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BY EMAIL

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Dear Sirs/Mesdames:

Re: Proposed Amendments to Part IV and Part VI of the TSX Company Manual Regarding Website Disclosure and Security Based Compensation Arrangements (the “Proposed Amendments”)

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the **CAC**) appreciates the opportunity to provide the following general comments on the Proposed Amendments and respond to the specific questions referenced below.

We generally support the introduction in Part IV of the TSX Company Manual (the “**Manual**”) of new Section 473, which will require a TSX listed issuer to post current copies of the specified documents on its website, including a full copy of any security based compensation arrangements (“**Arrangements**”).

The simplified Form 15 – *Disclosure of Security Based Compensation Arrangements* (“**Form 15**”) is a positive step in helping investors understand the important aspects of an issuer’s compensation arrangements. While we understand that the Part VI Amendments are intended to simplify disclosure and present it in a more user-friendly manner, we are concerned that important information will be missed, as set out in our responses below. We appreciate that there is time and cost involved in maintaining robust disclosure, however those considerations should not outweigh the benefits to investor protection that arise through more fulsome disclosure.

¹The CAC represents more than 15,000 Canadian members of the CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC’s website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors’ interests come first, markets function at their best, and economies grow. CFA Institute has more than 135,000 members in 151 countries and territories, including 128,000 CFA charterholders, and 145 member societies. For more information, visit www.cfainstitute.org.

Specific Questions re Part IV

1. *Is it appropriate for TSX to introduce the requirements set out in Section 473?*

We agree that it is appropriate for the TSX to introduce Section 473. It is difficult for both investors and their professional advisors to quickly locate many of the specific documents listed on SEDAR, in part as a result of inconsistent categorization of documents. The new requirements accord well with the global trend toward increased disclosure practices.

2. *Are there any additional documents that should be included under Section 473?*

The documents proposed to be included under Section 473 are sufficient.

5. *Are there concerns that security holders may rely on the website disclosure which may not be kept current?*

We do have some concerns that the website disclosure may not be kept sufficiently current, resulting in some investors with access to SEDAR search engines reviewing different materials. In order to ameliorate the issue, the Proposed Amendments should include a specific requirement to update the website within a reasonable time frame following the posting of an updated document on SEDAR (e.g. within one business day).

6. *How long should issuers have after Section 473 comes into effect to establish or update their website with the required documents? Is 60 days from the date the rule comes into effect sufficient time to comply with the requirements?*

As most TSX listed issuers maintain an up-to-date website, the 60 day transition period should be adequate.

Specific Questions re Part VI

1. *Do proposed Section 613(d), Form 15 and the website requirements in Section 473 provide meaningful and sufficient disclosure in respect of Arrangements?*

The Proposed Amendments include a number of disclosure items which are not intended to be included in the new Form 15 (“**Discontinued Disclosure Elements**”), including the maximum number of securities available to insiders or to one person or company, and the method for determining the exercise price and purchase price. We think that the Discontinued Disclosure Elements are important and should be retained. We respectfully disagree that security holders may not find this information meaningful. Although the current copies of the Arrangements would be posted on issuers’ websites, given the complexity of many Arrangements, we expect it would be difficult for investors to extract the relevant information from a densely worded plan. Instead of supplanting the Discontinued Disclosure Elements with Form 15, it would be preferable (although an additional burden on issuers) to require both the description of the Discontinued Disclosure Elements in meeting materials, as well as the summary Form 15 (potentially in a shorter form).

The Form 15 will also assist investors in comparing Arrangements of various issuers, should they wish to do so.

- 2. Are there any other key Disclosure Elements that should be included in Form 15? If so, should the disclosure be required in Meeting Materials for both Approval Meetings and Other Annual Meetings or for Approval Meetings only? Please consider the value of the additional disclosure in light of the efforts by the issuer to prepare the additional information.*

If any of the proposed Discontinued Disclosure Elements apply, they should be included in Form 15 for both Approval Meetings and Other Annual Meetings as they are informational items for investors. While the Form 15 may be sufficient for the majority of TSX listed issuers if the Discontinued Disclosure Elements do not apply, those elements when applicable could be meaningful, particular those formulas relating to the market appreciation of stock appreciation rights.

- 4. Should the Disclosure Elements which are static terms of an Arrangement be required given that the information is available in an Arrangement on a listed issuer's website? I.e. Plan Maximum, Eligibility and Vesting. Please consider whether these items ought to be excluded for Approval Meetings and/or Other Annual Meetings?*

Even though the Disclosure Elements which are static terms will be available in an Arrangement posted on a website, it would be beneficial for investors to have the information easily accessible in a comparable format in Form 15, instead of requiring a reader to review multiple documents on a website, through SEDAR, etc.

- 5. Is the burn rate and the formula for calculating it useful and appropriate disclosure? In particular, is the use of the maximum payout of the multiplier appropriate? If not, please provide other measure would be preferable. Would it be more appropriate to permit the use of a historic midpoint payout of the multiplier, rather than the maximum?*

Both the burn rate and the formula for calculating the burn rate are useful in the context of the other required Disclosure Elements. The use of the maximum payout of the multiplier is appropriate, although consideration could be given to allowing an issuer to provide the midpoint payout as optional additional disclosure.

- 6. Is it sufficient to have the burn rate only for the most recently completed year, rather than the last three years for both Approval Meetings and Other Annual Meetings?*

We believe it would be preferable to have the burn rate for the last three years if available, so that the information can be assessed by investors in the context of closer to a full market cycle.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have or to meet with you to discuss these and related issues in greater detail. We appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Michael Thom*

Michael Thom, CFA
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