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August 15, 2011

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Manitoba Securities Commission
Ontario Securities Commission
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New Brunswick Securities Commission
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Re: Proposed Amendments to NI 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* and related amendments to NI 51-102 *Continuous Disclosure Obligations* (NI 51-102)

This letter represents the comments of Broadridge Investor Communications Corporation[1] ("Broadridge") in response to the June 17, 2011 publication of proposed amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101" or the "Instrument") and related amendments to NI 51-102 *Continuous Disclosure Obligations* ("NI 51-102") and their Companion Policies.

Broadridge has submitted our comments on NI 54-101 to the CSA, most recently in July 2008 and August 2010. Many of our comments, suggestions and queries have been addressed by the CSA, and appear in this latest round of proposed amendments. We commend the CSA for its inclusive approach to the continuous improvement of the proxy process in Canada, and are pleased to submit our comments regarding further amendments to NI 54-101 and NI 51-102 at this time.

[1] Broadridge is an industry leader in the Canadian financial marketplace, facilitating the delivery of proxy communications since 1987. Our services include delivery of securityholder communications and other documents on behalf of corporate issuers, mutual funds, 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 provides U.S. and other foreign investors the opportunity to receive materials from and participate in the voting process for Canadian reporting issuers.

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, as well as access to important quantitative data. In addition, we value and invest heavily in continuous improvement, particularly in technological solutions that support the principles of efficient information access and delivery (**efficiency**), equitable treatment of all securityholders including those who do not wish to disclose their name, address, and shareholdings (**equity**), and high levels of investor participation in the proxy process (**engagement**).

Introduction

Since the close of the last comment period regarding NI 54-101, the principles of integrity, transparency and accountability in the proxy process have been widely discussed in Canada, the U.S. and globally. Cooperative discussions among all participants in the process have identified opportunities for improvement. Many of these opportunities can be realized through the adoption of technology-based solutions that will deliver the additional benefit of creating incremental efficiencies for issuers and investors. However, these solutions alone do not address a fundamental flaw that currently exists in the practice of proxy communication delivery and the rules that govern it. The latest amendments fail to reflect the advances in technologies which enable issuers to distribute proxy communications with increased efficiency. As a result, the Canadian proxy system would continue to disenfranchise beneficial owners both at home and abroad.

Amending NI 54-101 represents an opportunity to establish a solid foundation for the evolution of a more efficient, equitable, and transparent Canadian proxy system.

It is from this position that Broadridge offers our comments on proposed amendments to NI 54-101, NI 51-102 and their Companion Policies.

In addition to these comments, we include an Appendix that provides a detailed analysis of certain provisions of NI 54-101, NI 51-102 and their Companion Policies, in order to highlight timing and consistency issues and to request further clarification.

Meeting fundamental objectives

There are three fundamental objectives that underlie the CSA's initiatives on securityholder communication:

- All securityholders of a reporting issuer should be treated alike.
- Efficiency should be encouraged.
- The obligations of each party in the communication process should be equitable and clearly defined.

Broadridge believes that practices that facilitate all beneficial owners fully exercising their voting rights in the issuers in which they have invested should be supported. In all cases, these practices should be consistent with, and support the fulfillment of, the fundamental objectives of the Instrument.

- They should be equitable, in that they should not apply arbitrarily based on whether particular beneficial owners have consented to the disclosure of their names, or on which party mailed the proxy-related materials.
- They should not impede the ability of other participants in the securityholder communication process to meet their legal obligations under the Instrument or relevant legislation.
- They should not arbitrarily transfer costs to other participants in the communication chain.

Practices that do not meet these objectives reduce efficiency, negatively affect the integrity of the voting process and impair investor confidence.

Amending NI 54-101 represents an opportunity for the CSA to establish a framework that unequivocally supports the underlying objectives of the Instrument. Industry participants are calling for enhancements to ensure greater transparency in the proxy voting process. Enhancements such as end-to-end vote confirmation are only meaningful if all investors are included in that process. However, improving the transparency of a voting system that does not include 21% of all votable Objecting Beneficial Owners (OBOs) shares will fall short of achieving the CSA's fundamental objectives.

The introduction of an efficient and cost-effective delivery methodology like notice-and-access can provide further incentive for issuers to include OBOs in the delivery of proxy materials. Without the obligation and accountability that regulation imposes, that incentive may not be sufficient. By not addressing the inequity that currently exists in the proxy system, effort and investment in further enhancements will fall short of their expected positive effect.

Executive Summary

Building Greater Efficiency

Data management
There is a practical limit to the amount of customization that should be permitted in proxy communications to ensure a balance between enhanced communication practices and the efficient implementation of processes. Specifically, we would submit that it is important that amendments clarify various criteria for notice-and-access and stipulate responsibility for payment.

Ensuring Equity

Delivery
Amendments to rules should support the equitable treatment of all securityholders with regard to the receipt of materials, their ability to vote their shares and attend meetings. Currently, rules require issuers to print sufficient materials for their beneficial securityholders. As a practical matter, that means Canadian issuers should be required to assume responsibility for the delivery of proxy materials to OBOs, especially given the additional cost savings that will be achieved with the introduction of notice-and-access.

Appointee processing
Amendments will increase efficiency and streamline processes that support in-person attendance at securityholder meetings.

Web site
Online communication channels must support an investor's right to privacy. That is, the amendments should protect the rights of both registered and beneficial owners by prohibiting the use of cookies.

Supporting Investor Engagement

Delivering notice-and-access
System enhancements required by notice-and-access will affect the timing of implementation, and will require significant investment.

Investing in improvement
Broadridge is making innovative use of new technologies to support shareholder engagement and voter participation, as well as reduce costs for issuers. In addition, we are working with industry participants to develop solutions that will provide greater transparency and accountability in the system.

Building Greater Efficiency

Technology has enabled tremendous improvements in the investor communication process in the past 25 years, for investors, issuers, intermediaries and all industry participants. It has made possible significant **efficiencies**, reducing costs and improving the speed and accuracy with which issuers communicate with investors. It has increased **equity** in investor communication by supporting a model of investor choice and allowing investors to specify what materials they want to receive, how they want to receive them, as well as how they want to hold their shares. It allows for greater **engagement** of investors. Through better communication, we improve transparency and ultimately investor confidence.

Data management

We note that there are instances where the proposed amendments require clarification or further consideration in order to ensure a balance between enhanced communication practices and the practical implementation of efficient processes. They are as follows:

Section 1.1 - Stratification

In the "Substance and Purpose of the Proposals and the Revised Materials" summary set out in the Notice and Request for Comments (part (a)(vii)), the CSA states:

"*The original notice-and-access proposal contemplated that a reporting issuer could choose to send a notice package to some securityholders, and send a standard package (which would contain the notice of meeting, voting document and information circular) to others.*

Proposed amendments now stipulate that an issuer must send the same basic notice package containing the required notice, the voting document, and the explanation of notice-and-access to all shareholders. However, the notice package for those shareholders who have provided standing instructions and who have provided annual instructions would also include the paper copy of the information circular.

We do not propose at this time to prescribe other criteria for when stratification can be used by a reporting issuer. We would require reporting issuers to disclose whether they are using stratification, and what criteria they are applying to determine which shareholders will receive a paper copy of the information circular. However, we are proposing companion policy guidance that states our expectation that a reporting issuer that uses stratification for purposes other than complying with shareholder instructions would do so in order to enhance effective communication, and not to disenfranchise shareholders… We expect any additional stratification criteria will evolve through market demand and practice, and we will monitor developments in this area."

While the CSA expects that stratification is to be used to enhance the quality of communication between issuers and investors and provide investors with access to information that will assist them in the voting process, we caution that it may be necessary or advisable to limit the criteria applied to stratification. As a practical matter, unique scenarios would require modifications to existing systems. Furthermore, the execution of any of these unique scenarios must be subject to issuer payment.

Will the CSA please clarify what other criteria for stratification it foresees as being acceptable?

Sections 2.7.1 to 2.7.6 - Changes to notice-and-access

The proposed amendments include significant revisions to notice-and-access. In particular, we note:

- The list of items that can go in the notice is restricted to those items set out in s.2.7.1(1)(a)(i)
- The only additional information other than a Voting Instruction Form (VIF) that may go with the notice is a document setting out the information specified in s.2.7.1(1)(a)(ii) (explanation of notice-and-access) including:
    A. *why the reporting issuer is using notice-and-access;*
    B. *if the reporting issuer is using stratification, which registered holders or beneficial owners are receiving paper copies of the information circular;*
    C. *the date and time by which a request for a paper copy of the information circular should be received in order for the requester to receive the information circular in advance of any deadline for the submission of voting instructions and the date of the meeting;*
    D. *an explanation of how the beneficial owner is to return voting instructions, including any deadline for return of such instructions;*
    E. *the page numbers of the information circular where disclosure regarding each matter or group of related matters identified in the notice in clause (i)B can be found;*
    F. *a toll-free telephone number the beneficial owner can call to ask questions about notice-and-access*

As written, the amendments suggest that the notice, the explanation of notice-and-access and the VIF must be *separate documents*, and that each will require a significant amount of customization.

The notice contains references that include a notice containing all information and no other information, which suggests that the required information cannot be included with or mixed with other information. It may be preferable to allow a combination of these information reference points to appear on a single document.

As the current proposed amendments necessitate that page number references from the information circular be included on the explanation of notice-and-access, it will be necessary to compose this document separately for each issuer. Further, this can be done only after the information circular has been finalized. From an operational perspective, this requirement would create challenges, and unnecessary costs, for issuers in meeting timelines, as well as ensuring consistency between two documents, in two languages.

In the interest of consistency and efficiency, the explanation of the notice-and-access document should conform to an accepted industry standard so that investors are not confused by what they receive in one package as compared to another. In place of the suggested page numbers, standard information circular document headings could be referenced to eliminate the additional complexity required to reference specific pages.

Based on these proposed amendments, the number of customized documents has increased from one to two, and possibly three. We recommend that further consideration be given to the form and content of these documents to increase their standardization. Common forms would both enhance efficiency and avoid potential investor confusion that might come from widely different formats. It should also be noted that unless the number and length of documents that are included with the notice are limited, the overall savings to issuers would be lost.

Interaction of Section 6.2 and Section 2.7.1 - Use of notice-and-access by third parties

The language in 2.7.1(2) requires sending a paper copy of the information circular if the notice-and-access package includes *"any document that relates to the particulars of any matter to be submitted to the meeting (other than the notice and the other document referenced in 2.7.1(1)(a)) unless an information circular also is included."* How this works when applied to the reporting issuer may be restrictive, but it is clear.

Under s.6.2 of NI 54-101, third parties can also use the notice-and-access system to communicate with other shareholders. Facilitating shareholder-to-shareholder communication and third party proxy solicitations were cited by the U.S. as aims in introducing notice-and-access. However, it is less than clear how notice-and-access would work, particularly this restriction, if used by a third party in the context of a shareholder meeting, whether they are expressing their views on a proposed item on the issuer's agenda or soliciting proxies in a contested situation.

Has the CSA considered the notice-and-access system and its use by third parties? Guidance on the obligations and restrictions that would apply would be appreciated. For example, if it were being used by a third party, whose information circular – the issuer's or the third party's – would have to be sent? If a third party merely wants to send out commentary/advice on a proposed item on the issuer's meeting agenda; can notice-and-access be used?

Ensuring Equity

Good corporate governance and the effectiveness of the proxy process depend on informed decision-making and active participation by all securityholders. To that end, Broadridge has continued to monitor the trends associated with NI 54-101 and their effect on the extent to which investors receive proxy materials, have an opportunity to vote their shares and attend shareholder meetings.

As of June 30, 2011, 36% of issuers chose 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 not to pay for delivery of proxy materials to OBOs increases to 46%. To put this in context, investors holding 25.4 billion shares or 21% of all eligible OBO shares in Canadian reporting issuers did not receive proxy materials in 2011 from issuers in which they had invested.

These numbers illustrate that selective distribution of proxy materials is affecting the voting rights of a significant percentage of investors. This fact is relevant as we consider enhancements, such as end-to-end vote confirmation, intended to improve the accuracy and transparency of the Canadian proxy voting system.

Delivery

We have identified several instances where the language of the proposed amendments should be revised to make delivery obligations clearer. They are as follows:

Section 2.12 - Indirect sending of securityholder materials by reporting issuer

Materials to be sent indirectly to beneficial owners must be sent to intermediaries by the issuer. These materials must be required to be delivered to the intermediary on the *Holders of Record Report* at the address noted on Form 54-101F2 response. This language presently appears in section 2.12(2) of NI 54-101. The CSA has proposed this provision be moved from the Instrument to the Companion Policy. In our view, the language contained in s.2.7 of the Companion Policy regarding delivery to an agent of the intermediary should also appear in the Instrument itself. Leaving it to an issuer to choose to deliver to any office of an intermediary, rather than to the designated agent of that intermediary, impedes timely delivery of materials to investors, adds costs and reduces the overall efficiency of the delivery process.

Corporate and/or securities law in many provinces obliges issuers to deliver proxy-related materials to intermediaries when requested for onward delivery to all beneficial owners (e.g. section 49(3) of Securities Act (Ontario) or section 153(3) of the Business Corporations Act (Alberta)). These obligations continue, regardless of the decision of the issuer to decline to pay for delivery to its OBO securityholders. It has been our experience that issuers who are not paying for delivery to OBOs increasingly are refusing to deliver materials to intermediaries for forwarding to these investors.

The issuer's obligations to pay for delivery of materials to intermediaries in all cases for forwarding to their clients should be made clear by adding language to section 2.12 and reinforced by the addition of a reminder of the obligation in the Companion Policy 54-101CP (54-101CP).

The inclusion of this further amendment will materially improve the equitable treatment and engagement of investors in the proxy process, and provide the additional benefit of helping to identify instances when issuers are not fulfilling their obligations.

Section 2.12(5)b - Indirect sending of securityholder materials by reporting issuer

Foreign law may oblige intermediaries that hold securities of reporting issuers to deliver proxy-related materials to all beneficial owners in that country. It has been our experience that some issuers are refusing to deliver materials to intermediaries for forwarding to these foreign investors.[2]

Between July 1, 2010 and June 30, 2011, 18% of all Canadian issuers felt they were not obliged to deliver materials to their investors holding through U.S. intermediaries. This means nearly 300,000 investors did not receive proxy materials or the opportunity to vote. There is a correlation between Canadian issuers that did not pay for delivery of proxy materials to their OBO investors and Canadian issuers that did not send proxy materials for forwarding to U.S. intermediaries for their clients. 79% of Canadian issuers that did not pay for delivery to their Canadian OBO investors holding through Canadian intermediaries also did not send the proxy material to their investors holding through U.S. intermediaries.

The issuer's obligation to deliver materials to intermediaries of a foreign jurisdiction should be reinforced by adding language to section 2.12(5)b, and the inclusion of a reminder of the obligation in 54-101CP.

[2] In the U.S., intermediaries are not obliged to delivery copies of materials they do not have. They are required to respond to an issuer's search by providing the issuer with an accurate count of the number of record holders. Issuers are then required to provide intermediaries with sufficient copies of materials, and intermediaries are then required to forward the materials. Intermediaries must notify issuers of short shipments and issuers must promptly provide the additional copies.

Section 2.16(2) - Explanation of voting rights

Section 2.16(2) now contemplates changes to the required content of the information circular, specifically:

- Whether notice-and-access is to be used;
- If stratification is used, on what basis securityholders are to get paper copies;
- If the issuer is delivering directly to NOBOs;
- If the issuer is going to pay for delivery to OBOs; if not, the issuer must include a statement that it is the OBO's responsibility to contact its intermediary to exercise its voting rights.

The issuer is not required to disclose why they chose not to pay for OBOs and the CSA has withdrawn the proposed disclosure requirement of why the delivery was stratified.

Despite the new disclosure requirements contemplated, there remains no effective way to provide notification to OBOs that they might not receive proxy-related materials. The current position would assume that an OBO is proactively obtaining information circulars from some source – perhaps by scanning SEDAR daily – to confirm if they will be receiving securityholder material.

The CSA should consider, at a minimum, mandating the requirement to send a notice only package[3] to OBOs when the issuer's decision is not to pay for delivery, especially since the issuer is obliged on request to send a paper copy free of charge.

Companion Policy section 3.4.1(3)CP - Explanation of voting rights

As it is drafted, this section states:

"If a reporting issuer has chosen not to pay for proximate intermediaries to deliver proxy-related materials and Form 54-101F7 to OBOs, it must still provide to the proximate intermediary the number of sets of proxy-related materials that the proximate intermediary requested for forwarding to OBOs." [emphasis added]

We support the CSA's reinforcement of the issuer's duty to provide materials for delivery to all beneficial owners. However, no equivalent obligation is clearly set out in the Instrument. To be effective, the obligation to provide materials to the intermediary for delivery to OBOs must be included in the Instrument, not just in the Companion Policy. Otherwise, the CSA's support of effective investor communication and a transparent and equitable proxy process may be undermined.

Companion Policy section 5.4(7)CP - Notice-and-access

As drafted, this version of the companion policy deletes a line that states:

"A beneficial owner may ask its intermediary to request a copy [of the information circular] on its behalf."

[3] A notice only package is defined by Broadridge as the Notice package without a paper copy of an information circular and annual report. By comparison, a full package is defined by Broadridge as the Notice package with a paper copy of an information circular and annual report.

It is not clear if this has been deleted because it is not necessary, or because the CSA believes that it should not be permitted. Relevant related language in the Companion Policy to NI 51-102 (at s.3.5, second paragraph – current language, unchanged there) says that if an intermediary requests paper copies for its clients, the issuer is only required to deliver the copies to the intermediary.

Further clarification from the CSA is required on this point.

Companion Policy section 5.4(10)CP

Section 5.4(10) of the Companion Policy refers to s.4.6 of NI 51-102 (annual request process for financial statements) and states that a request for annual financial statements and MD&A will also constitute a request for a paper copy of the information circular. We note that language to be added to s.4.6 of NI 51-102 does not say precisely the same thing as this provision in the Companion Policy. Further, two paragraphs have been added regarding stratification and these do not limit the range of options by which an issuer could choose to send paper copies of the information circular as opposed to sending the notice only package.

Our comments submitted in August 2010 addressed the inconsistencies of wording:

"Additional guidance regarding the interaction of NI 54-101 and NI 51-102 would be appreciated. The integration of the two rules will not be helped by the fact that the proposed changes to NI 54-101 and NI 51-102 include slightly different definitions of proxy-related materials and special resolution. The use of N&A is going to make the system more complicated and the integration of the two instruments will become less clear."

We note that the definition of special resolution is now the same in both Instruments. However, further clarification from the CSA on the integration of these Instruments is still required. (See also our comment on the definition of proxy-related materials in the Appendix).

Appointee Processing

Section 2.18(2) and 4.5(2) - Grant of discretion to nominee of beneficial owner

The CSA is proposing to add language to s.2.18(2) and s.4.5(2) in connection with the appointee process that says the beneficial owner or nominee appointed under the section *"must also be given authority to attend, vote and otherwise act for and on behalf of management of the reporting issuer [or intermediary] in respect of all matters that may come before the applicable meeting and at any adjournment or continuance."* This authority may be limited if the beneficial owner has "instructed otherwise."

While we understand the desire to allow the person attending the meeting to participate fully in all decisions undertaken at the meeting, we have two concerns with these provisions, one legal and one practical:

- In our experience, the laws applicable to certain corporations – largely foreign companies – only permit appointed proxyholders to vote on the items that are set out in the information circular. Discretionary authority of the type contemplated in s.2.18(2) and s.4.5(2) can only be given expressly by the securityholder on a case by case basis.

- From an operational perspective, it is not clear (i) how the beneficial owners would communicate that they wanted this authority to be limited; and (ii) how that limitation could be communicated effectively to all concerned ensuring the integrity of the voting process. Even if the choices were limited to “full discretion” and “no discretion”, making sure the appropriate information was recorded at the meeting and the necessary limitations on voting were applied on an individual participant basis would be extremely difficult to ensure.

Additional guidance from the CSA on how they see this 'opt out' process working in practice would be appreciated.

Section 3.6CP - Appointing NOBO as Proxy Holder

We refer to the CSA’s comment #38 regarding the treatment of NOBOs and to section 3.6 of 54-101CP where the suggested language indicates "flexibility as to the specific mechanism." The CSA should clarify that “flexibility” does not go so far as to permit the use of the mechanism that the CSA has specifically stated they are not adopting.

Web Site

NI 51-102 s.9.1.2 and NI 54-101 s.2.7.2 - Notice in advance of first use of notice-and-access
NI 51-102 s. 9.1.3 and NI 54-101 s.2.7.4. - Posting materials on a non-SEDAR web site

NI 54-101 s.2.7.3 sets out rules preventing the collection of information regarding beneficial owners who have accessed the web site where the proxy material has been posted (i.e.; no use of cookies). We note there is no equivalent provision in the proposed changes to NI 51-102. The NI 51-102 provisions in Part 9 deal with proxies to registered holders.

There may be some significant practical problems associated with permitting the collection of information on some securityholders and not others on a single website. Has the CSA considered these issues and their implications on costs and confidentiality?

Supporting Investor Engagement

New technologies and regulatory change go hand-in-hand. In fact, technological evolution relies on – and at the same time allows – regulatory evolution. Together, new regulations and innovative, technology-based solutions that permit the practical implementation of new rules are driving efficiency, equity and more robust investor engagement.

Delivering notice-and-access

The notice-and-access delivery mechanism will require the industry to build new systems and enhance existing systems and infrastructure. Specifically, systems will have to be built to support:

- Issuer’s choice for notice-and-access
- Notice form design
- Stratification
- Notice only packages
- Hosting of material electronically
- Inventory management / investors’ request for materials
- Investors’ choice for standing instructions
- Modifications to NOBO file format for standing instructions

Based on current systems changes identified and to ensure that the system has been appropriately tested, we would expect it would be possible to implement the systems necessary to support notice-and-access by the later part of the 2012 calendar year. We will provide further updates once the rule has been finalized and a further evaluation of the required system build has been completed.

Proposed amendments to NI 54-101 and NI 51-102 and the new delivery method (notice-and-access) will take considerable resources to implement and support. It is reasonable to assume that system enhancements and modifications, as well as new solutions like end-to-end vote confirmation, will only be possible if all participants share the associated cost on an appropriate basis.

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.

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. Since 2004, our data management solutions - including managed account processing, individual consolidation, ProxyEdge® and electronic delivery, combined with regulatory changes such as NI 51-102 - have saved issuers in Canada $129.7 million. The implementation of notice-and-access will create further opportunity for cost savings for issuers.

However, investor engagement – and in fact the integrity of the proxy system in Canada – will be compromised if the issue of delivery of proxy materials to OBOs is not resolved.

Investing in improvement

Broadridge is making innovative use of new technologies to support shareholder engagement and voter participation. Over the past decade, our firm has invested $1 billion in our systems, technologies and processing for shareholder communications and proxy voting globally.

These investments have made possible solutions that support investors and issuers by improving process efficiency, shareholder engagement and the overall transparency of the proxy process.

Mobile ProxyVote®.com

- The application allows mobile devices to seamlessly integrate with ProxyVote.com through a sophisticated graphical interface that will support an array of mobile devices.

Shareholder Forum

- Shareholder Forum has been designed to provide an online meeting place where corporate issuers can interact with their institutional and retail securityholders.

Virtual Shareholder Meeting

- Virtual Shareholder Meeting allows for better engagement with securityholders through increased and enhanced participation in the annual meeting process.
- The shareholder meeting is delivered over the Internet and validated securityholders have the ability to watch the proceedings, post questions and tender their votes.

Enhanced Broker Internet Platforms

- Investor Mailbox provides access to investor communications, including proxy information, through broker web sites.
- It allows securityholders to vote directly from a familiar and secure site.
- Investor Mailbox results in a significant increase in the number of affirmative consents to e-delivery and provides an additional cost-effective channel for notifying securityholders of annual meetings, electronic forums, and other communications activity.

Over Reporting Prevention Service

- This service is designed to assist brokers and the tabulator to identify if there was a potential over voting situation in advance of the meeting.
- 97% of Canadian beneficial records received by Broadridge pass through our Over Reporting Prevention Service at no cost to intermediaries.
- This service has been significant in mitigating potential over vote situations in Canada and has been recognized by the U.S. Securities and Exchange Commission (SEC) as having all but eliminated over voted positions in the U.S. since its introduction in 2007.

Vote Confirmation (via 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 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.

End-to-end vote confirmation

In July 2010, the SEC published its Concept Release on the U.S. proxy system and requested comment. In particular, it sought comment on the need for a process for beneficial and registered securityholders to confirm that their voting instruction had been received, tabulated and represented at the meeting. In order to accomplish vote confirmation, tabulators, intermediaries and proxy service providers would have to supply each other with information.

The concept, called end-to-end vote confirmation, received support from the SEC. In December 2010, The Alfred Lerner College of Business & Economics at the University of Delaware convened a Roundtable of industry participants to assist public policy makers in understanding issues related to end-to-end vote confirmation. Released on August 4, 2011, "*The Report of Roundtable on Proxy Governance: Recommendations for providing End-to-End Vote Confirmation*"[4] discusses the recommendations captured by the participants.

The report recommends that end-to-end vote confirmation provide investors specific confirmation of their vote and the transparency necessary to ensure voting accuracy. Confirmation would be available via the Internet or other electronic means, either on demand or as needed. Recently, UnitedHealth Group implemented end-to-end confirmation for all securityholders in its annual meeting. This pilot is being extended to other issuers.

In Canada, there is interest from institutional investors and issuers to develop and introduce an end-to-end vote confirmation process that would allow both retail and institutional investors to confirm positively that their shares have been voted and represented at an issuer's shareholder meeting.

[4] The report can be found at: http://weinbergccg.typepad.com/files/universitydelaware_report-3.pdf

Broadridge supports the concept of building a transparent voting system that would allow securityholders the opportunity to participate through all stages of the vote process. We note, however, that transparency requires inclusivity in order for its benefits to be realized. Continued bifurcation in the treatment of OBOs and NOBOs, whereby issuers are able to exclude OBO securityholders from participating in the proxy process, presumably to reduce costs, compromises the integrity of the proxy voting process. Where notice-and-access may provide the cost savings sought by issuers, that in itself should not be the primary focus for shareholder communication. As the opportunity presents itself to adopt a more transparent voting system, cost savings realized through notice-and-access should be utilized to ensure relevant securityholders, regardless of OBO or NOBO status, are able to participate in the voting process.

In conclusion

We believe that efficient and equitable communication is fundamental to the integrity of the proxy process and a strong capital market in Canada. To that end, we are working with all participants and continuing to invest in systems and solutions that will ensure efficiency, equity and engagement in the proxy communication process.

The process used to communicate with registered and beneficial owners of securities must provide equivalent opportunity for all securityholders to exercise their voting rights. As written, the current amendments fall short of this goal.

Indeed, today's technology systems can be adapted to support evolving participant needs and regulatory reform in our market. This includes innovations with new technologies for communication and voting that deliver greater levels of transparency and participation.

We believe some improvements are achievable though incremental changes to the system, including, for example, the adoption of an end-to-end vote confirmation model. But this latter improvement, although an emerging feature of other countries' proxy systems, is irrelevant in Canada without ensuring that materials be provided to OBOs.

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

Sincerely,

"Patricia Rosch"

Patricia Rosch
President
Broadridge
Investor Communication Solutions, International

Attachment

Appendix 1
Timing, Clarification and Consistency Issues
Proposed Amendments to NI 54-101 & NI 51-102

Instrument and Section Number	Comments
	Clarification and Consistency Issues
NI 54-101: 2.5(4) and (5) 54-101 CP: 3.3(2)	**Direct requests for NOBO lists** We agree with the change to subsection 2.4(5) in NI 54-101 that allows reporting issuers and third parties to request NOBO lists direct from the intermediary, without routing that request through a transfer agent, and to leave the assessment of the capacity of the requesting party to receive the list in the hands of the intermediary providing this information. However, we are not clear on the intention behind or the effect of the differences in language between subsection 2.5(4) that says "requests for beneficial ownership information by reporting issuers" must go through a transfer agent and that of s.2.5(5) that reads: "a reporting issuer may request beneficial ownership information without using a transfer agent for the purpose of obtaining a NOBO list". The distinction between the two provisions is not evident. The language to be added to s.3.3(2) of 54-101CP makes it somewhat clearer that the only requests that may come directly are those for just NOBO lists, but how this will work in practice is still unclear. Requests for beneficial ownership information are submitted on Form 54-101F2 and Item 4 of Part 1 of that form lists five alternative purposes for the request. Two of the listed purposes include obtaining a NOBO list – one for use in connection with a meeting and one for sending materials other than in connection with a meeting. Can both of those types of requests come in directly? Provided that the appropriate undertaking on use of the information is received, we do not see a reason to distinguish between these two types of requests and ask the CSA to amend the language in subsections 2.5(4) and (5) to clarify their application.
NI 54-101: 2.7.1(1)(c) 54-101CP: 5.4(5) NI 51-102: 9.1.1(1)(d) 51-102CP: 10.3(5)	**Notice to be filed on SEDAR** Proposed s. 2.7.1(1)(c) says the issuer has to file the notice required by s.2.2(1) of NI 54-101 at least 30 days before date fixed for the meeting. Proposed s.9.1.1(1)(d) of NI 51-102 says the same thing. We are not clear what purpose this new filing requirement serves as it seems to require duplicate reporting. Section 2.2(1) of NI 54-101 already requires the listed information to be sent to CDS, the relevant stock exchange and the securities regulatory authorities at least 25 days before the record date for the meeting, which is long before the time that the notice required by s.2.7.1(1)(c)/ 9.1.1(1)(d) has to be filed. Proposed s.5.4(5) of the Companion Policy to NI 54-101(54-101CP) and s.10.3(5) of the Companion Policy to NI 51-102 says this notice "is to give broad communication of the issuer's decision to use notice-and-access." If the aim is to give early notice to the public, in our view it would be more efficient just to require the notice under s.2.2(1) be filed on SEDAR when it is issued to CDS, etc.; i.e., 25 days before the record date of the meeting. This eliminates the requirement for giving the same notice twice. Further, as the notice

Instrument and Section Number	Comments
	under section 2.2(1) is now going to contain both information on the use of notice-and-access and on the issuer's decision not to pay for delivery to OBOs (via revisions to s.2.2 (2)), both affected groups potentially would have more time to take action to request paper copies or arrange with their intermediaries to receive the proxy information.
NI 54-101: 2.7.1(1)(a)(ii)D NI 51-102: 9.1.1(1)(a)(ii)D	The provision in NI 54-101 [2.7.1(1)(a)(ii)D] requires the document include an explanation of how the beneficial owner is to return voting instructions, including relevant deadlines. The equivalent provision in NI 51-102 [9.1.1(1)(a)(ii)D] talks about the document including an explanation of how the registered holder is to return the proxy, including any relevant deadlines. Please confirm that both explanations can be included in one document and the issuer does not have to prepare a different document for registered holders than for beneficial owners.
NI 54-101: 2.7.1(2) NI 51-102: 9.1.1(2)	It is not clear why these two provisions are worded differently. Further, there is a substantive difference between subsection 9.1.1(2) of NI 51-102 and the equivalent provision in NI 54-101 [2.7.1(2)]. The NI 54-101 provision is wider and permits the sending of a *'document related to the approval of financial statements'* without having to send a paper copy of the information circular. The provision in NI 51-102 would not permit anything other than the proxy form and the notice package to be sent. This seems to rule out including financial statements with that mailing that the securityholder previously asked for by responding to the issuer's request the prior year. We would suggest the language be conformed between the two provisions so that both allow the sending of documents related to approval of financial statements.
NI 54-101: 2.7.5 NI 51-102: 9.1.4	**Consent to other delivery methods** These two provisions serve the same purpose: to preserve the ability of intermediaries and reporting issuers to obtain and rely on various forms of consent from securityholders to the delivery of required documents. However, the two provisions are drafted slightly differently and s.9.1.4 of NI 51-102 contains an extra provision that reads: *(b) terminating or a modifying a consent that a registered holder of voting securities previously gave to reporting issuer regarding a reporting issuer's use of other delivery methods to send proxy-related materials.* For clarity and consistency of treatment of parties under the two Instruments, we recommend a similar paragraph to (b) above be added to s.2.7.5. Further, most of the sections in Part 9 of NI 51-102 refer to a person or company soliciting proxies. Section 9.1.4 refers only to reporting issuers and it is not clear why this provision is restricted to these parties. It may not be likely that an investor has a pre-existing consent to delivery of materials with anyone other than a reporting issuer or that investor's intermediary, but that doesn't mean this

Instrument and Section Number	Comments
	section should be limited just to reporting issuers. If, for whatever reason, the party soliciting a proxy has a delivery consent from the investor, they should be able to rely on it.
NI 51-102: 1.1	**Definition of proxy related materials** The definition of 'proxy related materials' contained in NI 51-102 is not the same as that under NI 54-101. The NI 54-101 definition refers to both registered holders and beneficial owners in the last line; this one only refers to registered holders. The narrower language in NI 51-102 may be because the only references to proxy related materials are in Part 9 of the Instrument dealing with the proxy solicitation obligations owed to registered holders. However, given the interconnection between the two instruments and the fact that the Form 51-102F5 - Information Circular and 51-102 CP make extensive references to 'beneficial owners', we suggest that this definition be amended to be identical to that used in NI 54-101.
51-102CP 3.5	**Fit between annual request process and standing instruction process** We note that the CSA has added some explanation in the third paragraph of this section regarding how they see the annual request process of s.4.6 and the standing instruction process under NI 54-101 fitting together. We are concerned that this description may not be supported by the express obligations set out in the two Instruments. The financial report request process is an annual request that must be renewed each year, whereas the standing instruction remains in effect until revoked. It would be helpful if a clear description of which responses (or non-responses) take precedence were set out in either or both Instruments and so could be relied upon by market participants.
51-102 CP: 10.2 (2)	**Delivery of materials** This provision largely tracks a paragraph in s.5.3 of 54-101CP. However, the provision in 54-101CP adds as a new second sentence the following *We consider "first class mail" to be the equivalent of Canada Post Lettermail.* We can see no reason for the language in the two policies to differ on this point, so we ask that subsection 10.2(2) be amended to include this sentence.
	Timing Issues
NI 54-101: 2.1(b), 2.7.1(c),(d) 2.9(3) and 2.12(3)	**Timing of record date and other obligations when notice-and-access is to be used** Section 2.1(b) provides that the issuer must set a record date for notice of the meeting that is no fewer than 30 and no more than 60 days before the meeting date. No change to this provision is proposed. This 30-60 day period is appropriate for the delivery requirements that apply for paper proxy related materials, as they may be mailed up to 21 days before the meeting date. However, under notice-and-access materials are required to be posted on a website and sent no less than 30 days before the date of the meeting if sent by issuer directly (s.2.9(3)). If the materials are to sent indirectly, they

Instrument and Section Number	Comments
	must be delivered to intermediaries at least three or four days prior to the 30 day mailing deadline (s.2.12(3)). From a practical point of view, if the record date is set 30 days before the meeting date, there will be operational challenges on all parties in verifying the record date information and mailing the materials to the entitled investors on that date as required by the Instrument. We recommend the CSA consider whether there should be a provision added to s.2.1 to address the record date for notice-and-access leaves sufficient time for compliance with the posting and delivery requirements under the Instrument .
NI 54-101: 2.7.1(1)(d) NI 51-102: 9.1.1(1)(e)	**Timing of posting materials to non-SEDAR website** These provisions require the issuer to make the information circular accessible to the public on the non-SEDAR website on or before the mailing date. This timing conflicts with a proposed amendment to NP 11-201, which says electronic access is to be made available no sooner than the mailing date. As we stated in our comment letter on the proposed amendments to NP 11-201, the policy reasons stated in the Notice for NI 54-101 allowing early posting seem more compelling. We therefore suggest that the provision in the proposed amendments to NP 11-201 be changed to coincide with that stated here.
NI 54-101: 2.7.1(1)(d) and (f) NI 51-102: 9.1.1(1)(e) and (g)	**Time posted vs. time required to fulfill requests** The period of time these provisions require the proxy related documents to remain on the website does not match the time they must be delivered on request. In particular, confusion and investor dissatisfaction may result if the documents are still posted when the issuer no longer has an obligation to deliver copies of those documents. Section 2.7.1(1)(d) [9.1.1(1)(e)] says the documents are to remain on the website at least until the next annual meeting following the meeting to which the materials relate. This translates to a maximum period of about 13 months (one year plus posting 30 days before the meeting), assuming both are annual meetings. This period may be shorter if the first meeting is not an annual meeting. s.2.7.1(1)(f) [9.1.1(1)(g)] says the obligation to deliver paper copies lasts for one year from the date the documents are filed with the regulators, which would be at least 30 days before the meeting. This means that there may be a 30 day period when the documents are still posted but the obligation to deliver paper copies has expired. We recommend that provisions be amended to ensure that the documents do not have to remain posted after the delivery obligation has expired.

NI 51-102 4.6(3) and (4)	**Delivery of paper information circulars** We commend the CSA for bringing the period of time an issuer has to provide paper copies of financial statements on request under s.4.6(4) into alignment with the one year period proposed for the obligation to deliver paper copies of proxy related materials in NI 54-101 and Part 9 of NI 51-102. However, we do note that the obligations set out in subsections (3) and (4) only refer to an issuer's on-going obligations to deliver financial statements on request, but do not refer to any on-going obligation to deliver information circulars, despite addition of these documents in subsection (1). Further, as the response time for sending proxy related materials on request when that request was received before the relevant meeting takes place varies from that set out in subsection 4.6(3), we suggest that the CSA should at least include a cross reference in subsection 4.6(3) to the delivery obligations set out in s.9.1.1(1)(g) to ensure that shorter three day time frame is flagged for market participants.
NI 51-102 9.1.5(3)	**Instructions to receive paper copies** Subsection 9.1.5(3) reads: > Where a reporting issuer has received a request for a paper copy of the information circular from a registered holder under paragraph 4.6(1)(a), the reporting issuer must include a paper copy of the information circular with the documents required by paragraphs 9.1.1(1)(a) and (b). It is general practice to include the annual request with the package of proxy related materials and treat the responses as requests for information for the following fiscal year. Given the language in subsection 9.1.5(3), it is not clear whether this practice could continue, as it is not clear when the obligation to deliver the paper copy of the information circular applies. We ask the CSA to clarify the provision so that current practice could continue; the annual requests sent with this year's meeting material would be deemed to apply to meetings after this year's meeting.