



THE INVESTMENT FUNDS INSTITUTE OF CANADA  
L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

DELIVERED BY EMAIL

August 16, 2011

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission – Securities Division  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

**c/o John Stevenson**

**Secretary**

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Dear Sirs/Mesdames:

**RE: Proposed Amendments to National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*, and related instruments**

We are writing to provide the comments of the Members of The Investment Funds Institute of Canada to the proposed amendments to National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*, Companion Policy 54-101CP and National Instrument 51-102 *Continuous Disclosure Obligations* and Companion Policy 52-101CP (the "Proposals").

### **Exclusion of Investment Funds from new Delivery Mechanism**

We are pleased the CSA is moving to modernize the current proxy-voting process, and acknowledge that the CSA's primary intent with respect to the Proposals is to provide issuers with a new, more efficient "notice and access" mechanism to send proxy-related materials to registered holders and beneficial owners of securities, to simplify the process by which beneficial owners can be appointed proxyholders, and to enhance the disclosure to securityholders of the proxy-voting process. In its June 17, 2011 release of the Proposals the CSA stated "We continue to take the view that properly designed notice and access procedures can enhance the Shareholder Voting Communication Process as well as increase the overall efficiencies of the system." (2011) 34 OSCB 6770.

The June 17, 2011 release is the second release of proposed amendments to these National Instruments in response to stakeholder comments and the CSA's further examination of the proxy-voting process. The previous version of the proposal introduced the "notice and access" mechanism for routine/annual meetings of an issuer and therefore necessarily excluded investment funds from the reporting issuers who would be permitted to use "notice and access".

The June 17, 2011 version of the Proposal however introduced a substantial change in that it now propose to permit the "notice and access" mechanism to be used for both annual and special meetings but investment funds continue to be excluded from those issuers permitted to use this mechanism. This is a very relevant change for investment funds.

### **Investment Funds Should be Permitted to use "Notice and Access"**

Unlike corporate issuers, investment funds typically are not required to convene annual or routine meetings of securityholders. However, for approval of certain changes as described in NI 81-102, investment funds are required to hold meetings of securityholders. As such, there is no reason to continue to exclude investment funds from the benefits that can be derived from "notice and access". This is especially the case given that investment funds currently use the same procedures in NI 54-101 as other reporting issuers and these procedures create precisely the same inefficiencies for investment funds as they do for any other reporting issuers. Given that the stated objective of the Proposal is to enhance the process for reporting issuers, we strongly recommend that the Proposal be amended to allow investment funds to use the "notice and access" mechanism in order to similarly enhance the voting process for investment funds and fund securityholders alike, to further increase the overall efficiencies and to obtain the savings in costs and resources that would follow.

Our members have not identified any significant barriers to investment funds applying these procedures. Investment funds are able to provide the necessary advance notice and notice of intention to use "notice and access" and otherwise to comply with the new procedures in the Proposal. Further, investment funds already have well-established procedures regarding standing instructions from securityholders in relation to receipt of financial statements and MRFPs. The integration of proxy-related materials to their existing "standing instructions" procedures would be straightforward.

The CSA notes in the Proposal that it did not explicitly request comment on, nor were any comments received specifically related to, whether investment funds also should be permitted to use “notice and access” for meetings. The Proposal notes that the CSA would like to consider this issue further and invites feedback on the appropriate form and content for notices of meetings of investment funds.

In this regard, our Members urge the CSA to amend the Proposal to permit investment funds to use these new procedures.

We thank you for providing us with the opportunity to comment on the Proposal. If you should have any questions, or require additional information, please feel free to contact Ralf Hensel, General Counsel and Director, Policy - Manager Issues at [rhensel@ific.ca](mailto:rhensel@ific.ca).

Yours very truly,



Joanne De Laurentiis  
President & CEO

JDL/rh