

Addressees re: **Re: The Investor Confidence Rules**  
September 30, 2003 letter from Robert McFarlane, EVP and CFO TELUS

Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Commission des valeurs mobilières du Québec  
Nova Scotia Securities Commission  
Securities Administration Branch, New Brunswick  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Carla Marie Hait  
BC Securities Commission  
12<sup>th</sup> Floor, Pacific Centre 701  
PO Box 10142  
West Georgia Street  
Vancouver, BC V7Y 1L2

Attention:  
John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto Ontario M5H 3S8

And  
Denise Brosseau, Secretary  
Commission des valeurs mobilières du Québec  
Tour de la Bourse  
800, square Victoria  
C. P. 246, 22<sup>e</sup> étage  
Montreal, Québec H4Z 1G3

September 30, 2003

See Addressee Page

Dear Sirs:

**Re: The Investor Confidence Rules**

I am writing in response to your requests for comments on the recently published Investor Confidence Rules, being Multilateral Instruments 52-108 (Auditor Oversight), 52-109 (Certification of Disclosure in Companies' Annual and Interim Filings) and 52-110 (Audit Committees).

**TELUS Corporation**

I am the Chief Financial Officer of TELUS Corporation ("TELUS"). With annualized revenue of approximately \$7 billion, TELUS is the largest telecommunications company in Western Canada and the second largest telecommunications company in Canada. TELUS is a leading Canadian telecommunications provider whose subsidiaries provide a full range of communication products and services. TELUS provides its wireline and wireless communications services, respectively, through two business segments: TELUS Communications and TELUS Mobility.

The common shares and the non-voting shares of TELUS are listed on the Toronto Stock Exchange and the non-voting shares of TELUS are also listed on the New York Stock Exchange. TELUS is a reporting issuer or equivalent in each of the Provinces and Territories of Canada and has securities registered with the Securities and Exchange Commission in the United States (the "SEC") and is thereby subject to disclosure and filing obligations of the SEC.

TELUS has used the Multi-jurisdictional Disclosure System ("MJDS") to facilitate distributions of debt and equity securities in the United States using Canadian disclosure documents. TELUS has complied with the United States federal securities laws implementing the certification requirements in the Sarbanes-Oxley Act ("SOX") and has otherwise taken steps to ensure that it complies with all requirements and attains the highest standards of corporate governance recommended by securities regulators in Canada and the United States.

## **Comments on the Proposed Investor Confidence Rules**

### ***General***

TELUS supports the adoption by Canadian securities regulators of rules and policies to address the issue of investor confidence and to maintain the reputation of Canadian markets internationally. We are particularly supportive of the imposition of requirements which closely parallel the requirements which have been enacted or proposed in the United States. As an active cross border issuer, we believe that it is important to preserve MJDS. It is also important to conform the requirements where possible, in order to avoid additional costs of compliance and confusion. I recognize that it is proposed that TELUS will be exempt from many of the requirements on the basis that it complies with the United States laws implementing SOX. Notwithstanding that, we are a Canadian company and have an interest in and a desire to comply with the requirements of Canada if at all possible.

### ***Internal Controls and Disclosure Controls in the Certification Rule***

Representation 4 in the proposed annual and interim certificates concerns the design, implementation and evaluation of internal controls and disclosure controls and procedures. The terms “disclosure controls” and “internal controls” are not defined. In the Request for Comments, you have noted that these terms are defined in the United States however you have explained the rationale of the Canadian regulators for not including a similar definition. While I understand your statement that these terms are, in effect, defined by the context in which they are used, I remain concerned that they will take on or be subject to a broader interpretation if they are left undefined.

In the commentary you have suggested that “internal controls” are intended to be those controls which support the creation and presentation of financial statements. We agree as the relevant consideration should not be other control considerations such as operational efficiency and effectiveness. In order to ensure that there is no confusion for cross-border issuers I would prefer to have the term defined in a manner consistent with the United States definition. Internal controls could be defined as “controls for the preparation and presentation of financial statements and information required to be filed by a company under Canadian securities legislation”.

TELUS would also like to see the term “disclosure controls and procedures” defined in Canada. The United States definition of this term is “controls designed to ensure that material information required to be disclosed by a company under the Exchange Act is recorded, processed and summarized and reported within the time periods specified”. A comparable definition for the Canadian Rules would be “controls designed to ensure that information that is required to be disclosed by a company under Canadian securities legislation is recorded internally by the company, processed, summarized and disclosed under Canadian securities legislation within the time periods specified by that legislation”.

### ***Transition Period in the Certification Rule***

TELUS is supportive your proposal to have a transition period before issuers are required to certify as to internal controls and disclosure controls. As you know the SEC has delayed the implementation of this requirement in order to give issuers time to prepare their procedures. We are hopeful that Canadian issuers will not be required to certify as to internal controls prior to the date on which the parallel United States requirements become effective.

### ***Composition of the Audit Committee***

TELUS agrees that it is important to establish and maintain a strong, effective and independent audit committee. We recognize that conflicts of interest can arise if management oversees dealings with the external auditor. We are concerned however that the proposed definition of independence fails to recognize that shareholders of a company can be important contributors to an audit committee and should not, in most situations be conflicted.

Section 1.4 of MI 52-110 provides that a person who is a both director and officer of an affiliated entity of the issuer or an executive officer of an affiliated entity of the issuer is not independent for purposes of serving on the audit committee. An affiliated entity is defined to include any entity that has the direct or indirect power to direct or cause the direction of the management and policies of the issuer, whether through ownership of voting securities or otherwise. Verizon would be considered to be an affiliated entity of TELUS under this definition. As I understand the requirements and exemption in the proposed instrument, a director of Verizon could sit on the audit committee of TELUS but an executive of Verizon could not. I have difficulty understanding why distinction is being made. The executive of Verizon would have interests very aligned with the other shareholders of TELUS and more importantly would likely have the expertise and mandate to appropriately oversee the financial matters at TELUS. The same could not be expected of a Verizon “independent” director.

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We believe that the investor confidence rules are an important and laudable initiative of the Canadian securities regulators. I would be happy to answer any question that you have regarding the comments in this letter and our experiences with the requirements arising under SOX.

Yours very truly,

Robert McFarlane  
**Executive Vice President and Chief  
Financial Officer  
TELUS Corporation**