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BY EMAIL

Robert Day
Senior Specialist, Business Planning and Performance Reporting
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

Dear Mr. Day:

RE: ONTARIO SECURITIES COMMISSION – 2013/2014 STATEMENT OF PRIORITIES

Thank you for the opportunity to provide comments to the Ontario Securities Commission (the “OSC”) in response to the OSC's 2013-2014 Statement of Priorities released in draft for comment on April 4, 2013 (the “Draft Statement of Priorities”). We hope that you find our comments thoughtful and relevant.

With more than \$129.5 billion in assets, the Ontario Teachers' Pension Plan (“Teachers”) is the largest single-profession pension plan in Canada. An independent organization, it invests the pension fund's assets and administers the pensions of 300,000 active and retired teachers in Ontario.

We are generally supportive of the priorities set out by the OSC. However, we note that Goal #1 of the 2012-2013 Statement of Priorities included the following:

- *Improve the proxy voting system by:*
 - *conducting an empirical analysis to review concerns raised about the accountability, transparency and efficiency of the voting system*
 - *facilitating discussions amongst market participants on improving the functioning of the proxy system, taking into account the needs and concerns of retail investors, and*

We were disappointed that the OSC did not include a similar priority to improve the proxy voting system within its 2013-2014 Statement of Priorities.

As we elaborated in our comments last year, it is our view (and one we believe is shared by a number of other commentators) that improvements to the proxy voting system are long overdue and are critical to the credibility of shareholders' votes. We would also like to reiterate our support for specific actions that we believe should be undertaken by the regulators to improve the proxy voting system in Canada.

- The OSC (or the Canadian Securities Administrators (the “CSA”)) should conduct an empirical review of the system. We emphasize that this review must be an independent one. By that we mean that the party conducting the review must be independent of the third party service providers who operate the proxy voting system. We are concerned that securities regulatory authorities have been too dependent on these third party service providers for information about the operation of the proxy voting system and the problems that may exist. While each of these providers makes a significant contribution to the operation of the system, they are also heavily invested in the current model and in any changes that might be made to that model. The OSC must understand the issues that may exist without regard to the agendas of those whose business is dependent on the system. An independent review will require a significant expenditure of funds, but without such a review we do not believe that the OSC (or the CSA) will be in a position to evaluate the integrity of the system.
- While we acknowledge that facilitating discussions amongst market participants is always worthwhile, we think the OSC's time would be better used on the independent evaluation of the system. Moreover, one of the most important third party service providers in the system (Broadridge) is not a market participant. The OSC and the CSA have included the various service providers in working groups and consultation sessions relating to the proxy voting system over the years. Repeating this exercise at this point would not be the best use of OSC staff's time. Moreover, there are private sector initiatives currently underway that are seeking to facilitate these same discussions.

In summary, we believe that an independent systemic review is the most valuable contribution the OSC could make to improve the proxy voting system, and only the OSC (or the CSA) have the authority to conduct a review that will be credible for everyone with an interest in the integrity of system.

Moreover, this review will allow the OSC or CSA to address the other two issues which we believe should be short term priorities. The first is ensuring that the lists of beneficial holders entitled to vote at a meeting that are submitted by intermediaries in response to a notice of record date must be fully reconciled so that only one person may provide voting instructions with respect to each share. The other is ensuring that beneficial holders must receive confirmation from the issuer (through intermediaries as appropriate) that their voting instructions have been received and recorded at the meeting.

Thank you again for this opportunity to comment on the Draft Statement of Priorities. Should you have any questions, please contact Paul Schneider Manager, Corporate Governance at paul_schneider@otpp.com or 416-730-5307.

Yours sincerely,



Wayne Kozun
Senior Vice-President, Public Equities