

July 15, 2016

Alberta Securities Commission
Autorité des marchés financiers

British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Ontario Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

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Dear Ms. Turcotte and Me Beaudoin

Comments Re: CSA Multilateral Staff Notice 54-304
Final Report on Review of the Proxy Voting Infrastructure and
Request for Comments on Proposed Meeting Vote Reconciliation Protocols

The Canadian Investor Relations Institute (CIRI), a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community, is pleased to comment on CSA Multilateral Staff Notice 54-304, including the Protocols and CSA staff guidance proposed therein. CIRI consistently supports good corporate governance practices for its members and recognizes that these practices are a contributing factor in establishing and maintaining the integrity and efficiency of capital markets. CIRI and its reporting issuer members have a strong and vested interest in the proxy voting infrastructure and in ensuring that shareholder voting is accurate, reliable and transparent. CIRI membership represents over 200 publicly listed issuers with a combined market capitalization of over \$1.5 trillion. More information about CIRI is noted in Appendix 1.

Overall Views

CIRI commends the CSA for taking the initiative to address a very complex series of processes administered by multiple parties in the proxy voting cycle. The work done to date by the CSA has been instrumental in providing insight into how the various processes work, or don't work, and how the players interact, both effectively and ineffectively. The Protocols proposed in Staff Notice 54-304 indicate that progress is being made but perhaps do not focus on the right stage in the cycle.

Many of our members have previously expressed concerns that the current infrastructure and the attendant processes for voting proxies have fallen far short in accuracy, reliability and transparency. The CSA has correctly identified the two most significant problems as (1) over-voting and (2) lost or missing votes and that vote reconciliation and end-to-end vote confirmation will best address these issues. However, CIRI recommends that the reconciliation take place much earlier in the process so that there is sufficient time to deal with any issues. Leaving reconciliation to the end does not allow adequate time to ensure these issues can be resolved in a manner that still maintains the integrity of the voting process.

To further improve the accuracy and transparency of the proxy voting cycle, CIRI recommends that the solution be electronic and not paper-based. A paper-based solution will only further complicate an already complex system, particularly the reconciliation being proposed for the end of the cycle when time is at a premium. In contrast, an electronic solution will allow all players to access the information from one source to ensure consistency and ultimately create efficiencies.

The OBO/NOBO distinction is another complicating factor in our voting system. CIRI believes that the elimination of this status distinction, as already recommended by CIRI in our comments under the reviews of the OBCA and CBCA, would allow for greater transparency within the proxy voting processes thereby eliminating some of the issues.

Vote Reconciliation is Key

CIRI understands that there is a significant gap in the accuracy and completeness of the vote entitlement information available to intermediaries, their proxy voting agents and tabulators and that this information gap impacts the quality, accuracy and completeness of meeting vote reconciliation. These poor, ineffective or non-existent communication channels, especially between intermediaries and tabulators, can represent a significant barrier to efficiency and accuracy in determining the vote count for a given meeting and/or issue before shareholders.

CIRI, therefore, encourages the CSA to pursue the development and implementation of a centralized electronic system for all market participants to access. This system would incorporate protocols to establish standardized communications channels between intermediaries and tabulators as well as mechanisms to confirm that the correct information has been sent and received early in the process and that communication channels be two-way in order that information problems, which are inevitable, can be quickly identified, pursued and resolved between the communicating parties. Establishing agreed upon roles and responsibilities for CDS, the intermediaries, the proxy voting agents and the tabulators will go a long way to improving the accuracy, reliability and accountability of meeting vote reconciliation.

CIRI believes that the Technical Committee should be a continuing body that can monitor the progress and performance of the proxy voting infrastructure, particularly an electronic system, and implement improvements, whether they be developed internally, by capital market participants or in other appropriate

jurisdictions world-wide. As new electronic processes are developed and implemented, the Technical Committee should seek solutions that can result in efficiencies and/or cost savings for both infrastructure participants and issuers.

CIRI takes the position that end-to-end vote confirmation should be established if full meeting vote reconciliation is to be successfully achieved. Beneficial owners, if they wish, should be able to easily confirm that their vote has been received, submitted and counted by the tabulator as intended by the beneficial owner. The right to vote one's shares is a fundamental right of equity ownership in capital markets and ensuring that a vote has been cast and counted accurately should be a primary objective of any proxy voting process.

Responses to CSA Questions / Issues

1. The Protocols contain detailed guidance on operational process to support accurate, reliable and accountable proxy voting. Does the guidance achieve this objective? If not, what specific areas can be improved, or what alternative guidance could be provided?

Given the highly technical nature of the Protocols and the non- involvement of issuers, CIRI has no comment regarding this issue; however, CIRI does feel strongly that the solution should be an electronic system, not paper-based processes.

2. What are the cost and resource impacts on key stakeholders of implementing the information and communication improvements contemplated in the Protocols? In particular, what issues do intermediaries such as investment dealers anticipate in implementing the Protocols, and to what extent would any additional costs associated with implementing the Protocols be passed on to issuers or investors?

CIRI believes that the burden of any additional costs associated with implementing the Protocols should not be passed on to issuers. Issuers have to date paid for services provided by intermediaries, proxy voting agencies and tabulators with the full expectation of accuracy, reliability and completeness in the proxy voting process, an expectation that clearly has not been met.

Should the ultimate solution be an electronic system, as we have recommended, there would be an initial investment required, which would ultimately be offset by efficiencies gained over time. These costs should be undertaken by the market participants providing the service since they would ultimately be the beneficiaries of the efficiencies gained.

3. What is a reasonable timeframe for implementing the information and communication improvements contemplated in the Protocols?

CIRI believes that the integrity of the vote is of utmost importance and so improvements to the proxy voting process should be a priority. CIRI also believes that the quality of the final system and Protocols supersedes timing. A centralized electronic system accessible by all market participants would be the optimal solution, although likely requiring several years to implement. In the interim, paper-based Protocols could be implemented to improve the vote reconciliation process so that results are more accurate, reliable and transparent than they are today.

4. Which aspects of the Protocols (if any) should be codified as securities legislation, and which as CSA policy or CSA staff guidance?

CIRI suggests that the Protocols in their entirety be codified as CSA policy. Codifying the Protocols through the adoption of securities regulation is believed to be a route that lacks flexibility and timeliness with regard to potential upgrades and improvements and further guidance under the Protocols as users gain experience with the revised system over time. CIRI believes that staff guidance lacks the teeth that may be necessary in order to effect substantive change. The proxy voting infrastructure is such a bedrock of the capital market system in this country and has become so unwieldy and complex, that implementing the important revisions contemplated by the Protocols demands the serious attention afforded by the formal establishment of one or more CSA national policies.

5. Not all the entities that engage in meeting vote reconciliation are “market participants” or subject to compliance review provisions (where the “market participant” concept does not exist) under securities legislation. Do you think that all entities that play a key role in meeting vote reconciliation should be “market participants” or subject to compliance review provisions, including proxy voting agents and meeting tabulators?

CIRI believes that, given the importance of the proxy voting infrastructure and the significance placed on accuracy and reliability of the voting process to beneficial owners, all the entities currently engaged in the proxy voting cycle should be deemed “market participants” and as such subject to the rules and Protocols laid out in a CSA national policy that defines the roles and responsibilities of all of these players in the proxy voting infrastructure. CIRI sees no valid reason that they should not be “market participants.”

CIRI has been pleased to provide the CSA with its comments and answers to questions posed in Staff Notice 54-304 and I would be pleased to answer any questions that may arise from these comments.

Yours truly,



Yvette Lokker
President & CEO

APPENDIX A

The Canadian Investor Relations Institute

The Canadian Investor Relations Institute (CIRI) is a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community. CIRI contributes to the transparency and integrity of the Canadian capital market by advancing the practice of investor relations, the professional competency of its members and the stature of the profession.

Investor Relations Defined

Investor relations is the strategic management responsibility that integrates the disciplines of finance, communications and marketing to achieve an effective two-way flow of information between a public company and the investment community, in order to enable fair and efficient capital markets.

The practice of investor relations involves identifying, as accurately and completely as possible, current shareholders as well as potential investors and key stakeholders and providing them with publicly available information that facilitates knowledgeable investment decisions. The foundation of effective investor relations is built on the highest degree of transparency in order to enable reporting issuers to achieve prices in the marketplace that accurately and fully reflect the fundamental value of their securities.

CIRI is led by an elected Board of Directors of senior IR practitioners, supported by a staff of experienced professionals. The senior staff person, the President and CEO, serves as a continuing member of the Board. Committees reporting directly to the Board include Nominating; Audit; Membership; Issues; Editorial Board; Resource and Education; and Certification.

CIRI Chapters are located across Canada in Ontario, Quebec, Alberta and British Columbia. Membership is close to 500 professionals serving as corporate investor relations officers in over 200 reporting issuer companies, consultants to issuers or service providers to the investor relations profession.

CIRI is a founding member of the Global Investor Relations Network (GIRN), which provides an international perspective on the issues and concerns of investors and shareholders in capital markets outside of North America. The President and CEO of CIRI has been a member of the Continuous Disclosure Advisory Committee (CDAC) of the Ontario Securities Commission. In addition, several members, including the President and CEO of CIRI, are members of the National Investor Relations Institute (NIRI), the corresponding professional organization in the United States.