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

PART 1 BACKGROUND

1.1 History

(1) *Obligations imposed on reporting issuers under corporate law and securities legislation to communicate with securityholders are typically cast as obligations in respect of registered holders and not in respect of beneficial owners. For purposes of market efficiency, securities are generally no longer registered in the names of the beneficial owners but rather in the names of depositories, or their nominees, who hold on behalf of intermediaries, such as dealers, trust companies or banks, who, in turn, hold on behalf of the beneficial owners. Securities may also be registered directly in the names of intermediaries who hold on behalf of the beneficial owners.*

(2) *Corporate law and securities legislation require reporting issuers to send to their registered holders information and materials that enable such holders to exercise their right to vote. To address concerns that beneficial owners who hold their securities through intermediaries or their nominees may not receive the information and materials, in 1987, the CSA approved National Policy Statement No. 41 ("NP41"), which has since been replaced by Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer (chapter V-1.1, r. 29) (the "Regulation").*

(3) *The purpose of this Policy Statement is to state the views of the Canadian securities regulatory authorities on various matters relating to the Regulation in order to provide guidance and interpretation to market participants in the practical application of the Regulation.*

1.2 Fundamental Principles

The following fundamental principles have guided the preparation of the Regulation:

(a) *all securityholders of a reporting issuer, whether registered holders or beneficial owners, should have the opportunity to be treated alike as far as is practicable;*

(b) *efficiency should be encouraged; and*

(c) *the obligations of each party in the securityholder communication process should be equitable and clearly defined.*

PART 2 GENERAL

2.1 Application of Regulation

(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 or beneficial owners of a reporting issuer's securities, such as interim financial reports 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) *As provided in section 2.7 of the Regulation, compliance with the procedures set out in the Regulation is mandatory for reporting issuers when sending proxy-related materials to beneficial owners, and, under section 2.8 of the Regulation, is optional for the sending of other materials. Once a reporting issuer, or another person pursuant to Part 6 of the Regulation, chooses to use the communications procedures specified in the Regulation for a reporting issuer, depositories, intermediaries and other persons must comply with their corresponding obligations under the Regulation.*

2.2 Application to Foreign Securityholders and U.S. Issuers

(1) *As provided in subsection 2.12(5) of the Regulation, a reporting issuer that is precluded from sending securityholder materials directly to NOBOs because of conflicting legal requirements in the United States or elsewhere outside of Canada shall send the materials indirectly, i.e., by forwarding the materials to NOBOs through proximate intermediaries for those securities. Subsection 2.12(3) does not require a reporting issuer to send proxy-related materials to all beneficial owners outside Canada. A reporting issuer need only send proxy-related materials to beneficial owners who hold through proximate intermediaries that are either participants in a recognized depository, or intermediaries on the depository's intermediary master list.*

(2) *National Instrument 71-101 The Multijurisdictional Disclosure System (chapter V-1.1, r. 36) provides, in Part 18, that a "U.S. issuer", as defined in that Instrument, is considered to satisfy the requirements of the Regulation, other than in*

respect of fees, if the issuer complies with the requirements of Rule 14a-13 under the 1934 Act for any Canadian clearing agency and any intermediary whose last address as shown on the books of the issuer is in the local jurisdiction. Those requirements are designed to achieve the same purpose as the requirements of the Regulation.

(3) A Canadian reporting issuer may be exempt from complying with U.S. requirements under a reciprocal provision in the U.S. Multijurisdictional Disclosure regime.

2.3 (Revoked)

2.4 “Client” and “Intermediary” to be Distinguished From “Beneficial Owner”

(1) Section 1.1 of the Regulation distinguishes between “client” and “beneficial owner”. The two definitions recognize that, for many reporting issuers, there may be layers of intermediaries between the registered holder of a security and the ultimate beneficial owner. For example, a dealer could hold a security on behalf of another dealer that in turn holds the security for the beneficial owner.

(2) For the purposes of the Regulation, if an intermediary that holds securities has discretionary voting authority over the securities, it will be the beneficial owner of those securities for purposes of providing instructions in a client response form, and would not also be an “intermediary” with respect to those securities.

(3) The term “client” refers to the person for whom an intermediary directly holds securities, regardless of whether the client is a beneficial owner. For example, if a dealer holds securities on behalf of a bank that in turn holds the securities on behalf of the beneficial owner, the bank is a client of the dealer, and the beneficial owner is a client of the bank. The beneficial owner is not a client of the dealer. Section 1.2 of the Regulation recognizes that, under the Regulation, an intermediary may “hold” securities for a client, even if another person is shown on the books or records of the reporting issuer or the records of another intermediary or depository as the holder of the securities.

2.5 Definition of “Corporate Law”

Section 1.1 of the Regulation defines “corporate law” as any legislation, constating instrument or agreement that governs the affairs of a reporting issuer. The term “corporate law” therefore encompasses Canadian and foreign laws, a declaration or deed of trust in the case of a trust, and the partnership agreement in the case of a partnership.

2.6 Fees

Section 1.4 provides that fees payable under the Regulation, unless prescribed by the regulator or securities regulatory authority, shall be a reasonable amount.

Section 2.13 provides that a reporting issuer shall pay a fee to a proximate intermediary for furnishing the information requested in a request for beneficial ownership information (which would be used by reporting issuer to request a NOBO list) made by the reporting issuer. Paragraph 2.14(1)(a) provides that a reporting issuer that sends securityholder materials indirectly to NOBOs through a proximate intermediary shall pay to the proximate intermediary, upon receipt by the reporting issuer of a certificate of sending to NOBOs in accordance with the instructions specified by the reporting issuer and the request for beneficial ownership information, a fee for sending the securityholder materials to the NOBOs. In determining what is a reasonable amount the Canadian securities regulatory authorities expect that market participants will be guided by fees previously prescribed by Canadian securities regulatory authorities and by the fees payable for comparable services in other jurisdictions such as the United States, as well as by technological developments. In the case of fees for sending securityholder materials to NOBOs, referred to in paragraph 2.14(1)(a), the CSA would regard as currently reasonable an amount not exceeding \$1 (being the amount previously specified in NP41).

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 fulfil 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. In particular, section 11.1 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations (chapter V-1.1, r. 10) ("Regulation 31-103") requires any person that is a registered firm under Regulation 31-103 to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation.

A person is permitted to fulfil 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 the proximate intermediary designates an agent to whom the reporting issuer will provide the materials, and the reporting issuer sends the materials to such agent. If an intermediary has designated an agent in the foregoing circumstances, we expect reporting issuers to send materials to that designated agent unless a reporting issuer previously has made alternate arrangements agreeable to that intermediary well in advance of the reporting issuer's meeting. We expect that any such alternate arrangements would be at least as efficient and user-friendly as established industry practices.

PART 3 REPORTING ISSUERS

3.1 *Timing for Notice of Meeting and Record Dates and Intermediary Searches*

(1) *Section 2.2 of the Regulation requires that, 25 days before the record date for notice of a meeting, a reporting issuer send to the entities named in that section a notification of meeting and record dates that includes certain basic information about the meeting. Section 2.5 of the Regulation requires that 20 days before the record date for notice, a reporting issuer send a request for beneficial ownership information to proximate intermediaries. Section 2.20 allows these timing requirements to be abridged so long as the reporting issuer arranges to have the proxy-related materials for the meeting sent in compliance with the applicable timing requirements in sections 2.9 and 2.12, and upon filing of an officer's certificate containing the information specified in section 2.20. Where the reporting issuer uses notice-and-access, the reporting issuer also must fix the record date for notice to be at least 40 days before the date of the meeting, and send the notification of meeting and record dates at least 25 days before the meeting.*

Nevertheless, reporting issuers should commence the notice and searches referred to in sections 2.2, 2.3 and 2.5 at an early date and in sufficient time to allow the completion of all steps and actions required before the sending of materials, including allowing for the response time permitted for intermediaries in section 4.1 and depositories in section 5.3, so that the materials may be sent within the times contemplated by sections 2.9 and 2.12 of the Regulation.

(2) *The time frames stipulated by sections 2.9 and 2.12 of the Regulation are minimum requirements. For a meeting that will deal with contentious matters, the CSA expect that good corporate practice will often require that materials be sent earlier than the minimum required dates to ensure that securityholders have a full opportunity to understand and react to the matters raised.*

(3) *It remains the reporting issuer's responsibility when planning a meeting timetable to factor in all timing considerations, including deadlines external to the Regulation. For example, reporting issuers that have obligations under corporate law to advertise in advance of a record date for notice, or satisfy other publication obligations, would need to comply with those obligations. Reporting issuers that intend to satisfy their advance publication obligation by relying upon publication by CDS of meeting and record dates under subsection 5.2(2) of the Regulation would need to factor in the timing of publication by CDS and the advance notice required by CDS, as described in section 3.4 of this Policy Statement, in order to permit inclusion of meeting and record date information in the publication. Reporting issuers will also need to factor in the time needed to produce and assemble the relevant securityholder materials after quantities have been determined.*

(4) *Proximate intermediaries are required under section 4.1 of the Regulation to furnish the information requested in a request for beneficial ownership information, in*

certain circumstances, within three business days of receipt. It should be noted that this timing refers to receipt of the request by the proximate intermediary, which may not be the same date as the request was sent by the reporting issuer. The time necessary for a request for beneficial ownership information to be received by a proximate intermediary should be factored into a reporting issuer's planning.

3.2 Adjournment or Change in Meeting

(1) Under section 2.15, a reporting issuer that sends a notice of adjournment or other change for a meeting to registered holders of its securities shall concurrently send the notice, including any change in the beneficial ownership determination date, to the persons listed in section 2.15. Issuers are reminded of a number of other potential implications associated with an adjournment or other change, including those set out below.

(2) If additional proxy-related materials are sent in connection with the meeting after proxy-related materials have previously been sent, a new intermediary search may be required if the beneficial ownership determination date for the meeting is changed.

(3) New intermediary searches may have to be conducted if the nature of the business to be transacted at the meeting is materially changed. If the nature of the business is changed to add business that results in the meeting becoming a special meeting, it may be necessary to conduct new intermediary searches in order to ensure that beneficial owners that had elected to receive only proxy-related materials that are sent in connection with a special meeting receive proxy-related materials for the meeting.

(4) If an adjournment or other change to the business of the meeting requires that new proxy-related materials be sent to securityholders, the meeting date or the date of the adjourned meeting may have to be delayed to satisfy the time periods specified in the Regulation, unless an exemption from the time periods of the Regulation is obtained. If the change in the business of the meeting is significant, such as a change from only routine business to special business, Canadian securities regulatory authorities will not generally grant exemptions from timing requirements for sending proxy-related materials in the absence of exceptional circumstances.

3.3 Request for Beneficial Ownership Information

(1) A request for beneficial ownership information made under subsection 2.5(2) of the Regulation may be for any class or series of securities and is not restricted to only those securities carrying the right to receive notice of, or to vote at, a meeting, as is the case with a request under subsection 2.5(1). A request under subsection 2.5(2) need not necessarily be addressed to all proximate intermediaries holding the class or series of securities.

(2) *If it is able to do so, a proximate intermediary is required to respond to a request for a NOBO list by providing the NOBO list in electronic format. Subsection 2.5(4) provides that a request for beneficial ownership information must be made through a transfer agent. However, where only a NOBO list is being requested, the request may be made by the reporting issuer (or another person retained by the reporting issuer), provided the requester has provided the necessary undertaking in Form 54-101F10.*

3.4 Depository's Index of Meetings

CDS advises that the index referred to in section 5.2 of the Regulation is currently published in the Monday edition of The Globe and Mail Report on Business and in the Tuesday edition of La Presse. CDS advises that notices of meetings received by CDS by noon on Wednesday are usually published in The Globe and Mail on the following Monday and in La Presse on the following Tuesday. A reporting issuer should contact CDS for current forms and fee schedules of CDS.

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.*

(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) *whether the reporting issuer is sending proxy-related materials to registered holders or beneficial owners using notice-and-access, and if stratification will be used, the types of registered holders or beneficial owners who will receive paper copies of the information circular;*

(b) *whether the reporting issuer is sending proxy-related materials directly to NOBOs;*

(c) *whether the reporting issuer intends to pay for delivery to OBOs. If the reporting issuer does not intend to pay for such delivery, the information circular must disclose this fact and state that an OBO will not receive the materials unless the OBO's intermediary assumes the costs of delivery.*

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 Information Circular also requires this disclosure.

We also encourage reporting issuers to disclose whether they are sending proxy-related materials to beneficial owners who have declined to receive them and explain their decision.

(3) *If a reporting issuer has chosen not to pay for proximate intermediaries to deliver proxy-related materials and Form 54-101F7 to OBOs, section 2.12 still requires that it send to a proximate intermediary the number of sets of proxy-related materials that the proximate intermediary requested for forwarding to OBOs.*

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, which 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 he or she had received; or may now wish to provide voting instructions although he or she had previously indicated on his or her client response form that he or 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.

3.6 Appointing NOBO as Proxy Holder

Section 2.18 of the Regulation requires reporting issuers who request voting instructions from NOBOs to:

- *arrange to appoint the NOBO as proxy holder, if he or she so instructs, at no expense to the NOBO; and*

- *deposit the proxy within any time specified in the information circular for the deposit of proxies (a “proxy cut-off”) if the reporting issuer obtains the instructions at least one business day before the proxy cut-off. We expect reporting issuers to make best efforts to deposit the proxy even if the instructions are obtained less than one business day before the proxy cut-off.*

However, subject to these basic obligations, reporting issuers have flexibility as to the specific mechanism used to appoint the beneficial owner as proxy holder.

PART 4 INTERMEDIARIES

4.1 Client Response Form

By completing a client response form as provided in Part 3 of the Regulation, a beneficial owner gives notice of its choices concerning the receipt of materials and the disclosure of ownership information concerning it. Pursuant to section 3.4 of the Regulation, a beneficial owner may, by notice to the intermediary through which it holds, change any prior instructions given in a client response form. Proximate intermediaries should alert their clients to the costs and other consequences of the options in the client response form. Section 4.6 of Regulation 51-102 respecting Continuous Disclosure Obligations (chapter V-1.1, r. 24) requires reporting issuers to send annually a request form to the registered holders and beneficial holders of its securities that the holders may use to request a copy of the reporting issuer's financial statements and MD&A. Failing to return the request form or otherwise specifically request a copy of the financial statements or MD&A from the reporting issuer will override the beneficial owner's standing instructions under this Regulation in respect of the financial statements.

4.2 Separate Accounts

A client that wishes to make different choices concerning receipt of securityholder materials or disclosure of ownership information with respect to some of the securities beneficially owned by it should hold those securities in separate accounts.

4.3 Reconciliation of Positions

(1) The records of an intermediary must show which of its clients are NOBOs, OBOs or other intermediaries, and specify the holdings of each of those clients.

(2) In order that the Regulation work properly, it is important that the records of an intermediary be accurate. Its records must reconcile accurately with the records of the person through whom the intermediary itself holds the securities, which could either be another intermediary or a depository, or the security register of the relevant issuer, if the intermediary is a registered securityholder. This reconciliation must include securities held both directly and through nominees.

(3) A proximate intermediary should provide accurate responses to requests for beneficial ownership information. Information about the holdings of NOBOs, when added to the holdings of OBOs, the holdings of other intermediaries holding through the proximate intermediary and the holdings that the proximate intermediary holds as principal, must not exceed the total security holdings of the proximate intermediary, including its nominees, as shown on the register of the issuer or in the records of the depository.

(4) *It is important as well that the total number of votes cast at a meeting by an intermediary or persons holding through an intermediary not exceed the number of votes for which the intermediary itself is a proxyholder.*

4.4 Identification of Intermediary

(1) *A NOBO list with FINS numbers will only be provided where the list is sought by a reporting issuer in conjunction with a meeting of its securityholders in circumstances in which the issuer is sending proxy-related materials under paragraph 4.1(1)(c) of the Regulation. The FINS number should not be required in circumstances where it is not necessary to reconcile voting instructions and/or proxies.*

(2) *Identification of the intermediary and the holdings specified in the corresponding NOBO list on requests for voting instructions as required in Form 54-101F6 is necessary for the reporting issuer to be able to reconcile voting instructions received from a NOBO to the corresponding position registered in the name of the intermediary or its nominee or in respect of which the intermediary holds a proxy. In addition, should a NOBO wish to change its voting instructions, before or at a meeting of securityholders, knowledge of the corresponding intermediary and the NOBO's holdings is necessary.*

4.5 Changes to Intermediary Master List

It is the obligation of intermediaries under section 3.1 of the Regulation to notify each depository of any changes in the information required to be provided under that section within five business days after the change. The five business days is a maximum requirement and it is expected that intermediaries will provide notice of such changes as soon as possible and, if possible in advance, in order that their clients not be prejudiced.

4.6 Incomplete or Late Deliveries

If sets of securityholder materials of a reporting issuer are incomplete or received after the prescribed time limits, the intermediary should advise the reporting issuer and request instructions.

4.7 Other Obligations of Intermediaries

The Regulation addresses the obligations of intermediaries in connection with the forwarding of securityholder materials. It is noted that intermediaries will have other obligations to the beneficial owners holding through them that arise from the nature of the relationship between the intermediary and the beneficial owners. These obligations will likely include advising the beneficial owners of the commencement of take-over bids, issuer bids, rights offerings and other events, and advising as to how the beneficial owners can obtain the relevant materials.

4.8 Instructions from Existing Clients

A client deemed to be a NOBO under NP41 can continue to be treated as a NOBO under paragraph 3.3(b)(ii) of this Instrument. However, intermediaries are responsible for ensuring that they comply with their obligations under privacy legislation with respect to their clients' personal information. Intermediaries may find that, notwithstanding paragraph 3.3(b)(ii), privacy legislation requires that they take measures to obtain their clients' consent before they disclose their clients' names and security holdings to a reporting issuer or other sender of material.

4.9 Appointing Beneficial Owner as Proxy Holder

Section 4.5 of the Regulation requires intermediaries to:

- arrange to appoint the beneficial owner as proxy holder, if he or she so instructs, at no expense to the beneficial owner; and*
- deposit the proxy within any proxy cut-off if the intermediary obtains the instructions at least one business day before the proxy cut-off. We encourage intermediaries to make best efforts to deposit the proxy even if the instructions are obtained less than one business day before the proxy cut-off.*

However, subject to these basic obligations, intermediaries have flexibility as to the specific method used to appoint the beneficial owner as proxy holder. One method in current use and permitted under section 4.5 of the Regulation is the "appointee system". Under the appointee system, a beneficial owner who wishes to be appointed as proxy holder for the intermediary in respect of securities that he or she beneficially owns can print his or her name or the name of his or her appointee in a space provided on the voting instruction form. The name of the beneficial owner or her appointee is then recorded on a cumulative proxy, which is provided to the proxy tabulator or meeting scrutineer. When the beneficial owner or his or her appointee arrives at the meeting, the scrutineer has all the necessary proxies and information at hand to enable the beneficial owner or other appointees to vote at the meeting.

PART 5 – MEANS OF SENDING

5.1 General

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

Table A: Direct Sending to NOBOs

<i>Delivery Method</i>	<i>Documents Sent</i>	<i>Beneficial Owner Prior Consent Required?</i>
<i>Prepaid mail, courier or the equivalent</i>	<i>Reporting issuer sends paper copies of proxy-related materials, including notice of meeting, management information circular, Form 54-101F6 and, if applicable, annual financial statements and related MD&A, which may be part of an annual report.</i>	<i>No.</i>
<i>Notice-and-access</i>	<i>Reporting issuer files management information circular and notice on SEDAR and posts on non-SEDAR website. Reporting issuer sends notice and Form 54-101F6. Reporting issuer is responsible for providing on request paper copy of information circular and, if applicable, the annual financial statements and related MD&A. Reporting issuer may send some NOBOs paper copies of the information circular and, if applicable, the annual financial statements and related MD&A, pursuant to stratification and/or previously obtained or standing instructions.</i>	<i>No, if notice package is sent using prepaid mail, courier or the equivalent. Yes, if notice package is being sent by other method, i.e., electronically.</i>
<i>Other delivery method</i>	<i>Reporting issuer sends proxy-related materials and Form 54-101F6 using delivery method that is not (i) prepaid mail, courier or the equivalent, or (ii) notice-and-access, e.g., an e-mail with embedded links.</i>	<i>Yes.</i>

Table B: Indirect Sending to Beneficial Owners

<i>Delivery Method</i>	<i>Documents Sent</i>	<i>Beneficial Owner Prior Consent Required?</i>
<i>Prepaid mail, courier or the equivalent</i>	<i>Reporting issuer sends paper copies of proxy-related materials, including notice of meeting, management information circular and, if applicable, annual financial statements and related MD&A, which may be part of an annual report. Proximate intermediary (or in some cases, intermediary) will add to that package a paper copy of Form 54-101F7.</i>	<i>No.</i>

<i>Delivery Method</i>	<i>Documents Sent</i>	<i>Beneficial Owner Prior Consent Required?</i>
<i>Notice-and-access</i>	<i>Reporting issuer files management information circular and notice on SEDAR and posts on non-SEDAR website. Reporting issuer sends requested number of copies of notice to proximate intermediaries (and in some cases, intermediaries) for sending to beneficial owners. Reporting issuer also sends appropriate numbers of paper copies of the information circular and, if applicable, annual financial statements and related MD&A, for proximate intermediaries (in some cases, intermediaries) to send pursuant to stratification and/or previously obtained or standing instructions. Proximate intermediary (or in some cases, intermediary) will add to that package a paper copy of Form 54-101F7.</i>	<i>No, if notice package is sent using prepaid mail, courier or the equivalent. Yes, if notice package is being sent by other method, i.e., electronically.</i>
<i>Other delivery method</i>	<i>Proximate intermediary (or in some cases, intermediary) sends proxy-related materials and Form 54-101F7 using delivery method that is not (i) prepaid mail, courier or the equivalent, or (ii) notice-and-access, e.g., email with embedded links.</i>	<i>Yes.</i>

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. We consider “first class mail” to be the equivalent of Canada Post Lettermail. 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) The Regulation permits a reporting issuer to use notice-and-access to send proxy-related materials to beneficial owners. Notice-and-access cannot be used for

sending proxy-related materials relating to meetings of investment fund reporting issuers. However, it can be used for all other types of meetings.

When using notice-and-access for the first time, a reporting issuer must file on SEDAR the notification of meeting and record dates at least 25 days before the record date for notice, i.e., the abridgment provisions in section 2.20 do not apply. We also encourage issuers to consider what additional methods of advance notice are appropriate. For example, an issuer could consider a special purpose mailing to its retail beneficial owners in advance of the first meeting for which notice-and-access is used.

We expect reporting issuers to evaluate the potential impact of using notice-and-access on beneficial owners of their voting securities when deciding whether to use notice-and-access. Factors that reporting issuers should take into account include:

- the nature of the meeting business (including whether it is expected to be contentious); and*
- whether notice-and-access resulted in material declines in beneficial owner voting rates in prior meetings where notice-and-access was used.*

(2) Notice-and-access can be used by reporting issuers to send 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 at least 30 days before the meeting the notice required by paragraph 2.7.1(1)(a) and Form 54-101F6 (subsection 2.9(3) of the Regulation). The reporting issuer also must at the same time send any paper copies of the information circular and, if applicable, annual financial statements and annual MD&A required to comply with previously obtained or standing instructions.

Indirect sending to beneficial owners:

The reporting issuer must send within the relevant timelines set out in subsection 2.12(3) the notice required by paragraph 2.7.1(1)(a). The reporting issuer also must at the same time send any paper copies of the information circular and, if applicable, annual financial statements and annual MD&A required to comply with previously obtained or standing instructions. The proximate intermediary (or in some cases, the intermediary) must prepare a Form 54-101F7 and forward it with the foregoing documents (section 4.4 of the Regulation). The notice can be combined with Form 54-101F7 in a single document.

(3) With respect to matters to be voted on at the meeting, the notice must only contain a description of each matter or group of related matters identified in the form of proxy, unless the information is already included in an applicable voting instruction form.

We expect that reporting issuers will state each matter or group of related matters in the proxy (or voting instruction form) in a reasonably clear and user-friendly manner. For example, it would be inappropriate to identify the matter to be voted on solely by referring to disclosure contained in the information circular as follows: “To vote For or Against the resolution in Schedule A of management’s information circular”.

The notice must contain a plain-language explanation of notice-and-access. The explanation also can address other aspects of the proxy voting process. However, there should not be any substantive discussion of the matters to be considered at the meeting.

(4) Paragraph 2.7.1(1)(b) of the Regulation requires the beneficial owner to be sent as part of the notice package the appropriate voting instruction form, i.e., a Form 54-101F6 where the reporting issuer is sending proxy-related materials directly and soliciting voting instructions from NOBOs, and a Form 54-101F7 where an intermediary is doing so.

(5) Paragraph 2.7.1(1)(c) of the Regulation requires the reporting issuer to file on SEDAR the notification of meeting and record dates required by subsection 2.2(1) on the same date that it sends the notification under subsection 2.2(1). This provision is subject to section 2.7.2, which specifies that the first time that a reporting issuer uses notice-and-access, the reporting issuer must file on SEDAR the notification of meeting and record dates at least 25 days before the record date for notice.

(6) Paragraph 2.7.1(1)(d) of the Regulation requires the notice and the information circular to be filed on SEDAR and posted on a website other than SEDAR. The non-SEDAR website can be the reporting issuer’s website or the website of a service provider.

(7) Paragraph 2.7.1(1)(e) 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)(f) of the Regulation and the restrictions on use of information obtained in connection with the request.

(8) Section 2.7.3 of the Regulation is intended to restrict intentional information gathering about beneficial owners by reporting issuers who receive requests for paper copies of information circulars or via the website other than SEDAR.

(9) Section 2.7.4 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.

(10) Where a reporting issuer uses notice-and-access, it generally must send the same basic notice package to all beneficial owners. However, the following are exceptions to this general principle:

- Section 2.7.5 of the Regulation provides that where a reporting issuer uses notice-and-access, a beneficial owner still can be sent proxy-related materials using an alternate method to which the beneficial owner has previously consented. For example, service providers acting on behalf of reporting issuers or intermediaries may have previously obtained (and continue to obtain) consents from beneficial owners for proxy-related materials to be sent by email. This delivery method would still be available.

- Section 2.7.6 of the Regulation permits an intermediary to obtain standing instructions from a beneficial owner client to be sent a paper copy of the information circular and if applicable, annual financial statements and annual MD&A in all cases where a reporting issuer uses notice-and-access. Where such standing instructions have been obtained, the notice package for the beneficial owner will contain a paper copy of the relevant documents.

- Subsection 4.6 of Regulation 51-102 respecting Continuous Disclosure Obligations (chapter V-1.1, r. 24) (“Regulation 51-102”) establishes an annual request form mechanism for registered holders and beneficial owners to request copies of a reporting issuer’s annual financial statements and annual MD&A for the following year. A request for annual financial statements and annual MD&A can also contain a request that the notice package for the registered holder or beneficial owner contain a paper copy of the information circular.

- Notice-and-access also can be used to send annual financial statements and annual MD&A pursuant to subsection 4.6(5) of Regulation 51-102. Notice-and-access is consistent with the principles for electronic delivery set out in Policy Statement respecting 11-201 Electronic Delivery of Documents (Decision 2011-PDG-0183, 2011-11-17) (“NP 11-201”).

(11) The addition of a paper information circular to the notice package sent to some beneficial owners is referred to as “stratification”, and is a term defined in section 1.1 of the Regulation.

We do not mandate the use of stratification, except if it is necessary to comply with standing instructions or other requests for paper copies of information circulars that reporting issuers or intermediaries have chosen to obtain from registered holders or beneficial owners. We expect that any additional stratification criteria will develop and evolve through market demand and practice. However, we expect that a reporting issuer that uses stratification for purposes other than complying with beneficial owner

instructions does so in order to enhance effective communication, and not to disenfranchise beneficial owners. We require reporting issuers to disclose whether they are using stratification, and what criteria they are applying to determine which types of beneficial owners will receive a copy of the information circular.

One example of how stratification could enhance communication is where a reporting issuer wishes to send proxy-related materials to all its beneficial owners, including those who have declined to receive materials (“declining beneficial owners”). These declining beneficial owners could be sent a notice package only, while the reporting issuer would send other beneficial owners who wished to receive all materials the notice package and the information circular. All beneficial owners thus would receive the documentation necessary to vote, but those declining to receive materials would not receive a paper copy of the information circular unless they requested it.

5.5 Consent to Electronic Delivery

NP 11-201 discusses the sending of materials by electronic means. The guidelines set out in NP 11-201, particularly the suggestion that consent be obtained to an electronic transmission of a document, are applicable to documents sent under the Regulation.

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.

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, acting reasonably and in good faith, 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.

PART 7 EXEMPTIONS

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.

7.2 Delay of Audited Annual Financial Statements or Annual Report

Section 9.1 of the Regulation recognizes that corporate law or securities legislation may permit a reporting issuer to send its audited annual financial statements or annual report to registered holders of its securities later than other proxy-related materials. The Regulation provides that the time periods applicable to sending proxy-related materials prescribed in the Regulation do not apply to the sending of proxy-related materials that are annual financial statements or an annual report if the statements or report are sent by the reporting issuer to beneficial owners of the securities within the time limitations established in applicable corporate law and securities legislation for the sending of the statements or report to registered holders of the securities. Reporting issuers are nonetheless encouraged to send their audited annual financial statements or annual report at the same time as other proxy-related materials.

7.3 Additional Costs for Expedited Processing

Where reporting issuers wish to have intermediaries comply with the procedures in the Regulation within shorter time limits than provided in the Regulation, they should provide for recovery by the intermediary of reasonable costs incurred in expedited processing of securityholder materials in order to ensure forwarding of the materials to beneficial owners. Examples of such costs include courier, long distance telephone and overtime costs.

7.4 Applications

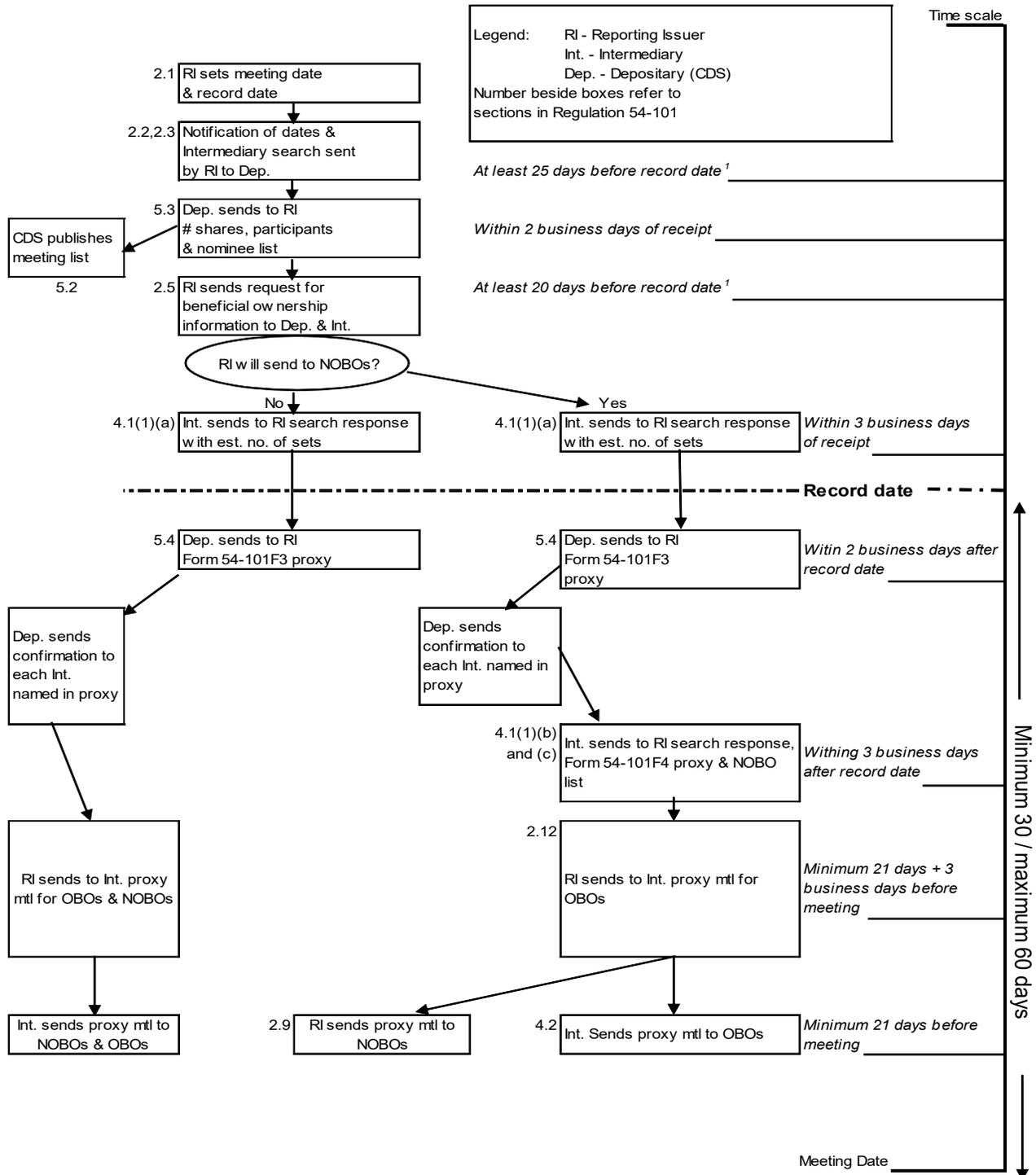
Major exemptions from the requirements of the Regulation will likely be granted infrequently. We encourage applicants to discuss requests for exemptive relief on a pre-file basis with the relevant Canadian securities regulatory authorities.

PART 8 APPENDIX A

8.1 Appendix A

This Policy Statement contains, as Appendix A, a flow chart outlining the processes prescribed by the Regulation for the sending of proxy-related materials by prepaid mail.

APPENDIX A
Proxy solicitation under Regulation 54-101



¹ Subject to abridgement under section 2.20.

Décision 2002-C-0134 -- 3 avril 2002
Bulletin hebdomadaire: 2002-04-12, Vol. XXXIII n° 14

Modification

Décision 2005-PDG-0197 -- 30 juin 2005
Bulletin de l'Autorité: 2005-07-01, Vol. 2 n° 26

Décision 2012-PDG-0235 – 20 décembre 2012
Bulletin de l'Autorité: 2013-02-07, Vol. 10, n° 5