



June 10, 1998

Mr. David A. Brown, Q.C.
Chairman
Ontario Securities Commission
20 Queen Street West
Suite 1800
Toronto, Ontario
M5H 3S8

Dear Mr. Brown:

The Pension Investment Association of Canada (PIAC) represents pension funds in Canada in pension investment and related matters. There are 125 Member funds in PIAC which collectively manage more than \$423 billion in assets on behalf of over 7 million beneficiaries. As part of its interest in investment, the Association also has a profound interest in corporate governance. In 1993, PIAC originally published its Corporate Governance Standards and revised them in 1997. Over 4,000 copies of the Standards have been distributed to corporations, legal counsel, accounting counsel, governments and others interested in corporate governance issues.

On November 27, 1997, PIAC wrote Jack Geller concerning the disclosure of the details of voting results at corporate annual or special meetings of shareholders. PIAC's Corporate Governance Committee had occasion to analyze a particular company's initiatives on the agenda of its Annual General Meeting last year. As part of that analysis, we attempted to obtain from the company, details of the voting results beyond the percentage of votes cast in favour and against. We were surprised at the lack of co-operation in providing the additional details.

Consequently, we believed it was sufficiently important an issue to ask Mr. Geller to request that, as a policy matter, the Canadian Securities Administrators consider rule-making on disclosure of voting results as part of the proposed policy on continuous disclosure requirements for issuers.

Specifically, we requested that the following information be, as a matter of course, disclosed in respect of voting results at annual or other meetings of shareholders:

- Maximum number of votes eligible
- Total number of votes cast on each issue
- Total number of votes rejected on each issue
- Total number of votes in the affirmative
- Total number of votes in the negative
- Total number of votes withheld (abstained)

These data are reconcilable. On each issue, the total number of votes rejected plus the total number of votes in the affirmative, in the negative and withheld should equal the total number of votes cast.

Clearly, there are many reasons why this information should be available. Shareholder

participation in corporate meetings may increase if the results were known and individual shareholders could perceive that they might make a difference. Additionally, institutional investors' monitoring of voting results would obviously increase. The margins by which issues are approved or rejected is important to know but equally important is the additional information we seek, especially in cases where the vote on a particular issue is very close.

In the U.S., SEC Form 10Q requires full disclosure similar to that which we have requested and, in many other cases, society has come to expect full disclosure of democratic voting, such as election results. It is generally accepted among investment organizations that voting information can influence investment decision-making to almost the same degree as financial information. It provides considerable insight into the acceptability of specific corporate initiatives to shareholders.

Finally, the disclosure of voting information allows independent oversight of the process and would work to assure diligent compliance with the process and fair treatment of all shareholders.

In Mr. Geller's response, he indicated that the agenda of the Canadian Securities Administrators was such that they would be unable to accede to our request. PIAC is very concerned that such a response completely fails to address a serious problem. In an era where securities administrators, stock exchanges, PIAC and others have promoted good corporate governance practices, it appears to us that the ability to monitor the details of proxy voting ought to be facilitated. We believe that regulatory action to accomplish our suggestions is neither time consuming nor a difficult policy matter.

Accordingly, we urge you to do everything within your power to put this important issue on the agenda of the CSA. If PIAC can be of any assistance, we would be pleased to do anything we can to support your initiative.

Sincerely,

Neil A. Jacoby,
Chairman