

November 13, 2013

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial and Consumer Affairs Authority
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Financial and Consumer Services Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

c/o

The Secretary
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Toronto, Ontario M5H 3S8
Fax: 416-593-2318
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Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Fax: 514-864-6381
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Dear Sirs and Mesdames:

Re: Canadian Securities Administrators (CSA) Consultation Paper 54-401 *Review of the Proxy Voting Infrastructure*

On behalf of Kingsdale Shareholder Services Inc. (**Kingsdale**), we are thankful for the opportunity to provide comments in response to the invitation for comments in CSA Consultation Paper 54-401 *Review of the Proxy Voting Infrastructure* dated August 15, 2013 (**Consultation Paper**).

Kingsdale is the largest shareholder solicitation and proxy advisory firm in Canada. We are the proxy advisory firm of choice and retained in a vast majority of proxy contests and transactions involving shareholder votes in Canada. Since 2003, public companies and activists have looked to Kingsdale to advise and execute proxy contests and transaction campaigns. We provide support throughout the entire lifecycle of a proxy contest or corporate transaction and as such are intimately familiar with the proxy voting infrastructure and at times, its shortcomings.

We wholly agree that the shareholders' right to vote on corporate matters is a fundamental feature of the capital markets and share ownership and support any change in the proxy voting infrastructure that will help ensure that all shareholder votes are counted and accounted for.

For ease of reference, we have provided our comments under four categories as provided below;

1. Impact of share lending on proxy voting accuracy and reconciliation.

In our experience, share lending, although not a major factor in proxy voting inaccuracies, does account for some inaccuracies and instances of double voting. We agree that a uniform industry practice which treats the lender as the beneficial owner of shares on loan and as the party entitled to vote the shares addresses proxy voting inaccuracies with respect to share lending. We are supportive of enactment of appropriate regulations or procedures ensuring that votes are not submitted on lent shares unless a proxy form has been received from the borrower of shares on loan. Appropriate industry guidelines or processes are required to make sure the borrower does not then vote the same shares when a corresponding proxy has been sent to the lender.

2. Impact of Omnibus proxies and restricted proxies on proxy voting accuracy and reconciliation.

In our experience inconsistencies in tabulation caused by missing or incomplete omnibus proxy documentation occur in most shareholder meetings. In our view, instituting a system whereby intermediaries provided Broadridge with back-up documentation as of the record date which evidences their share positions would go far in addressing this issue. Broadridge would then be able to reconcile the omnibus proxies based on the back-up information provided by intermediaries against the CDS list provided by the transfer agent and identify any discrepancies. This system will enable Broadridge and the relevant intermediary to address any discrepancy well in advance of the meeting and prevent any inaccuracies in the final tabulation.

The above system requires regulation requiring intermediary back offices to provide supporting back-up documentation for omnibus proxies submitted. In addition Broadridge will have to obtain the CDS list from the issuer's transfer agent and reconcile that list against the list provided by intermediaries.

With respect to restricted proxies, our experience shows that restricted proxies are used mostly in contested meetings. Each intermediary has its own policies and procedures regarding issuance of restricted proxies, however these policies and procedures are not consistent across the industry. Furthermore, some intermediaries are not always able to ensure that shares are not otherwise voted when a restricted proxy is already issued to a client. This is likely because there are no standard guidelines to adhere to, in order to make sure double voting does not occur. It would be beneficial if standard policies and procedures were developed across the industry and adherence enforced so to ensure that restricted proxy shares are not voted twice.

3. Over-reporting and over-voting

Unfortunately over-reporting and over-voting are a common occurrence in shareholder meetings. In our experience, vast majority of over-reporting and over-voting can be attributed to missing omnibus proxy documentation, with remainder being caused by share-lending or use of restricted proxies.

Over-reporting and over-voting instances are more common among online, small and discount brokers. Over-voting also occurs in larger companies with U.S. based investors and U.S. intermediaries which have broker discretionary voting that automatically vote shares without submitting the requisite Omnibus proxies.

We propose that in order to eliminate over-voting and over-reporting, Broadridge must obtain the CDS/DTC omnibus proxy from the transfer agent prior to the meeting and reconcile that list against omnibus proxies provided by each intermediary. This process will eliminate a vast portion of the over-voting and can be implemented without major changes to the current proxy voting infrastructure.

4. End-to-end vote confirmation

We support Broadridge's initiative in offering an end-to-end vote confirmation functionality and believe that an end to end vote confirmation will also assist in eliminating instances of over-voting. This will of course also provide the necessary comfort to shareholders that their votes have been counted and their voices heard.

On behalf of Kingsdale, we thank you again for the opportunity to provide our comments on the Consultation Paper and for CSA for its efforts to pursue improvements to the efficiency of the proxy voting infrastructure. We would be happy to discuss our comments with you; please direct any inquiries to the undersigned, **Hooman Tabesh at (416) 867-2337 or by e-mail at htabesh@kingsdaleshareholder.com.**

Yours truly,

"Hooman Tabesh"

Hooman Tabesh
Executive Vice President and General Counsel
Kingsdale Shareholder Services Inc.