

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

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

E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

M<sup>c</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3

E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

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

This letter represents the comments of Broadridge Investor Communications Corporation<sup>1</sup> (Broadridge) in response to the request for comment concerning CSA Consultation Paper 54-401 *Review of the Proxy Voting Infrastructure* (CP 54-401).

For more than 25 years, Broadridge has been an active participant in the dialogue on securityholder communication issues globally. We provide the benefits of our experience and expertise as well as access to important quantitative data for regulators and other market participants. We were also engaged contributors to the Shareholder Voting Symposium (June 2011) and the Shareholder Democracy Summit (October 2011) referenced in the Consultation Paper.

Broadridge agrees that “Issuers and investors have a common interest in a reliable and transparent proxy voting infrastructure that reduces transaction costs, reduces discretion in processing votes and gives each vote its full weight.”<sup>2</sup> We value and invest heavily in continuous improvement, particularly in technological solutions that support the principles of efficient information access and delivery, high levels of investor engagement and participation and improved transparency and governance in investor communications.

---

<sup>1</sup> Broadridge is a technology services company focused on global capital markets. Broadridge is the market leader enabling secure and accurate processing of information for communications and securities transactions among issuers, investors and financial intermediaries. Broadridge builds the infrastructure that underpins investor and proxy communications in 90 countries. For more information about Broadridge, please visit [www.broadridge.com](http://www.broadridge.com).

<sup>2</sup> CSA Consultation Paper 54-401 *Review of the Proxy Voting Infrastructure*

We believe that the responsibility for the reliability of the proxy voting infrastructure as a whole lies with all market participants, including issuers, depositories, transfer agents, tabulators, proxy solicitors, intermediaries and other proxy service providers. Our experience working in jurisdictions globally has proved that real and meaningful advancement toward transparent and accountable capital markets can only come when all participants are committed to working together toward this common goal.

With this in mind, we offer our comments as they pertain to:

- Roles and responsibilities of participants in the proxy voting process
  - There is a need to identify the role of each participant, and encourage proactive and cooperative communication between all parties.
- Recent investments in improved voting efficiency and transparency
  - Significant investment has been made and continues to be made in the Canadian proxy system. Moving forward, there is a need for all participants in the system to work cooperatively to develop new solutions to improve transparency and efficiency.
- Accountability of service providers across the proxy voting process
  - Certain aspects of the proxy system, including tabulation and reconciliation processes, are currently not documented or reported. Proactive disclosure regarding processes (i.e. audits) would provide a more complete understanding of these areas of the process and is necessary for more efficient, well-integrated communication and ultimately a more transparent proxy system.

### **Roles and responsibilities of participants in the proxy voting process**

Accuracy and transparency of the proxy process should be central considerations in any discussion regarding securityholder communications and proxy voting. This is particularly important in light of the varied requirements and, at times, different interests of the various participants in the proxy process, including securityholders, corporate issuers, brokers, banks, transfer agents, and regulators.

We believe that one of the objectives of the CSA's examination of the Canadian proxy process should be to identify all the participants (i.e. tabulators, transfer agents, vote solicitors, etc.) in the process, explain their roles in detail, identify the ways in which they currently support the infrastructure and ways they should do so moving forward.

It is also important to the context of any discussion regarding the proxy process in North America to understand that the system as it exists is not "broken".<sup>3</sup> While anecdotal comments suggest that there may be isolated incidents of error, these are the exception, and should not cast doubt on a system that has been found to be accurate and reliable.

To that point, the Proxy Fee Advisory Committee (PFAC), formed by the New York Stock Exchange to consult and advise on matters regarding the U.S. proxy system, published its recommendations in May 2012. The Committee's recommendations underscore that there is a reliable, accurate and secure proxy distribution process in place today.<sup>4</sup>

Notably absent in the Consultation Paper is any detailed discussion of the transfer agents' role in the proxy voting process, specifically the functioning of the transfer agents electronic delivery and voting platforms. Revisions to National Instrument 54-101 (NI 54-101) have increased the transfer agents' involvement when Non-Objecting Beneficial Owner (NOBO) lists are used for the purpose of distribution of proxy information and vote solicitation. These activities are an important component of the overall voting infrastructure. An examination of how transfer agents voting instruction forms (VIF) are created and distributed and how votes are collected and submitted for tabulation through the NOBO list vote solicitation process should be central to the initiative.

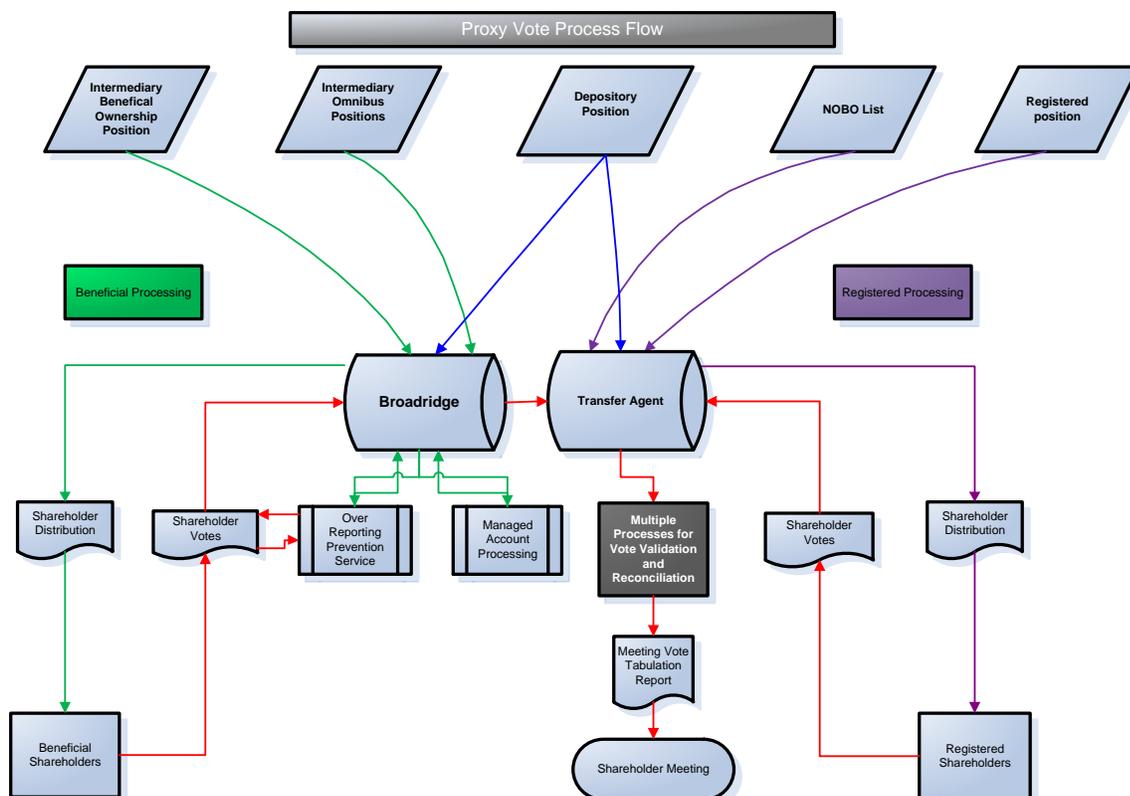
---

<sup>3</sup> The proxy infrastructures in the U.S. and Canada are fundamentally the same. Broadridge leverages the underlying technology platform to build solutions for both markets, and modifies functionality where market rules dictate. Therefore, references to the U.S. market are relevant and applicable to the Canadian proxy infrastructure.

<sup>4</sup> Report and Recommendations of the Proxy Fee Advisory Committee to the New York Stock Exchange, May 16, 2012  
[https://usequities.nyx.com/sites/usequities.nyx.com/files/final\\_pf\\_ac\\_report.pdf](https://usequities.nyx.com/sites/usequities.nyx.com/files/final_pf_ac_report.pdf)

The tabulation process is a key pillar of the proxy voting infrastructure. While there is some discussion in the Consultation Paper, the actual role and mechanics of this process are not adequately captured. Similarly, the Stock Transfer Association of Canada (STAC) Proxy Protocol rules need to be identified and referenced within any examination of the proxy process, especially in support of Section 4.4 “Tabulating the Votes.” Both of these exclusions obscure the transparency that may be sought when addressing tabulation and vote acceptance.

The following diagram provides an overview of the proxy voting process and highlights the roles and functions of the various service providers who are responsible for portions of the overall process.



Broadridge is responsible for collecting and combining the voting instructions of beneficial owners (based on the records provided) at the intermediary level. Broadridge tracks the underlying votes for all beneficial owners on behalf of our intermediary clients and provides vote reports to meeting tabulators.

Votes are processed through a variety of service providers. Each service provider may have a different processing workflow and set of controls to ensure that votes are captured, processed through the system and reported to the issuer or its tabulator. In Canada, the meeting tabulator is usually the issuer's transfer agent.

The meeting tabulator is responsible for reconciling the beneficial and registered positions. The point in the proxy process at which the reconciliation of the positions is conducted by the tabulators is not identified or discussed in the Consultation Paper. The Report of the Roundtable on Proxy Governance recommended that early-stage entitlement confirmation can “materially reduce the stress of late-stage, high volume vote tabulating and reconciliation tasks.”<sup>5</sup> We believe that there is an opportunity to improve the quality of this process through more proactive communication and transparent disclosure by the meeting tabulator.

<sup>5</sup> Report of Roundtable on Proxy Governance: Recommendations for Providing End-to-End Vote Confirmation, August 2011, Page 10 <http://sites.udel.edu/wccg/files/2012/04/end-to-end-vote-confirmation.pdf>

## Recent investments in improved voting efficiency and transparency

The proxy voting system benefits from Broadridge’s investment in technology to effectively support evolving proxy regulations and to create levels of scale and integration that save issuers and other participants significant costs. Broadridge has invested \$1 billion in our systems, technologies and processing for securityholder communications and proxy voting globally over the past decade.

As a result of this investment:

- Every issuer, large and small, is afforded an advanced technology infrastructure for a process that, for all intents and purposes, cannot be permitted to fail
- Every participant – including custodians, brokers, institutional investors and retail investors, as well as large and small corporate issuers – is afforded robust information security and management
- Corporate issuers and securityholders are afforded the efficiencies and conveniences of technology innovations like Quick Response Codes (QR Codes), mobile applications and new delivery options that exceed the requirements of applicable proxy rules

The following table provides a history of the innovations that Broadridge has introduced to the proxy distribution and voting systems. Many of these innovations were introduced on Broadridge’s initiative to enhance the securityholder communication process and to support the changing needs of all market participants.

Introduced	Service Offerings	Benefits
2013	MyService.Broadridge.com for all issuers	Expansion of service offering to all issuers in support of the issuer delivery preference model
2013	Automated Search Cards – Currently beta testing with a Canadian transfer agent	Automated interface between transfer agents and Broadridge eliminating redundant technologies (e.g. fax, email)
2013	Enhanced Voting Instruction Form (VIF)	Encourages securityholder/vote participation through electronic access while still supporting paper delivery preferences
2013	Quick Response (QR) Codes	Encourages securityholder/vote participation by providing access using mobile devices to “be where the investor is”
2013	Canadian Notice and Access	Improved efficiency; reduces issuer print and postage; 17,000 development hours to build new delivery method
2013	Electronic Omnibus Transmissions – Currently parallel testing with a Canadian transfer agent	Improved efficiency through technology. Automated transmissions to tabulators from Broadridge have streamlined the voting process
2013	Enhancements associated with NI 54-101 amendments	Maintaining and expanding secure interfaces for delivery of data. Improved disclosure; improved efficiency
2012	Enhanced Over Reporting Service (DTCC)	Improved efficiency
2012	Enhanced Vote Reporting	Increased frequency of vote reporting through technology
2011	Quick Vote	Enhanced solicitor service / enhance voter participation
2010	Mobile ProxyVote.com	Encourages securityholder / vote participation; increases vote return
2009	Virtual Shareholder Meeting	Supports securityholder engagement
2009	Shareholder Forum	Supports securityholder engagement
2007	U.S. Notice & Access	Improved efficiency
2007	Over Reporting Prevention Service	Improved vote integrity
2005	Cross-Border Account Management	Improved issuer service
2004	Proxy Disclosure	Enhanced corporate governance
2004	Interactive Securityholder Communications	Reduced issuer costs
2004	Financial Statements Preference Management (NI 51-102)	Integrated two rules to reduce costs, improve securityholder experience
2003	ICS Online (MyService.Broadridge.com)	Improved issuer service

## **New innovations**

Broadridge continues to invest in new and enhanced functionality that benefits the efficiency, accuracy and transparency of the proxy voting system for all participants. These investments resulted in the development of solutions that support investors, issuers, intermediaries, proxy solicitors and transfer agents, by improving process efficiency, securityholder engagement and the overall transparency of the proxy process.

### **QR Codes**

In the 2012 proxy season, Broadridge launched a U.S. pilot program featuring QR codes on voting forms for six issuers sent to over 1.1 million securityholders. QR codes are incredibly data-rich, and by scanning them with a smart phone or tablet, investors are immediately directed to the voting site. In 2013, VIFs for Canadian issuers included a QR code to encourage voter participation and help reduce costs through the use of electronic communications.

### **Mobile ProxyVote®.com**

We have seen significant adoption of our Mobile ProxyVote.com in Canada. Mobile voted shares increased by 56% in 2013. Mobile ProxyVote.com allows an array of mobile devices to seamlessly integrate with our online voting site, ProxyVote®.com, through a sophisticated graphical and secure interface.

### **Notice and Access**

In February 2013, amendments to NI 54-101 made notice and access available to Canadian issuers. Under notice and access, issuers have the option to send securityholders small, lightweight, proxy notices instead of the traditional full set packages. In the 2013 proxy season, over 160 issuers implemented Broadridge's notice and access solution for their proxy communications. In addition, the percentage of retail shares voted increased by 6% when securityholders received the smaller notice and access package as compared to the traditional proxy package.<sup>6</sup> Broadridge invested in excess of 17,000 hours to make changes to our infrastructure in order to support the implementation of notice and access in Canada.

### **Electronic Delivery**

In the 2013 proxy season, over 101.3 billion shares were processed, an increase of almost 5 billion shares compared to 96.5 billion in 2012. In the meantime, Broadridge's electronic delivery solutions and data management processes continued to reduce the number of hard copy proxy packages sent to investors by almost 40%. This provided Canadian issuers with cost savings of \$32.9 million last year.

Given these enhancements, and the statistical evidence that proves that the solutions are delivering improved voter participation and ongoing savings for issuers, it is unreasonable to assert that the proxy system in Canada is "broken". We believe the system would benefit from improved communication between parties and a willingness to engage proactively in the development of new solutions like end-to-end vote confirmation that will provide improved transparency in a system that already functions accurately and reliably.

### **Over Reporting Prevention Service (ORPS)**

Broadridge represents intermediaries that hold 97% of all beneficial positions in Canada. The vast majority of these Canadian intermediaries use Broadridge's ORPS, which is provided at no additional cost.

The service uses Canadian Depository for Securities (CDS) and The Depository Trust & Clearing Corporation (DTCC) position files to ensure voting instructions that would exceed the number of voting shares held by that intermediary are not forwarded to the tabulator. Under this service, if a vote is received by Broadridge that would result in an over-reporting condition, that vote is held in a pending file. The intermediary is alerted to reconcile the position before the vote will be released and reported to the meeting tabulator. This service has been significant in mitigating potential over-vote situations in Canada and has been recognized by the Securities and Exchange Commission (SEC) in the U.S. as having a significant role in all but eliminating over-voted positions in that market since its introduction in 2007. Broadridge does not adjust or prorate any votes received from intermediaries.

---

<sup>6</sup> Based on the average retail vote return across issuers that used Notice and Access during the period March 1 – June 30, 2013

There is a distinction between over-reporting and over-voting. Over-voting suggests that votes accepted by tabulators were later determined to be invalid due to position differences. This almost never happens if all participants in the process fulfill their responsibilities. ORPS was built to provide intermediaries with an early warning of potentially over-reported positions. It works by comparing intermediary reported positions to that of the depository position, taking into account adjustments for transactions such as omnibus positions (including NOBO omnibus positions). This provides the intermediary with a share position they can monitor through ORPS. However, the effectiveness of ORPS declines materially with the issuance of a NOBO omnibus proxy since the share positions are then split between the transfer agent and the intermediary records. The intermediaries lose the ability to service their NOBO client accounts and further must adjust their own book of record accordingly.

Broadridge provides its custodian and broker clients with ORPS to assist them in eliminating instances of over-reporting. Broadridge is working with the custodians to get every custodian on ORPS by February 2014.

The CSA should consider and request descriptions and/or comments from tabulators on the steps they take to validate and rectify any over-reporting situations. When do they do their reconciliations and validations? What efforts do they make to solve any issues with the affected intermediaries? What further steps are taken to advise the issuer and subsequently the Chair of the meeting of the procedures that were undertaken to provide voting results at the meeting? Consideration should also be given to recommending that tabulators disclose their tabulating process for each meeting to further the CSA's interest in full vote transparency through the voting system.

### **Vote Confirmation Service**

In the U.S., Broadridge has developed a Vote Confirmation system for institutional investors utilizing Broadridge's ProxyEdge<sup>®</sup> product; a web-based meeting notification and voting platform. Vote Confirmation acknowledges that a vote instruction has been given and the shares corresponding to the instruction have been counted and will be represented at the securityholder meeting. Confirmation of the vote is relayed back through ProxyEdge to the institutional investor as a "flag" indicating that the position is confirmed and accepted. The service is only available when Broadridge is acting as tabulator. Effective November 2013, Canadian institutional investors and financial advisors who subscribe to ProxyEdge and where Broadridge is the meeting tabulator acting on behalf of the U.S. issuer will have access to the vote confirmation flag on ProxyEdge, enabling them to receive confirmation of votes received, tabulated and accepted at the meeting.

It should be noted that Broadridge's Vote Confirmation Service is a precursor to end-to-end vote confirmation. While the service is available only to institutional investors, the end-to-end vote confirmation service currently being piloted in the U.S. extends confirmation to retail securityholder votes as well. This is yet another example of the initiative and investment Broadridge has and continues to make in our infrastructure and its functionality to ensure its accuracy and transparency.

### **End-to-End Vote Confirmation**

The SEC presented its Concept Release on the U.S. proxy system in July 2010. It contained a number of items for which the SEC requested comment, including the advisability of providing beneficial and registered securityholders with a facility to confirm that their voting instructions had been received and accurately tabulated as cast. There was strong interest from market participants – over 60 comment letters mentioned "end-to-end" vote confirmation, and virtually all were unanimous in support.

In December of the same year, the University of Delaware, Alfred Lerner College of Business and Economics, Corporate Governance Center hosted a roundtable to explore an industry-wide solution for end-to-end confirmation for securityholder votes (the Roundtable). With an emphasis on developing practical solutions, the Roundtable invited persons actively engaged in and knowledgeable about all areas of the securityholder voting process. The goal of the Roundtable was to address existing concerns regarding the integrity of the securityholder voting process within the U.S. and to identify and develop realistic and achievable steps to strengthen the integrity of the process, from end-to-end.



The first pilot program was undertaken in 2011. Functionality was successfully developed to give all securityholders the opportunity to access a website, either directly or via Broadridge's Internet voting website, proxyvote.com, and by entering a control number to receive confirmation that their votes were recorded as instructed. The system functions for all securityholders whether they are retail or institutional or whether their shares are held in registered form, beneficially in street name, or in employee plans.

Building on the success of the 2011 pilot, the end-to-end vote confirmation program was extended in 2012 to a larger number of issuers. A total of four issuers participated and over 1.5 million institutional and retail securityholders were provided the opportunity to receive confirmation that their votes were recorded as instructed. The interest continues to grow and seven issuers offered their retail and institutional investors end-to-end vote confirmation during the 2013 proxy season.

In practice, end-to-end vote confirmation can be provided on an industry-wide basis to securityholders that use voting platforms other than Broadridge's and to issuers that utilize other tabulating agents without requiring beneficial account holders to provide identifying information to third parties who are not authorized today to receive such information. Industry-wide, end-to-end vote confirmation does not require changes to a securityholder's NOBO/OBO designation.

Simply stated, corporate issuers that desire to provide end-to-end vote confirmation to securityholders would request their tabulators to provide Broadridge with confirmation that the voting reports which we provide to them on behalf of our clients are included in their final tabulation. Upon notification by an issuer's tabulator that these reports are included in the final tabulations, Broadridge can then confirm electronically to beneficial securityholders that their votes are included, as instructed, in the final tabulation.

In order to progress the development of an end-to-end vote confirmation solution, the University of Delaware Roundtable Group formed the End-to-End Vote Confirmation Working Group (the Working Group), comprised of policy and operational representatives from Broadridge, transfer agents, intermediaries, brokers, issuers and DTCC. The Working Group has been meeting monthly to work on industry standardization and testing of technological solutions for end-to-end vote confirmation. Broadridge is building the facility for end-to-end confirmation. The solution will be available to all participants, regardless of who acts as the meeting tabulator.

The Working Group has identified the following milestones and target dates for implementation:

- Automation of the omnibus proxy files (Completed February 2012)
  - Electronic transfer of omnibus proxy
- Account adjustment enhancements (Completed November 2013)
  - Create greater flexibility and efficiency for broker account position adjustments
- Instant messaging communication tool (To be completed January 2014)
  - Provides direct communication between custodian and tabulator
- Every custodian on ORPS (To be completed February 2014)
  - Every client utilizing Broadridge as a proxy service provider will be enrolled in ORPS. Votes will not be issued unless entitlement via DTCC/CDS or omnibus proxy is received
- Omnibus review (2014)
  - Confirm respondent intermediary positions for accurate omnibus reporting
- Exception Processing File (2014)
  - Refined file layout scheduled for implementation

In October 2013, the Working Group agreed on a tactical solution for end-to-end vote confirmation for the 2014 proxy season.

- Five of the major U.S. tabulators agreed to provide up to five U.S. issuers each to pilot the confirmation process for proxy season 2014
- Broadridge is building a communication tool that will allow the custodians/tabulators to verify and rectify any share differences
- Process will allow for pre- and post-reconciliation by brokers, but will not release any voting to the tabulator that exceeds the vote entitlement

Broadridge is leveraging the investment in research and development and IT infrastructure made in the U.S. and applying it to an end-to-end solution for the Canadian market. Building an omnibus delivery service based on Broadridge's current electronic vote file transmission service is the most logical way to do so. To date, STAC has not commented on the Broadridge initiative nor has it indicated any interest in participating in the development of the solution. Only one Canadian tabulator is participating and parallel testing the omnibus transmission service.

Modifications for the Canadian market need to be made in order to accommodate choices provided to issuers, intermediaries and investors under the current proxy rule. The rule provides options related to meeting selection, payment overrides, and delivery method. Despite the best intentions to improve on an already well-functioning proxy system, the concepts of greater vote transparency envisioned through end-to-end vote confirmation and vote reconciliation are diminished in a system that allows proxy meeting material to be delivered to OBO securityholders at the payment discretion of the issuer or an intermediary. In effect, some OBO securityholders by virtue of their disclosure preference, that want to receive proxy materials, are "locked out" of the system. This contradicts efforts to build greater transparency in the system through vote reconciliation and end-to-end vote confirmation.

Broadridge is examining opportunities to introduce end-to-end vote confirmation in other local markets globally. In addition to a pilot program conducted in 2013 in Spain, where we worked in cooperation with the registrar, Broadridge is examining this concept in four other markets in Europe and Asia.

Based on our U.S. and international experience, it is proven that for any system to be built demands legitimate interest on the part of all participants, and active engagement in a cooperative effort.

### **Managed Account Processing**

The Consultation Paper outlines issues with respect to managed account processing. There have been no issues brought to our attention, nor have our broker clients been made aware of any issues.

Managed account processing allows investment managers to aggregate individual securityholder account positions into one position so they can vote once for their discretionary accounts. The underlying securityholder position details are maintained. Managed account processing was designed to facilitate investment managers' voting of discretionary accounts in a retail environment. As a standing instruction, an underlying securityholder may elect to receive a copy of the proxy material for their information. Securityholders within a managed account relationship can make arrangements with their manager to vote their positions directly.

The Consultation Paper references a perceived restriction on the information provided in the record date file relating to investment managers and available "address fields." This is not accurate as managed account processing is set up outside of the record date response process. Intermediaries work directly with Broadridge to provide investment managers contact information and to establish identifiers that will allow underlying account share aggregation to "roll-up" to the specified manager.

### **Accountability of service providers across the proxy voting process**

PFAC acknowledges the important role Broadridge plays in the proxy process and stated that the current system provides a "reliable, accurate and secure process for distributing proxy materials" to beneficial securityholders.<sup>7</sup>

That reliability, accuracy and security are the result of our robust infrastructure. Broadridge has two geographically dispersed, fully redundant data centers and network operations that deliver Tier IV reliability as defined by the Federal Reserve's standards on uptime availability (the highest standard). Broadridge is one of fewer than a dozen firms in the financial services industry to hold this distinction.

---

<sup>7</sup> Report and Recommendations of the Proxy Fee Advisory Committee to the New York Stock Exchange, May 16, 2012  
[https://usequities.nyx.com/sites/usequities.nyx.com/files/final\\_pfac\\_report.pdf](https://usequities.nyx.com/sites/usequities.nyx.com/files/final_pfac_report.pdf)



Furthermore, Broadridge voluntarily undertakes extensive independent annual audits of our processes related to securityholder communications to ensure their integrity. The audits are documented and supported by CSAE 3416 and SSAE 16 audit reports along with an independent accountants' report that tests the accuracy of vote processing and vote reporting procedures.

In its request for comments on proposed changes to NI 54-101, the CSA invited comment on whether the system was “functioning with appropriate reliability, integrity and transparency” including “the integrity of the proxy voting system”. We noted in our comment letter of August 31, 2010, that the CSA has not set out any general principles that govern how votes are to be tabulated or how reconciliation of positions are handled, which may contribute to errors being made by significant participants in the proxy process, especially those tasked with tabulation.

Proxy services, including those provided by transfer agents and proxy solicitors, are not regulated activities in Canada. As such, the service standards and processes to be followed are not subject to minimum expectations set by regulators.

Given these facts, we suggest that:

- To ensure vote integrity and that equitable principles are applied to vote tabulation, the CSA might consider requiring entities who perform vote tabulation to make transparent and publicly available their tabulation processes and related procedures
- A review of the DTCC participant position report distribution process may help to ensure that the meeting tabulators are receiving and reconciling all positions for an issuer
- Meeting tabulators voluntarily disclose their reconciliation method

While Broadridge is the largest proxy service provider, it is not the only firm in Canada offering beneficial proxy services. It may be possible, therefore, to engender even greater levels of integrity in the proxy system as a whole, if all proxy service providers were to submit their systems and processes to independent testing and audit, and provide regular reports on the results. Such reporting could include information on the timeliness and completeness of proxy material delivery and on the accuracy of vote processing.

## **Conclusion**

While we believe that the current system works well from a technology standpoint, we support the periodic evaluation of the system with a view towards identifying and implementing appropriate enhancements. Further, we believe that any review of securityholder voting – and the proxy process in its entirety – must be conducted based on a solid foundation of factual and balanced information on all aspects of the process. In our view, discussion needs to take place within the full market context and take into account all aspects of the issues and their associated implications.

In summary, we submit that the CSA's proxy system review initiative should be conducted with the objective of identifying and resolving the following:

- The responsibility of all participants to engage in the evolution of the proxy system to ensure its integrity and to further enhance its efficiency and transparency
- The responsibility of all participants to work cooperatively and communicate openly to develop practical solutions that will enhance the robustness of the proxy system
- The accountability of all participants to demonstrate that their activities within the proxy system are carried out with integrity, accuracy and accountability



**Broadridge®**

As always, we thank the CSA for the opportunity to provide comments on CP 54-401. We would be pleased to discuss our response with you in greater detail and provide any additional information you may require.

Broadridge remains committed to improving the proxy system for issuers, intermediaries, investors and all other constituents of this critical capital markets infrastructure.

Sincerely,

(signed Patricia Rosch)

Patricia Rosch  
President  
Broadridge  
Investor Communication Solutions, International