

November 13, 2013

**VIA EMAIL**

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario  
M5H 3S8

Dear Sirs/Mesdames:

***Re: Request for Comment – CSA Consultation Paper 54-401  
Review of the Proxy Voting Infrastructure***

This letter is submitted on behalf of the Institute of Corporate Directors (“ICD”) in response to the invitation to participate in the consultation called for in the CSA Consultation Paper 54-401 Review of the Proxy Voting Infrastructure (the “Proposal”) dated August 15, 2013.

The ICD is a not-for-profit, member-based association representing Canadian directors and boards across the for-profit, not-for-profit, and Crown sectors. The ICD has more than 7,700 members and 11 local chapters across Canada. The ICD fosters the sharing of knowledge and wisdom through education, professional development programs and services, and thought leadership and advocacy to achieve the highest standard of directorship.

We commend the CSA for reviewing proxy voting infrastructure. We are pleased to set out below our perspectives on the Proposal.

**Comments on Proposal**

The integrity of the shareholder vote is critical to the proper functioning of corporate governance and the integrity of our capital markets.

Current trends are placing greater pressure on the need for a proxy voting system that is accurate and verifiable.

The rise in shareholder activism, contested meetings, individual director voting, voluntary adoption of majority voting policies and say on pay, among other situations, requires a proxy voting system that yields results that all stakeholders have confidence in.

The Proposal properly points out that factors contributing to the complexity of proxy voting include:

- the intermediated system of holding securities that supports clearing and settlement
- securities lending
- the use of agents by investors; and
- the right of investors not to disclose their identities to issuers and others (the OBO-NOBO concept).

The ICD recognizes that the current system is complex and that efficient and reliable solutions will require time to develop.

In the interim, the CSA should not put more pressure on the system by increasing the frequency of shareholder votes. It would not be wise to place ever greater reliance on shareholder votes that cannot be accurately counted.

This position is consistent with the ICD position stated in our March 28, 2011 letter to the Ontario Securities Commission (“OSC”) in response to OSC Staff Notice 54-701 wherein we stated:

“...if the continued evolution of corporate governance best practices is going to put greater emphasis on voting by shareholders, resulting in more potentially contentious business, then the integrity of the proxy voting system should be reviewed before additional pressure is placed on it.”

The CSA’s focus should be on resolving this problem by making it a priority and seeking the expertise required to find solutions. We commend the CSA for showing leadership in this regard.



Thank you for the opportunity to participate in your consultation process on this important initiative. If you have any questions regarding our comments, please contact the undersigned.

Yours truly,

Stan Magidson, LL.M., ICD.D  
President & CEO