

6 November 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

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

And

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Montréal (Québec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Madames,

Re: CSA Consultation Paper 54-401: Review of the Proxy Voting Infrastructure

Thank you for the opportunity to comment on the Canadian Securities Administrators (CSA) Review of the Proxy Voting Infrastructure. We applaud the CSA for undertaking these consultations and for its commitment to ensuring the integrity and transparency of the proxy voting system.

SHARE is a national, not-for-profit organization and a Canadian leader in responsible investment research, education and services for institutional investors. Our clients have assets under management of more than \$12 billion. We provide proxy voting analysis and vote execution as part of our service to institutional investors. We are not asset managers or market intermediaries. Our views on the questions raised by

Consultation Paper 54-401 are made from the perspective of a proxy voting service provider and an advocate for healthy and sustainable capital markets. We hope our comments will be helpful to the CSA.

We agree wholeheartedly with the statement in the Consultation Paper that “Shareholder voting is one of the most important methods by which shareholders can affect governance, communicate preferences and signal confidence or lack of confidence in an issuer’s management and oversight. ...Shareholder voting is ... fundamental to, and enhances the quality and integrity of, our public capital markets.” This is why we have carried out our annual key proxy vote survey for the past 13 years in partnership with the Fonds de Solidarité FTQ and the Columbia Institute, and why our clients place a priority on careful and consistent proxy voting across markets for their equity mandates.

Question 1. Is accurate vote reconciliation occurring within the proxy voting infrastructure?

On behalf of our clients, every year we vote the proxy ballots of approximately 700-800 companies in jurisdictions around the world. Our proxy voting platform is ProxyEdge, offered by Broadridge. Once we submit our votes in ProxyEdge, there is no way for us to confirm that the votes have been tallied as voted. We have no way to reconcile the votes we cast with the voting outcome. We are aware of anecdotal evidence that companies sometimes end up with more votes than they have outstanding shares. We are also aware from our clients that recalling lent shares in order to exercise voting rights can be complicated.

Question 2. What type of end-to-end vote confirmation system should be added to the proxy voting infrastructure?

While the system is opaque, it is not in complete disrepute – as evidenced by the fact that many companies take shareholder votes very seriously. However, there appears to be sufficient uncertainty to warrant regulatory involvement. We agree with the analysis on page 4 of the Consultation Paper that issuers and investors do not in themselves have access to a complete picture of the proxy voting process. This is why, in our view, the regulator, whose interest is the integrity of the system as a whole, should consider the matter. The hallmarks of the proxy voting system should be transparency, reliability, and independence from any one organization or type of organization with a vested interest in the outcome. At its simplest, SHARE would like to be able to verify that the votes we submit to Proxy Edge on behalf of our clients are recorded correctly by the tabulator.

SHARE would be pleased to provide further information about our experience with the proxy voting system. Thank you for the opportunity to provide comments and we look forward to contributing to any subsequent phases of this consultation.

Sincerely,



Peter Chapman
Executive Director
Shareholder Association for Research and Education