

April 22, 2014

Sent by email

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Dear Sirs/Madams:

Re: *Proposed Disclosure Requirements Regarding Women on Boards and in Senior Management*

The Canadian Bankers Association (CBA) works on behalf of 59 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 275,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The CBA also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness.

The CBA recognizes the importance of diversity, including gender diversity, on boards and in senior management positions in corporate Canada. We appreciate the opportunity to comment on the Ontario Securities Commission (OSC)'s proposed amendments to Form 58-101F1 *Corporate Governance Disclosure* of National Instrument 58-101 *Disclosure of Corporate Governance Practices (Proposed Amendments)*.

SCOPE AND CONTENT OF PROPOSED AMENDMENTS

As a general comment, we support enhancing disclosure about gender diversity, the advancement of women, and related measures. While gender balance is an important aspect of diversity, we believe that other aspects such as race, national origin, sexual orientation, physical disability, education, professional experience, management capabilities, skill set and expertise also merit recognition in disclosure documents as important aspects of diversity. As we previously stated in our letter to the OSC dated October 3, 2013, we recommend that the OSC disclosure model recognize the breadth of diversity and foster disclosure of an issuer's overall diversity commitment.

Disclosure re: Subsidiaries

We believe it is important for the OSC's disclosure model to recognize the different corporate structures among Canadian issuers and provide flexibility in the application of gender diversity disclosure requirements for subsidiaries. For banks, the most meaningful disclosure on gender diversity would be at the issuer/parent level, rather than the subsidiary level. Some of our members have subsidiaries ranging in number from 175 to in excess of 400. Officers of a bank in many cases occupy director or senior executive positions at one or more of the bank's subsidiaries. In these circumstances, we believe that disclosures regarding gender diversity in senior management and boards would be duplicative, misleading and, ultimately, unhelpful. In addition, the disclosure on such a vast number of subsidiaries would create a significant tracking and reporting burden for large corporate groups without any tangible benefit.

In contrast, the structure of other large corporate groups might be such that the more meaningful disclosure on gender diversity is in a particular operating subsidiary, rather than the issuer/parent. We request that the OSC provide issuers with the flexibility to decide whether or not to include subsidiary entities in their gender diversity disclosure.

Definition of "Executive Officer"

We believe that the definition of "executive officer" in the Proposed Amendments will not result in helpful disclosure for larger issuers, such as banks, where there may be no more than twenty individuals qualifying for disclosure under this definition. For instance, the definition of "executive officer" would typically not capture vice-presidents or senior vice presidents in the proposed reporting regime. We do not believe disclosure based on the application of the "executive officer" definition would be meaningful or broad enough to align with the policy intent of the Proposed Amendments. Rather, we believe the intent of the proposed disclosure is to provide shareholders and other stakeholders with disclosure on representation of women in a reasonably representative group of management level employees not limited to CEOs, CFOs and vice-presidents in charge of a principal business unit, division or function. Having the flexibility to make use of a broader representative group would provide both a better perspective on current gender diversity levels and would also point to how well the issuer is preparing its pipeline of gender diverse leadership talent for the future. While issuers may voluntarily provide gender diversity on a more reasonably representative group of management-level employees, we believe the preferable approach is for the OSC to allow the issuer the discretion to define and disclose the group in respect of whom disclosure is made.

Disclosure of Targets re: Representation of Women on Boards and in EO Positions

We believe that diversity, whether on a board of directors or in senior management, is an outcome of good outreach, selection, and governance in the recruitment process. Our members operate in an industry that leads the FP100 in board and senior management diversity and many banks are well positioned within that industry.

While there are different schools of thought on the value of setting targets, we believe that the focus of the proposed "comply or explain" regime is on disclosure of an issuer's processes – including, for example, disclosure regarding the existence (or absence) of gender diversity policies, measures taken to ensure gender diversity policies have been implemented effectively, and consideration given to the representation of women in the identification and appointment process – will assist in improving the representation of women on boards and in senior management positions. We support efforts to increase diversity, and believe the goal of achieving greater diversity is most positively impacted by disclosure on the representation of women and the practices underlying an issuer's approach to advancing gender diversity in their organization, even where the issuer has not set a target.

DIRECTOR TERM LIMITS

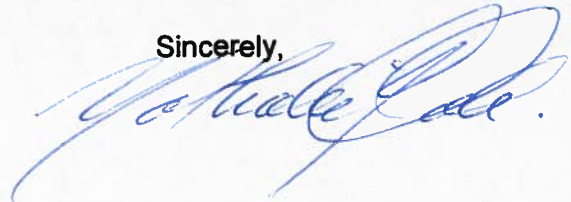
Our members support establishing a requirement to disclose term limits for directors (or an explanation for the absence of such limits); indeed, most of our member banks already have established director term limits and publicly disclose that information.

INTERPRETATION OF "POLICY"

If the Proposed Amendments were to include the requirement at Item 11 regarding the disclosure of policies, we would support modifying this proposed requirement to explicitly indicate that the term "policy" can include both formal written policies and informal unwritten policies, as well as guidelines, policies, programs, practices, initiatives or any combination of these. It is not apparent to us that there are any challenges with non-venture issuers reporting publicly on informal unwritten policies adopted by their boards, and we do not believe that a formal written policy is necessary to achieve good outcomes in board and senior management gender diversity.

Thank you for the opportunity to participate in the consultation on this important topic. We would be pleased to discuss our comments with you further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Yoshiko Kato", written over the word "Sincerely,".