

**C. RODNEY INNES**

**TO: The Secretary, Ontario Securities Commission  
20 Queen Street West, 22<sup>nd</sup> Floor, Box 55  
Toronto, ON M5H 3S8**

**NOTE: Please forward to all other provincial and territorial commissions**

**RE: CSA NOTICE AND REQUEST FOR COMMENT PROPOSED AMENDMENTS TO  
FORM 58-101F1 CORPORATE GOVERNANCE DISCLOSURE OF NATIONAL  
INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES AND  
PROPOSED CHANGES TO NATIONAL POLICY 58-201 CORPORATE GOVERNANCE  
GUIDELINES**

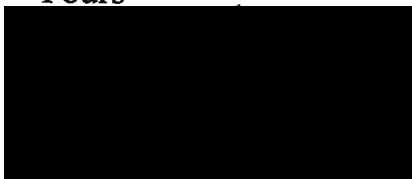
I have been an investor and financial intermediary for approximately 50 years having completed the Canadian Securities Course in the 1970's several years before becoming a licensed representative with a Securities firm. Subsequently I completed the managers and directors requirements to establish a branch office of a Securities Dealer. I was an early adapter and promotor of the fee-based financial management service because I recognized from the start how important it was to eliminate any conflicts of interest in serving the investing public's interests. I still manage my own investments.

Please find my comments enclosed, entitled:

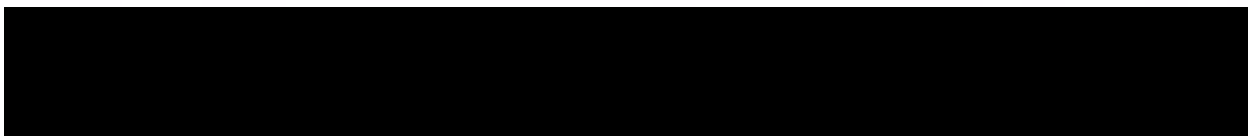
## **WORKING PAPER FOR OSC/CSA SUBMISSION**

Thank you for your kind attention to this matter.

Yours



Rod Innes



# WORKING PAPER FOR OSC/CSA SUBMISSION

A consideration of the feedback from May 2021 CSA consultation to better understand stakeholders' needs and perspectives with respect to diversity, including diversity beyond women.

*1. Diversity is an important consideration in investment and voting decisions.*

Diversity is important as a tool to successfully adapt to change. However, once diversity is prescribed (a), it is no longer a tool, but rather a hinderance to the corporation's ability to adapt to change. Therefore, anything that prescribes a boards' composition is in none of the stakeholders' interests. The most fundamental and important considerations for a board in selecting members to guide the corporation's initiatives are the experience that prospective board members have that relates to the objectives of the corporation and his or their ability to communicate. Their private sexual or cultural proclivities have nothing to do with how effective a board member they will be.

(a) Regarding the use of the word "prescribed": While the contemplated changes are not prescriptions, they are a powerful and intimidating expression of the soft power Securities Regulators wield. Thus, all Securities Regulators contemplating changes must recognize the real and insidious influence they have on whatever they chose to pronounce on. Hence, the regulations they devise have the effect of "Prescriptions" and should be considered as such.

*2. There is strong investor support in expanding the existing disclosure regime to consider diversity beyond women, while maintaining specific disclosure requirements regarding women.*

Prescribing that policy be disclosed is very different from prescribing policy; I suggest that "strong investor support" is not enough to justify in any way restricting a corporation's ability to adapt to change as it sees fit, by keeping foremost in mind the practices that will best advance the corporation's objectives. This later focus is in the best interest of all stakeholders, including investors.

## WORKING PAPER FOR OSC/CSA SUBMISSION

The sighted “strong investor support in expanding the existing disclosure regime to consider diversity beyond women, while maintaining specific disclosure requirements regarding women” concerns considerations other than best corporate practices. It embraces another agenda and has no place among disclosure prescriptions.

- 3. Diversity on boards and in executive officer positions is a critical component of good corporate governance.*

This comment is both obvious and misleading. A board composed of individuals who have different realms of expertise to bring to the table in guiding the corporation, provides diversification that will benefit the corporation. Diversification to achieve a variety of sexual orientations or cultural backgrounds will be a distraction at least and, at worst, will cripple the corporation’s ability to attract the best board members to guide its ability to adapt to change and ensure a successful future.

- 4. Many stakeholders support guidelines related to diversity that provide issuers with flexibility to adapt them to their circumstances.*

If this is the case, I applaud these stakeholders’ insights. Surely this support counters the contemplated changes to the basics for the selection of a diversified board of directors. There is clearly another agenda involved in the contemplated changes, one which has little or nothing to do with sound corporate guidance and administration.

- 5. Institutional investors and proxy advisory firms are developing diversity-related policies which have resulted in disparate diversity disclosure practices among issuers.*

The day that institutional and proxy advisory firms set policy that prescribes corporate procedures, is the day that Provincial regulator bodies, whose mandate is to provide even and unbiased platforms for the raising and managing capital, lose the ability to do so.

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### 5. Cont.

Someday Canada may enjoy the existence of a National Securities Regulator to replace the hodgepodge of Provincial jurisdictions, but until that day, Provincial regulators must restrict their activities and bind their prescriptions within the confines of the interests of all Canadian investors, regardless of which Province they reside in, as well as those international investors who would entrust their capital to the Canadian investment markets.

### 6. *Some stakeholders expressed support for a consistent, standardized framework for diversity disclosure.*

A standardized framework for diversity disclosure that does more than offer a platform for open and clear disclosure and that stipulates what that disclosure must reveal, will create a framework which requires corporations to take actions which could be counter to their objectives and jeopardise their ability to carry on. Investors are best served by regulations that foster sound business practices and which require corporations to reveal what their practices are, not to prescribe what those practices must incorporate.

### 7. *Other stakeholders stressed that a flexible approach would be better suited to Canada's diverse capital markets and expressed concern with the disclosure of personal characteristics.*

I applaud these stakeholders and trust that those who can affect change in our capital markets will recognize the truth, "that a flexible approach would be better suited to Canada's diverse capital markets" and I also agree with their "expressed concern with the disclosure of personal characteristics" in crafting any prescriptions regulating anything as important as a corporation's ability to select board members who are best equipped to advance the corporation's objectives.