December 16, 2011

ONTARIO SECURITIES COMMISSION
Office of the Secretary
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
jstevenson@osc.gov.on.ca

Attention: John Stevenson, Secretary

Re: OSC Staff Notice 15-704
Regulatory Developments Regarding Proposed Enforcement Initiatives

Overview

Staff has requested comments on the desirability of the OSC developing proposals in the area of enforcement, including specific initiatives relating to no-enforcement action agreements; a no-contest settlement program; a clarified process for self-reporting; and enhanced public disclosure of credit granted for cooperation. Staff Notice 15-704 also indicates that the Commission is considering the prospect of introducing financial incentives to persons who provide information about misconduct in the marketplace. The Commission indicated that a bounty whistleblower program is presently the subject of ongoing study and that a separate Staff Notice on this topic will be published in the near future. We welcome the opportunity to comment on a potential whistleblower program and the appropriate scope of the OSC's review.

Background

We are making this submission on behalf of George Weston Limited and its subsidiary, Loblaw Companies Limited, both of which are publicly-traded companies. Mr. W. Galen Weston controls, directly and indirectly through private companies which he controls, approximately 63% of the outstanding common shares of George Weston Limited. In turn, George Weston Limited owns approximately 63% of the outstanding common shares of Loblaw Companies Limited.

Discussion

The focus of this comment relates to the Commission's anticipated Staff Notice on the creation of an incentive bounty provision for whistleblowers.

We are acutely aware of the increased focus on enforcement issues over the past few years and of the need for all market participants, including the Commission, to assess the current legislative framework and market practices in light of developments in the United States under the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and elsewhere. However, we caution the Commission to tread carefully before implementing a whistleblower bounty program without first considering the impact that such an initiative will have on an issuer's internal reporting and compliance systems. Our primary concern

is that any proposed rules must not allow potential whistleblowers to circumvent an issuer's internal compliance processes and procedures in favour of the chance to obtain a monetary reward. Such an outcome would undermine the effectiveness of compliance programs by delaying issuers' access to critical information necessary to identify and resolve potential issues. More significantly, issuers whose compliance processes are displaced through this process, will also be delayed, or at worst denied, an opportunity to self-police, which we believe is an important component of creating a culture of compliance. Issuers are only able to investigate and take remedial actions in respect of issues of which they have notice. Internal reporting systems are essential to identifying, investigating and dealing with instances of internal misconduct.

We also caution the Commission that offering financial rewards may produce undesirable and even perverse consequences including the proliferation of frivolous claims or the condoning of undesirable conduct by certain employees so that others may blow the whistle. We believe that the proper focus for any new regulatory initiative in this area is to provide stronger legal protections for whistleblowers (i.e. no reprisals, confidentiality, etc.), rather than financial rewards and only if empirical evidence suggests that current safeguards are inadequate.

We encourage the Commission to carefully consider the recent Annual Report on the Dodd-Frank Whistleblower Program for fiscal year 2011 published by the U.S. Securities and Exchange Commission. Although only seven weeks of whistleblower tip data was available for fiscal year 2011, the SEC reported 334 tips received during this short time period. The SEC's experience suggests that the administration of a whistleblower bounty program is fraught with complexity and expense. We suggest that the Commission should carefully weigh the potential merits of such a program against its likely pitfalls.

If the Commission decides to pursue a bounty program, we would like to raise a few practical considerations to help preserve the integrity and effectiveness of internal reporting systems. First, we feel there should be a requirement that whistleblowers first report an allegation through their employer's internal compliance system before providing the same information to the OSC to be eligible for an award or protection. Alternatively, the Commission could require simultaneous reporting to itself and an issuer's internal processes, with the Commission's undertaking to defer any action until an allegation has been investigated through the issuer's compliance process. Finally, the Commission should consider reducing a whistleblower's potential recovery should they choose to bypass the issuer's internal processes.

In summary, we ask the Commission, at this early stage, to carefully consider the merits of implementing a whistleblower bounty program and, if pursued, to enact clear policies and procedures to ensure that internal compliance processes remain paramount.

Thank you again for the opportunity to comment on this important issue.

Yours truly,

Robert A. Balcom
Senior Vice President, General Counsel – Canada and Secretary, George Weston Limited
Senior Vice President and Secretary, Loblaw Companies Limited