

IssuesCentral

April 21, 2008

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Securities Office, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

c/o Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, Québec, H4Z 1G3

Dear Mr. Stevenson and Ms. Beaudoin:

Thank you for this opportunity to respond to the Canadian Securities Administrators' proposed revision to Form 51-102F6 *Statement of Executive Compensation* and related materials issued on February 22, 2008. Our firm's background in developing governance and compliance products has provided us with a front-line view of how issuers respond to changes in reporting and disclosure requirements in a variety of environments.

Our comments are as follows:

1. General Observation

The quality and quantity of information associated with executive compensation disclosure for companies listed on Canadian capital markets is going to increase dramatically based on the

February 22, 2008 proposed revision to Form 51-102F6 *Statement of Executive Compensation*. This is good news for patient investors looking to better understand corporate performance, management behaviour and motivation, as well as potential disconnects between executive rewards and shareholder returns. No doubt there will be a learning curve, perhaps similar to that experienced with the introduction of MD&A, during which the new requirements will significantly tax many issuers' reporting and disclosure processes.

2. Transition Period – Potential confusion by the reader

A point in need of clarification. The proposed Form 51-102F6 disclosure requirements, which will affect FY2008 compensation reporting, are not retrospective, however, it is our understanding that two comparative years of disclosure are required under the current (old) form. Is it the intent of the CSA to have the reader compare multiple years of compensation under these two differing disclosure requirements? For example, the determination of a Named Executive Officer (NEO) under the current (old) form was based on total salary and bonus. Under the proposed form, it is on the basis of total compensation, excluding pension value and certain types of compensation while on foreign assignment. Are we correct in assuming the CSA would like both formats disclosed?

3. Internal Impact and Resource Requirements

Our market research activity with Canadian issuers and subject-matter experts has highlighted an awareness "gap" with respect to the impact of the new requirements on the applicable reporting and disclosure processes. The proposed revision of Form 51-102F6 *Statement of Executive Compensation* poses a coordination and readiness challenge for most companies' disclosure mechanisms. These challenges include: management and board level awareness with respect to the changes; potential revisions to compensation tracking systems; revisions to applicable policies and procedures; internal discussions and reflection upon the six principles associated with the new CD&A section; the new tabular disclosures, and so on. We estimate that a well-organized issuer will experience a year one increase in internal workload in the range of seventy-five to one-hundred percent across the full range of new disclosure elements. Those issuers with poor reporting and disclosure "hygiene" face a much more difficult task and a greater workload. In addition, the demand for external resources to assist with the new requirements will only further increase the cost of disclosure. The earlier the issuers begin the process of preparing for the new requirements the better chance they have of reducing the related disclosure costs while improving the quality of the process. We would suggest that it would be of benefit to investors if additional communication and was initiated between the CSA members and issuers to promote greater awareness, focus and diligence with respect to the new requirements.

If you have any questions concerning these comments please contact us directly and we would be pleased to discuss them with each of you.

Sincerely,

Catherine Connally
President
Issues Central, Inc.

Gary MacVicar
Financial Compliance Consultant
Issues Central, Inc.