



Canadian Securities  
Administrators

Autorités canadiennes  
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## **Canadian Securities Regulators Release Progress Report on Proxy Voting Infrastructure**

**Toronto** – Members of the Canadian Securities Administrators (CSA) today published CSA Staff Notice 54-303 *Progress Report on Review of the Proxy Voting Infrastructure* to report on the progress made in their review and to outline next steps.

The proxy voting infrastructure is central to Canada’s public markets and includes the network of organizations, systems, rules and practices that support the solicitation, collection, submission and tabulation of proxy votes for shareholder meetings.

“Shareholder voting is one of the most important methods for shareholders to communicate their views on an issuer’s management of the business and corporate governance, and issuers rely on shareholder votes to approve corporate governance matters and corporate transactions. As most shares are voted by proxy, it is imperative that the proxy voting infrastructure is accurate and transparent, and operates as a coherent system,” said Bill Rice, Chair of the CSA and Chair and Chief Executive Officer of the Alberta Securities Commission.

The CSA review was multifaceted and included the publication of a Consultation Paper, several roundtables, targeted consultations and a review of six uncontested, uncontentious shareholder meetings held in 2014 by a variety of reporting issuers. The CSA also formed a technical working group with key proxy voting representatives.

The review’s findings to date confirm that the current proxy voting infrastructure is fragmented and needs to be modernized and improved. The progress report identifies five improvements that must be made to vote reconciliation.

1. Modernizing how meeting tabulators receive information about who is entitled to vote;
2. Ensuring that the information meeting tabulators receive is accurate and complete;
3. Enabling each intermediary who submits proxy votes on behalf of clients to find out how many shares a meeting tabulator has determined that the intermediary is entitled to vote (its Official Vote Entitlement);
4. Increasing consistency in how meeting tabulators reconcile proxy votes submitted by intermediaries to Official Vote Entitlements; and
5. Establishing communication between meeting tabulators and intermediaries about whether proxy votes are accepted, rejected or pro-rated.

The CSA is directing all entities that play key roles in vote reconciliation to assess their processes and identify and implement any appropriate steps they can take to improve vote reconciliation for the 2015 proxy season. In 2015, the CSA intends to review one or more proxy

contests to determine if there are any vote reconciliation issues that are specific to proxy contests.

For the 2016 proxy season, the CSA is directing the key entities involved in vote reconciliation to develop industry protocols that, at a minimum, address the five required improvements. The CSA will oversee the development of these protocols and may consider mandating aspects of them or regulating entities in the proxy voting infrastructure as necessary.

In connection with the proxy contest review and the development of industry protocols, the CSA has released a Request for Proposals (RFP) for expert advice from a proxy solicitor.

CSA Staff Notice 54-303 and the RFP are available on [CSA members' websites](#).

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for Canadian capital markets.

- 30 -

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