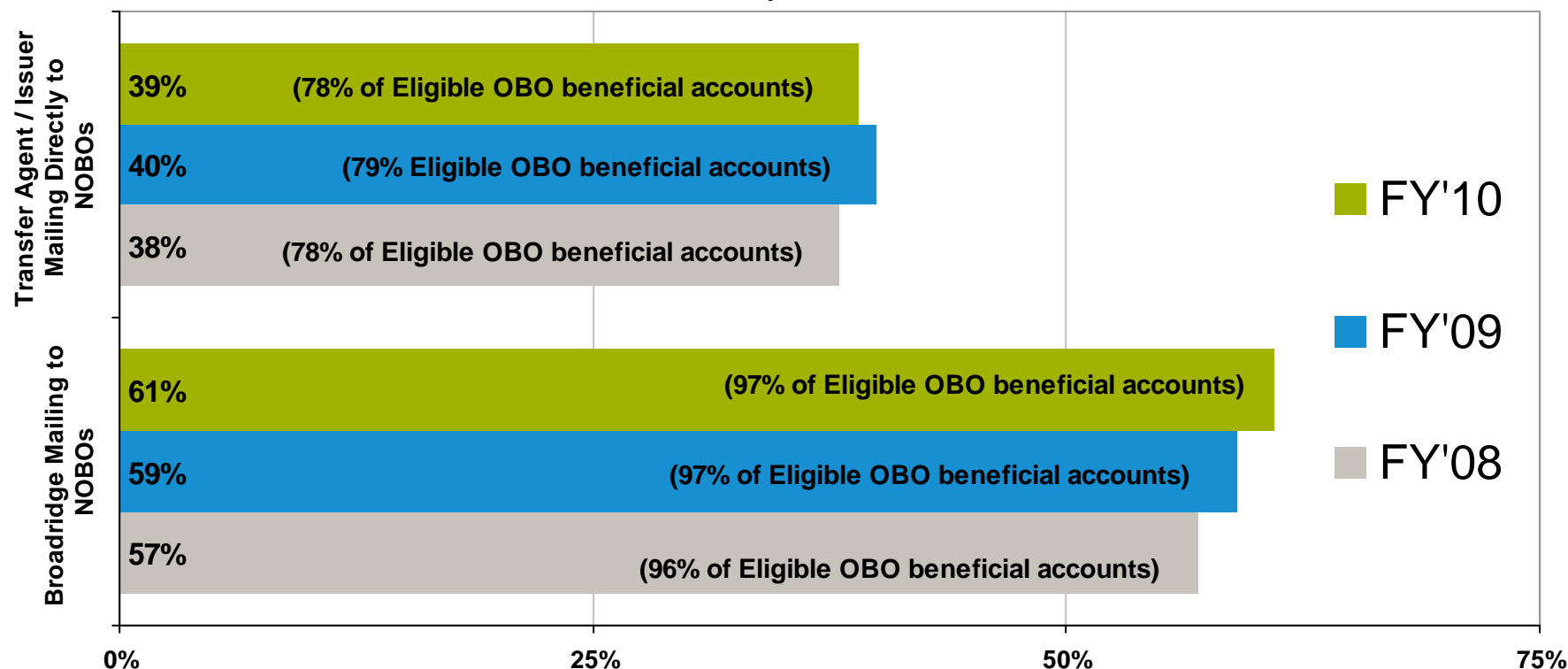
Time period represents June 30 Year End

Different Treatment of Securityholders

OBO Vote Return Varies Significantly by Service Provider

- There is a correlation between payment for delivery of proxy materials to OBOs and vote return rates
- Since the majority of shares are held by OBO investors, OBO vote returns are lower when a Transfer Agent completes the proxy project on behalf of an issuer and where the issuer refuses to pay for delivery of proxy materials to OBOs

Vote Return by OBO Shares



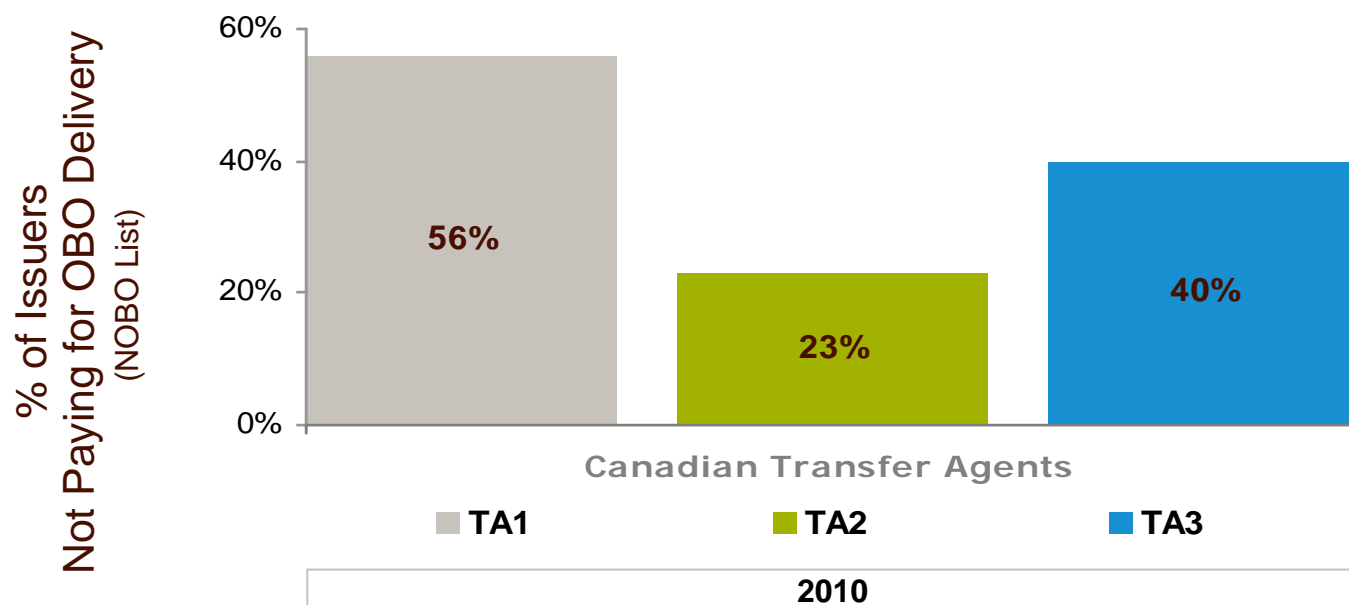
Eligible OBO beneficial accounts represent investors that receive material when the issuer pays for delivery.

Time period represents June 30 Year End

Different Treatment of Securityholders

Issuers Dealing with Certain Transfer Agents are Not Paying for Delivery to OBOs

- Mailing only to NOBOs and not paying for delivery to OBO investors makes the direct mailing model appear cost effective (on average OBOs represent 51% of all holders)
- Pursuit of cost savings results in a misalignment of voting rights and compromises corporate governance

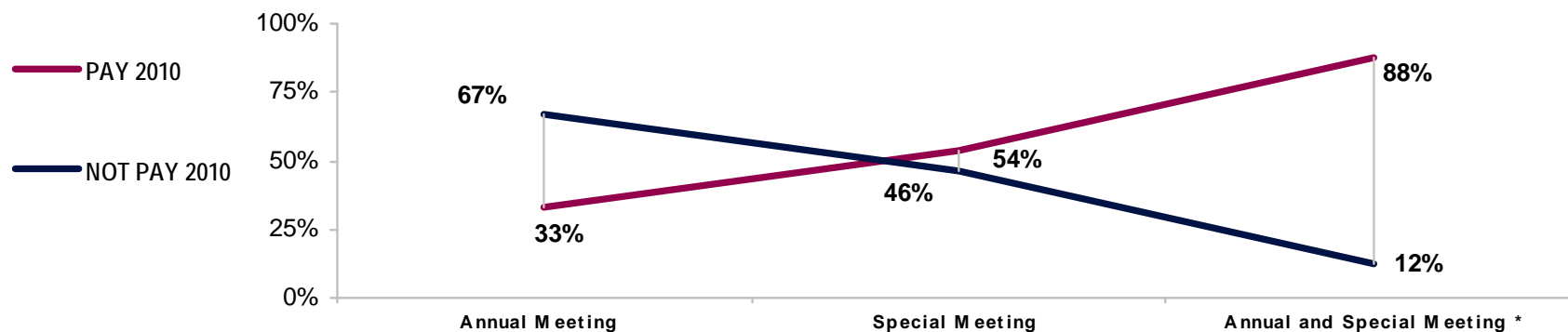


Time period represents June 30 Year End

OBO Payment by Issuers Varies by Meeting Type

Trends Based on Meeting Type for Meetings where a NOBO List has been Requested

- The highest incidence for issuers to not pay for the distribution to OBOs is for Annual Meetings; 67% of issuers are not paying for delivery to OBOs
 - Not mailing to all investors can be risky should the meeting be contested as dissidents typically pay for delivery of proxy materials to All holders
- The trend for an issuer to pay for the distribution to OBOs decreases when a Special Meeting is undertaken and 46% of issuers do not pay for delivery to OBOs
- The trend for an issuer to not pay for the distribution of OBOs for an Annual and Special Meeting is greatly reduced with only 12% of issuers refusing to pay for delivery to OBOs



Annual Meeting = Includes Shareholders who have elected to receive all material regardless of meeting selection type. It should be noted that Annual Meetings are not limited to only resolutions for auditors and directors.

Special Meeting = Includes Shareholders who have elected to receive only Special Meeting Material and Shareholders who have elected to receive Annual Meeting material. This Meeting Type includes special resolutions and require 2/3's of votes cast.

Annual and Special Meeting* = Includes Shareholders who have elected to receive only Special Meeting Material and Shareholders who have elected to receive Annual Meeting material and an issuer override to include Shareholders who have declined to receive any shareholder meeting material.

*NI 54-101 allows Shareholders to decline to receive securityholder material if requested. The Instrument also allows the issuer to override a Shareholder decision to decline material, allowing for a 100% shareholder distribution.

Voting Solutions

ProxyEdge®, Broadridge's suite of electronic voting services, simplifies the management of institutional proxies

- Over 4,000 institutional investors use ProxyEdge to manage, track, reconcile and report proxy voting instructions through electronic delivery of ballots, online voting, and integrated reporting and record keeping
- ProxyEdge provides proxy information through an automated electronic interface based on share positions provided directly to Broadridge by a custodian/bank/broker
- In the U.S., Broadridge has developed a **Vote Confirmation System** for North American institutional investors utilizing ProxyEdge
 - Vote Confirmation acknowledges that a vote instruction has been given and the shares corresponding to the instruction have been counted and will be represented at the shareholder meeting
 - Confirmation of the vote is presented back through ProxyEdge to the institutional investor as a “flag” indicating that the position is confirmed and accepted
 - Presently, Vote Confirmation is only available in the U.S. when Broadridge has been appointed as vote tabulator by the issuer and where the reporting intermediary participates in Broadridge’s Over Reporting Prevention Service
 - In the fiscal year ending June 30, 2010, Broadridge provided vote confirmation services to over 1,500 corporate issuers

Internationally-recognized, independent public accounting firms (Deloitte and Grant Thornton) conduct testing and auditing to verify the performance of Broadridge’s systems through SAS 70 Type II and CICA 5970 audits

Voting Solutions

End-to-End Vote Confirmation Initiative

- The inaugural meeting of the Round Table on Proxy Governance was conducted at the University of Delaware on December 13, 2010
- The forum was co-sponsored by the Weinberg Center for Corporate Governance and Broadridge. The purpose of the working group which is comprised on 35 industry invitees from the issuer, institutional investors, SEC, NYSE, FINRA, intermediary, custodial bank, broker, transfer agent, academic and legal community participated. The goal is to explore an industry solution for end-to-end confirmation for shareholders in North America, specifically with a focus on the role of the tabulator

Over Reporting Prevention Service

- Broadridge introduced the Over Reporting Prevention Service in Canada and currently 97% of Canadian beneficial records received by Broadridge pass through this no-cost service to intermediaries
- The Over Reporting Prevention Service compares the participating intermediary's client record date share position to the intermediary's record date position at CDS/DTC ("Depository"). If there is a variance in the intermediary's reported position that exceeds the Depository position or the intermediary has reported a position where the Depository has not, the intermediary is notified of the condition allowing it to reconcile its reported positions. Should Broadridge receive voting instructions that would result in the votes reported by the intermediary exceeding the number of voting shares in its Depository position, the excess voting instructions are held and not forwarded to the vote tabulator until the intermediary reconciles its position. Broadridge does not adjust or prorate any votes received from intermediaries
- This service has been significant in mitigating potential over vote situations in Canada and has been recognized by the SEC in the United States as having a significant role in all but eliminating over voted positions in that market since its introduction in 2007

Voting Solutions

Mobile ProxyVote

- Within the first quarter of 2011, Broadridge will launch Mobile ProxyVote®.com in the U.S. This will allow mobile devices to seamlessly integrate with ProxyVote.com through a sophisticated graphical interface that will support an array of mobile devices including iPhone®, iPad®, BlackBerry® and Android™ smart phones
- Mobile ProxyVote further enhances shareholder communications and voter participation through this convenient alternative to the desktop

Shareholder Engagement Solutions

Shareholder Forum

- Shareholder Forum has been designed to provide an online meeting place where corporate issuers can interact with both institutional and retail investors
- Access to the forum is limited to record date shareholders who are validated through their unique twelve digit control number provided to them with their proxy material. Shareholder Forum can be hosted by the issuer at anytime throughout the year to communicate with shareholders through interactive tools such as online surveys, chat rooms and customized messages
- This service gives issuers a social media forum to understand shareholder opinions and attitudes toward corporate matters and communicate more effectively with them

Virtual Shareholder Meeting

- Virtual Shareholder Meeting (VSM) provides for better engagement with shareholders through increased and enhanced participation in the annual meeting process
- The shareholder meeting is delivered over the Internet through a streamed audio and/or video content. Validated shareholders have the ability to watch the proceedings, post questions and tender their votes. Virtual Shareholder Meeting can be used in conjunction with the physical meeting (also known as a hybrid meeting), or as a stand-alone virtual meeting. Twelve hybrid meetings and ten virtual-only meetings were conducted in 2010

Shareholder Engagement Solutions

Enhanced Internet Broker Platforms – Investor Mailbox

- Retail shareholders are increasingly utilizing their Intermediaries online platforms to receive proxy communications and to vote their positions
- Broadridge developed Investor Mailbox as an additional channel to allow investors the ability to conveniently access their investor communications, including proxy meeting information, statements, trade confirmations and corporate action notifications within their intermediaries secure site
- The shareholder is also able to utilize this technology to vote their positions from within the intermediaries secure site all of which is accessible through the convenience of a single sign-on
- Investor Mailbox has also contributed to an increase in electronic delivery consents. When e-delivery is utilized by the issuer, the shareholder receives an e-mail containing a direct link to their intermediaries site allowing them to review shareholder communication material and to vote
- Online access capability continues to provide shareholders the ease of convenience and a direct connection to vote (“one click”)