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Dear Mr. Day

Re: Comments Regarding OSC Statement of Priorities for Financial Year to End March 31, 2018

The Canadian Investor Relations Institute (CIRI), a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community, is pleased to provide comments on the draft Ontario Securities Commission (OSC) 2017-2018 Statement of Priorities (SoP) published March 23, 2017. CIRI membership represents over 200 reporting issuers with a combined market capitalization of \$1.4 trillion. More information about CIRI is provided in Appendix 1.

General Comments

CIRI appreciates the opportunity to review the 2017-2018 draft SoP and understands that the OSC has a broad spectrum of activities and objectives aligned under the five OSC regulatory goals. CIRI has focused its comments on the OSC goal to "Deliver Responsive Regulation", with particular attention to the identification of opportunities to reduce the regulatory burden on reporting issuers and the continued monitoring of improved diversity and the advancement of women on Boards and in executive positions. CIRI also raises National Policy 25-201 *Guidance for Proxy Advisory Firms* issued in 2015 and suggests that now may be a good time to review whether progress has been made as a result of this guidance.

Although not included in the draft SoP, CIRI is taking this opportunity to discuss enhancing share ownership disclosure as a way to improve the transparency and integrity of the Canadian capital market, a key focus of the OSC. We ask the OSC to consider adding this as a priority for 2017.

Goal: To Deliver Responsive Regulation

1. Opportunities to reduce regulatory burden while maintaining appropriate investor protections

CIRI supports the OSC's priority to reduce the regulatory burden on market participants, particularly on reporting issuers, who constitute the bulk of our membership. Given the extensive reporting requirements and the duplication of requirements between regulatory bodies, there is substantial merit in considering options for reducing the current regulatory burden on reporting issuers while protecting investors. CIRI is pleased to see that the OSC has already moved forward on this front together with the Canadian Securities Administrators (CSA) who have published for comment Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers, which "identifies and offers for consideration options to reduce the regulatory burden associated with raising capital in the public markets and with the continuous

disclosure regime, without compromising investor protection or the efficacy of the Canadian capital markets." CIRI intends to provide more detailed commentary in response to CSA Consultation Paper 51-404.

2. Actively monitor and assess impacts of recently implemented regulatory initiatives

Women on Boards and in executive officer positions

CIRI supports the OSC in its priority initiative to continue to monitor recently implemented regulatory reforms regarding the advancement of women on Boards and in executive officer positions. The publication of the results of targeted reviews of the disclosure among reporting issuers is believed to be a positive and worthwhile exercise. However, CIRI continues to believe that the possible implementation of mandated quotas for reporting issuers is not appropriate. Further, CIRI would suggest that regulators consider potential methods for examining and promoting diversity among corporate Boards that goes beyond gender and considers additional diversity elements such as race, nationality, ethnicity, cultural background, aboriginal status, age and disability. The widespread publication of such reviews by regulators is believed to be a strong incentive for reporting issuers to consider improving their performance in this area.

Guidance for proxy advisory firms

CIRI is aware that in April 2015, the Canadian Securities Administrators (CSA) adopted National Policy 25-201 *Guidance for Proxy Advisory Firms* (the "Policy"). This guidance document did not make the Policy's content mandatory nor subject to a comply or explain framework. The CSA stated that it views the Policy as having the potential to promote further transparency in the processes that lead to such firms' vote recommendations and the development of their proxy voting guidelines. The Policy was expected to set minimum standards for existing proxy advisory firms and potential new entrants.

CIRI suggests to the OSC that now may be the right time to revisit this Policy and to review the progress, if any, that has resulted from the guidance provided in Policy 25-201. If the OSC agrees, then the draft Statement of Priorities (2017-2018) should be revised to include a review of the proxy advisory industry and practices to assess the value and effectiveness of the guidance provided in 2015.

Enhancing Share Ownership Disclosure

CIRI continues to seek ways to work with regulators to enhance issuer-shareholder engagement through improved disclosure of share ownership of reporting issuers. CIRI believes that this issue is key to establishing a credible marketplace and is important to foster a fair and efficient Canadian capital market while protecting investors through increased transparency.

CIRI takes the position that good governance practices can be developed through open dialogue between reporting issuers and their shareholders. Such dialogue is essential in order for issuers to hear and understand investor issues and concerns so that they can be addressed. This two-way communication can only be fully effective if a mechanism exists for issuers to identify their shareholders.

The importance of share ownership transparency through disclosure has been recognized by most other global jurisdictions. Shareholders in the United Kingdom and Australia, which have capital markets similar to Canada, are required to make their shareholder positions known, to the benefit of all shareholders.

In the UK, under corporate law, an issuer has the legal right to request disclosure of the identity of any person with an interest in their shares, which allows the issuer to identify their beneficial owners. Disclosure requests by issuers can be made at any time and are subject to penalties for non-compliance.

In Australia, an issuer has the legal right under corporate law to obtain disclosure of their beneficial owners through the share register, which is also available for public review. If shares are held as a nominee by an intermediary on behalf of one or more beneficial owners, the issuer can request the nominee disclose the relevant interest of the underlying investors. Persons who contravene disclosure rules are liable to compensate a person for any loss or damage the person suffers because of the contravention, unless they can prove inadvertence or mistake or that they were not aware of a relevant fact or occurrence. Issuers are required to maintain a register of the resulting disclosed interests, which is open for public inspection.

CIRI is aware that capital markets are increasingly international in nature and that the global interconnectedness of markets continues to evolve and increase. The increasing mobility of capital has created a parallel need for improved harmonization and global coordination of financial market regulation. CIRI believes that such harmonization should extend to the improved disclosure of share ownership positions among Canadian shareholders and that the OSC may wish to consider what regulatory initiatives may be appropriate considering the regulations in other global markets such as the United Kingdom and Australia.

In addition, CIRI believes that there is inequality or at best an inconsistency regarding shareholder disclosure requirements that contributes to the lack of transparency in capital markets. Specifically, shareholders in Canada are not required to disclose their ownership positions until they have accumulated more than 10% of a reporting issuer's issued and outstanding shares. However, shareholders, either singly or as a group holding 5% of shares have the right to requisition a meeting of shareholders yet the reporting issuer does not have the right to know the identity of these shareholders. This seems to CIRI to represent a fundamental disconnect.

CIRI has been pleased to provide the OSC with its comments regarding its draft priorities for 2017-2018. I would be pleased to answer any questions that may arise from these comments.

Yours truly,

Yvette Lokker President & CEO



APPENDIX A

The Canadian Investor Relations Institute

The Canadian Investor Relations Institute (CIRI) is a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community. CIRI contributes to the transparency and integrity of the Canadian capital market by advancing the practice of investor relations, the professional competency of its members and the stature of the profession.

Investor Relations Defined

Investor relations is the strategic management responsibility that integrates the disciplines of finance, communications and marketing to achieve an effective two-way flow of information between a public company and the investment community, in order to enable fair and efficient capital markets.

The practice of investor relations involves identifying, as accurately and completely as possible, current shareholders as well as potential investors and key stakeholders and providing them with publicly available information that facilitates knowledgeable investment decisions. The foundation of effective investor relations is built on the highest degree of transparency in order to enable reporting issuers to achieve prices in the marketplace that accurately and fully reflect the fundamental value of their securities.

CIRI is led by an elected Board of Directors of senior IR practitioners, supported by a staff of experienced professionals. The senior staff person, the President and CEO, serves as a continuing member of the Board. Committees reporting directly to the Board include: Human Resource and Corporate Governance; Audit; Membership; and Issues.

CIRI Chapters are located across Canada in Ontario, Quebec, Alberta and British Columbia. Membership is close to 500 professionals serving as corporate investor relations officers in over 200 reporting issuer companies, consultants to issuers or service providers to the investor relations profession.

CIRI is a founding member of the Global Investor Relations Network (GIRN), which provides an international perspective on the issues and concerns of investors and shareholders in capital markets outside of North America. The President and CEO of CIRI has been a member of the Continuous Disclosure Advisory Committee (CDAC) of the Ontario Securities Commission. In addition, several members, including the President and CEO of CIRI, are members of the National Investor Relations Institute (NIRI), the corresponding professional organization in the United States.