

**AMENDMENT TO POLICY STATEMENT TO REGULATION 54-101 RESPECTING COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES OF A REPORTING ISSUER**

1. Paragraph (1) of section 2.1 of *Policy Statement to Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* is replaced with the following:

“(1) The securityholder communication procedures in the Regulation are relevant to all securityholder materials sent by a reporting issuer to beneficial owners of its securities under Canadian securities legislation. Securityholder materials include, but are not limited to, proxy-related materials. Securityholder materials include:

(a) materials required by securities legislation or applicable corporate law to be sent to registered holders and beneficial owners of a reporting issuer’s securities, such as interim or annual financial statements;

(b) materials required by securities legislation or applicable corporate law to be sent only to registered holders of a reporting issuer’s securities, such as issuer bid and directors circulars, and dissident proxy-related materials;

(c) materials sent to registered holders or beneficial owners of a reporting issuer’s securities absent any legal requirement to do so.”.

2. Section 2.3 of the Policy Statement is repealed.

3. Section 2.7 of the Policy Statement is replaced with the following:

**“2.7. Agent**

A depository, intermediary, reporting issuer or any other person subject to obligations under the Regulation’s securityholder communication procedures may use a service provider as its agent to fulfill its obligations. A person that uses an agent remains fully responsible for fulfilling its obligations under the Regulation, and for the conduct of the agent in this regard.

A person may fulfill its obligations relating to another party through an agent of that other party. For example, under section 2.12 of the Regulation, a reporting issuer fulfills its obligation to send securityholder materials to a proximate intermediary if it provides the materials to a person designated by that proximate intermediary.”.

4. Paragraph (2) of section 3.3 of the Policy Statement is amended by replacing the sentence “All requests for beneficial ownership information, including NOBO lists are required to be made through a transfer agent.” with the following:

“All requests for beneficial ownership information, including NOBO lists, must be made through:

(a) a transfer agent; or

(b) another person that satisfies the two criteria in subsection 2.5(4)(b) of the Regulation. In our view, a proxy solicitor would satisfy these criteria.”.

5. The Policy Statement is amended by inserting the following after section 3.4:

### **“3.4.1. Explanation of voting rights**

(1) Subsection 2.16(1) of the Regulation requires a reporting issuer's proxy-related materials to contain a plain language explanation of how the beneficial owner can exercise the voting rights attached to the securities. If the reporting issuer has chosen to send proxy-related materials directly to, and receive voting instructions from, NOBOs, we expect this to be stated in the proxy-related materials.

(2) Subsection 2.16(2) of the Regulation requires management of a reporting issuer to provide in the information circular disclosure about the following:

(a) non-payment of fees for intermediaries to send proxy-related materials and Form 54-101F7 to OBOs under section 2.12 of the Regulation;

(b) use of notice-and-access if management has made this determination for some, but not all beneficial owners at the time it prepares the information circular.

This disclosure is intended to explain to beneficial owners why they may receive different proxy-related materials than other beneficial owners and why they may not receive proxy-related materials even if they have requested them. Item 4.3 of Form 51-102F5 also requires this disclosure.

(3) If a reporting issuer has chosen not to pay for proximate intermediaries to deliver proxy-related materials and Form 54-101F7 to OBOs, it must still provide to the proximate intermediary the number of sets of proxy-related materials that the proximate intermediary requested for forwarding.”.

**6.** Section 3.5 of the Policy Statement is replaced with the following:

### **“3.5. NOBO voting instructions**

(1) Voting instructions that the reporting issuer requests directly from NOBOs will be returned directly to the reporting issuer. Management of the reporting issuer will then vote the securities beneficially owned by NOBOs according to the instructions received from the NOBOs to the extent that management has the corresponding proxy. The proximate intermediary that provides the NOBO list under subsection 4.1(1) of the Regulation gives management that proxy.

We expect reporting issuers that choose to solicit voting instructions directly from NOBOs to have appropriate procedures for NOBO voting. This includes doing the following in a timely manner:

(a) responding to inquiries from NOBOs or intermediaries with NOBO clients about the voting process;

(b) appointing a NOBO or nominee of the NOBO as a proxyholder in respect of securities beneficially owned by the NOBO;

(c) generating a new Form 54-101F6 if a NOBO requests one. For example, a NOBO may have misplaced a Form 54-101F6 that she had received; or may now wish to provide voting instructions although she had previously indicated on her client response form that she did not wish to receive proxy-related materials.

We expect reporting issuers and intermediaries to work together to address any issues arising from the NOBO voting process.

(2) Subsection 2.17(2) of the Regulation requires a reporting issuer to maintain records of each Form 54-101F6 that it sends to a NOBO, and the date and time of voting instructions that it receives. This is to assist in identifying the beneficial owner's most recent set of voting instructions.”.

7. Part 5 of the Policy Statement is replaced with the following:

**“PART 5 MEANS OF SENDING**

**“5.1. General**

(1) Section 2.7 of the Regulation sets out the permitted delivery methods for proxy-related materials. Reporting issuers, intermediaries and other persons should also review any other applicable legislation, such as corporate legislation.

(2) The following tables illustrate the options available for sending proxy-related materials to beneficial owners.

**Table A: Direct Sending to NOBOs**

Delivery Method	Documents Sent	Beneficial Owner Consent Required?
Prepaid mail, courier or the equivalent	Reporting issuer sends paper copies of notice of meeting, management information circular, and Form 54-101F6	No
Notice-and-access	Reporting issuer posts management information circular on SEDAR and non-SEDAR website. Reporting issuer sends paper copies of notice required by para. 2.7.1(1)(a), Form 54-101F6. Reporting issuer will send paper copy of management information circular on request.	No
	Reporting issuer posts management information circular on SEDAR and non-SEDAR website. Reporting issuer sends notice required by para. 2.7.1(1)(a) and Form 54-101F6 using delivery method other than prepaid mail, courier or the equivalent (e.g. email). Reporting issuer will send paper copy of management information circular on request.	Prior consent of beneficial owner is required for reporting issuer to send notice and Form 54-101F6 using delivery method other than prepaid mail, courier or the equivalent.
Other delivery method	Reporting issuer sends notice of meeting, management information circular and Form 54-101F6 using delivery method that is not (i) prepaid mail, courier or the equivalent, or (ii) notice-and-access.	Yes. Reporting issuers are expected to work with proximate intermediaries to obtain consent.

**Table B: Indirect Sending to Beneficial Owners**

Delivery Method	Documents Sent	Beneficial Owner Consent Required?
Prepaid mail, courier or the equivalent	Reporting issuer sends paper copies of notice of meeting, management information circular to proximate intermediary. Proximate intermediary sends paper copies of materials and Form 54-101F7 using prepaid mail, courier or the equivalent.	No
Notice-and-access	Reporting issuer posts management information circular on SEDAR and non-SEDAR website. Reporting issuer makes arrangements for proximate intermediary to send paper copies of notice required by para. 2.7.1(1)(a). Proximate intermediary sends paper copies of notice and Form 54-101F7 using prepaid mail, courier or the equivalent. Reporting issuer will send paper copy of management information circular on request.	No
	Reporting issuer posts management information circular on SEDAR and non-SEDAR website. Reporting issuer	Beneficial owner consent is required for

	makes arrangements for proximate intermediary to send notice required by para. 2.7.1(1)(a) using delivery method other than prepaid mail, courier or the equivalent (e.g. email). Proximate intermediary sends copies of notice and Form 54-101F7 using the alternate delivery method. Reporting issuer will send paper copy of management information circular on request.	proximate intermediary to send notice and Form 54-101F7 using delivery method other than prepaid mail, courier or the equivalent. Proximate intermediary will be responsible for obtaining necessary beneficial owner consent.
Other delivery method	Reporting issuer and proximate intermediary make arrangements for proximate intermediary to send notice of meeting and management information circular using delivery method that is not (i) prepaid mail, courier or the equivalent, or (ii) notice-and-access. Proximate intermediary sends notice of meeting, management information circular and Form 54-101F7 using the alternate delivery method.	Yes. Reporting issuers are expected to work with proximate intermediaries to obtain consent.

## “5.2. Securityholder materials sent to intermediaries

Reporting issuers and other persons should make arrangements with proximate intermediaries to send securityholder materials to beneficial owners in a timely manner. A proximate intermediary should not request sets of securityholder materials for NOBOs if the reporting issuer will be sending the materials directly to those NOBOs.

## “5.3. Prepaid mail, courier or the equivalent

Paper copies of proxy-related materials must be sent using prepaid mail, courier or an equivalent delivery method. An equivalent delivery method is any delivery method where the beneficial owner receives paper copies in a similar time frame as prepaid mail or courier. For example, a reporting issuer that sponsors an employee share purchase plan could arrange for the proximate intermediary to deliver proxy-related materials to beneficial owner employees through the reporting issuer's internal mail system.

## “5.4. Notice-and-access

(1) A reporting issuer can use notice-and-access if it sends proxy-related materials directly to NOBOs under section 2.9 of the Regulation or indirectly under section 2.12 of the Regulation.

### *Direct sending to NOBOs*

The reporting issuer must send the notice required by paragraph 2.7.1(1)(a) and Form 54-101F6 to the NOBO at least 30 days before the meeting (subsection 2.9(3) of the Regulation).

### *Indirect sending to beneficial owners*

The reporting issuer must make arrangements with the proximate intermediary so that the proximate intermediary is in a position to send the notice required by paragraph 2.7.1(1)(a) to the beneficial owner at least 30 days before the date fixed for the meeting (subsection 2.12(3) of the Regulation).

The proximate intermediary must prepare a Form 54-101F7 and forward it and the notice document (see section 4.4 of the Regulation). The notice can be combined with the Form 54-101F7 in a single document.

*Delivery methods*

Unless the reporting issuer or intermediary, as applicable, has obtained the beneficial owner's prior consent, a beneficial owner will receive a paper copy of the notice document and relevant voting instruction form.

(2) Paragraph 2.7.1(1)(a) of the Regulation requires the beneficial owner to be sent a document containing required information. This document is essentially a notice that informs the beneficial owner of the meeting, and how to access the information circular and other proxy-related materials that are posted on the Internet. A reporting issuer may choose to send additional information on notice-and-access with this notice.

(3) Paragraph 2.7.1(1)(b) of the Regulation only applies if the reporting issuer is sending proxy-related materials directly to NOBOs under section 2.9. The Form 54-101F6 and the notice document can be combined in a single document.

(4) Paragraph 2.7.1(1)(d) of the Regulation requires a news release to be issued at least 30 days before the date fixed for the meeting. The news release must contain the information set out in the notice document. This is intended to broadly communicate to the reporting issuer's beneficial owners that they will receive a notice and not a full paper set of proxy-related materials. If the reporting issuer is using notice-and-access only for some beneficial owners, this must also be disclosed and explained in the news release. This is intended to help beneficial owners understand why they are receiving a notice and not the full set of paper proxy-related materials.

(5) Paragraph 2.7.1(1)(e) of the Regulation requires the information circular and other proxy-related materials to be posted on SEDAR and on a website other than SEDAR. The non-SEDAR website can be the reporting issuer's website or the website of a service provider.

(6) Paragraph 2.7.1(1)(f) of the Regulation requires the reporting issuer to establish a toll-free telephone number for the beneficial owner to request a paper copy of the information circular. A reporting issuer may choose to, but is not required to, provide additional methods for requesting a paper copy of the information circular. If a reporting issuer does so, it must still comply with the fulfillment timelines in paragraph 2.7.1(1)(g) of the Regulation and the restrictions on use of information obtained in connection with the request.

A beneficial owner client may ask its intermediary to request a paper copy of the information on its behalf.

(7) Subsection 2.7.1(5) of the Regulation is intended to allow beneficial owners to access the posted proxy-related materials in a user-friendly manner. For example, requiring the beneficial owner to navigate through several web pages to access the proxy-related materials would not be user-friendly. Providing the beneficial owner with the specific URL where the documents are posted would be more user-friendly. We encourage reporting issuers and their service providers to develop best practices in this regard.

**“5.5. Consent**

Paragraph 2.7(2)(c) of the Regulation requires that beneficial owner consent be obtained if proxy-related materials are being sent using a delivery method that is not (i) prepaid mail, courier or the equivalent, or (ii) notice-and-access. Refer to Notice 11-201 Relating to Delivery of Documents by Electronic Means in Québec, and in the rest of Canada, National Policy 11-201 Delivery of Documents by Electronic Means, for guidance on effective delivery using electronic means, including appropriate consents.

In the case of proxy-related materials sent using notice-and-access, a beneficial owner's prior consent must be obtained if the beneficial owner will not be sent

paper copies of the notice and relevant voting instruction form by prepaid mail, courier or the equivalent.

**“5.6. Multiple deliveries to one person**

A single investor may hold securities of the same class in two or more accounts with the same address. Delivering a single set of securityholder materials to that person would satisfy the delivery requirements under the Regulation. We encourage this practice as a way to help reduce the costs of securityholder communications.”.

8. Part 6 of the Policy Statement is replaced with the following:

**“PART 6 USE OF NOBO LIST**

**“6.1. Permitted uses**

(1) A person that is not a reporting issuer may only use the NOBO list and the procedures in sections 2.9 or 2.12 of the Regulation in connection with an effort to influence voting or an offer to acquire securities of a reporting issuer. In our view, a person may obtain the NOBO list if the person is acting reasonably and in good faith, and intends to use the NOBO list to determine whether to begin an effort to influence securityholder voting or an offer to acquire securities of the reporting issuer.

(2) Using a NOBO list contrary to Part 7 of the Regulation will constitute a breach of the Regulation and securities legislation. Penalty provisions of securities legislation may be applied.”.

9. Section 7.1 of the Policy Statement is replaced with the following:

**“7.1. Materials sent in less than the required number of days before meeting**

In general, exemptive relief to shorten the relevant periods in sections 2.9 and 2.12 of the Regulation will not be granted, except in extraordinary circumstances.”.

10. Section 7.3 of the Policy Statement is replaced with the following:

**“7.3. Additional costs for expedited processing**

Reporting issuers may want to reimburse an intermediary for reasonable costs incurred in expedited processing of securityholder materials, for example, courier, long distance telephone and overtime costs.”.

11. Section 7.4 of the Policy Statement is replaced with the following:

**“7.4. Applications**

Major exemptions from the requirements of the Regulation will likely be granted infrequently. We encourage applicants to discuss requests for exemptive relief on a pre-file basis with the relevant Canadian securities regulatory authorities.”.

12. Section 8.1 of the Policy Statement is amended by inserting the words “by prepaid mail” after the words “proxy-related materials”.

13. The Policy Statement is amended by deleting, wherever they occur, the words “or company”, “or companies” and “and companies”, and making the necessary changes.