

February 17, 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
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

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Proposed Amendments to Form 51-102F6 Statement of Executive Compensation

Dear Sirs and Mesdames:

The Canadian Bankers Association (“CBA”) works on behalf of 51 domestic chartered banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 263,400 employees to advocate for efficient and effective public policies governing banks and to promote an understanding of the banking industry and its importance to Canadians and the Canadian economy.

The CBA appreciates the opportunity to provide the Canadian Securities Administrators (“**CSA**”) with our comments on the CSA’s proposed amendments to Form 51-102F6 *Statement of Executive Compensation* (“**Form 51-102F6**”).

General Comments

We recognize the importance to the financial markets of the quality of information provided to investors and we support the CSA’s efforts to enhance corporate disclosure on executive compensation and corporate governance contained in Form 51-102F6. We believe, however, that the objectives of Form 51-102F6 can be better achieved by continuing to provide issuers with the flexibility to enhance the presentation of the Summary Compensation Table (SCT) by adding columns and other information where appropriate.

Summary Compensation Table

Subsection 1.3(2) of Form 51-102F6 permits issuers to add tables, columns and other information, if necessary, to satisfy the objective of executive compensation disclosure set out in section 1.1. As noted by the CSA, since the introduction of Form 51-106F6, some issuers have utilized the flexibility afforded by subsection 1.3(2) to present the SCT in a format different than the format set out in subsection 3.1(1). The CSA proposes to amend subsection 1.3(2) to clarify that an issuer may not alter the presentation of the SCT by adding columns or other information. The CSA also proposes to add a commentary to clarify that issuers may choose to add another table and other information, so long as the additional information does not detract from the SCT prescribed in subsection 3.1(1). We do not believe that these proposed changes are appropriate. For the reasons set out below, we think that issuers should continue to have the flexibility to determine the exact presentation of the SCT.

We query why the CSA proposes to add a specific prohibition that applies only to one table in the proxy circular. There are multiple tables prescribed by Form 51-106F6, as well as many areas where issuers provide additional or narrative disclosure to enhance information presented in the prescribed columns or tables. The standard according to which issuers may add to or elaborate upon any disclosure prescribed by the form should be consistently applied. For instance, the form could specifically indicate that additional disclosure to any tables should not detract from the prescribed information in the tables.

We think that appropriate additions to the SCT do not detract but in fact enhance disclosure about executive compensation by providing more details and clarity on various elements of compensations. For example, many Canadian banks choose to include a “Total Direct Compensation” column in their summary compensation tables. This additional column provides shareholders with the value of the base salary and variable compensation paid to a named executive officer in a fiscal year. Base salary and variable compensation are the core components of annual pay for named executive officers and are, accordingly, key areas of focus and annual decision-making for boards and compensation committees. Including this column highlights such decisions and helps shareholders to understand changes in core annual pay for named executive officers from year to year. In contrast, the “Total Compensation” column must include the value of all forms of compensation paid to a named executive officer in a fiscal year, which may include perquisites, benefits and incidental forms of compensation, pursuant to Form 51-102F6. As the “Total Direct Compensation” column appears to be fairly standardized among Canadian banks, the disclosure it provides is easily comparable and not misleading to shareholders.

We also do not find it is necessary or advisable to require additional information be presented in separate tables. This would result in repetition of information and increase the length of circulars without adding any value for the reader. Finally, moving any additional information to separate tables would not enhance comparability of tables between issuers as investors already understand that the disclosure presented in the SCT is always supplemented by additional narrative and footnote disclosure.

Risk Management In Relation to the Company's Compensation Policies and Practices

The CSA proposes to broaden the scope of the Compensation Discussion and Analysis requirements by adding a new subsection 2.1(5) to Form 51-102F6 which would require disclosure as to whether the board of directors considered the implications of the risks associated with the issuer's compensation policies and practices, and if so, to disclose the nature and extent of the board's role in the risk oversight and compensation policies and practices, among other things.

We assume that reference to the "board of directors" and the "board" in proposed subsection 2.1(5) includes reference to the board's compensation committee, since it is the compensation committee, if the issuer has one, that normally oversees the risk management function in relation to the issuer's compensation policies and practices. We would be grateful for a clarification in this regard. We suggest adding the wording "(or a committee of the board)" in the first sentence in 2.1(5) after the words "Disclose whether or not the board of directors".

Skills and Direct Experience of Compensation Committee Members

Subsections 2.4 (2)(b) and (c) would require an issuer to provide disclosure of the "skills" and "direct experience" of compensation committee members. In addition to being duplicative of the information presented in the circular in response to item 7 of Form 51-102F5 *Information Circular* (such as directors' past and present occupation), we have some other concerns with requiring issuers to "pinpoint" the qualifications and skills of particular directors.

We believe it is best practice to focus on the composition of the board *as a whole* in order to ensure that the board has the right mix skills and competencies. Also, unlike audit committees, there is no consensus on what skills or experiences are directly related, or would make a director particularly qualified to sit on, the compensation committee other than established qualities we look for in all directors such as independence, willingness and capacity to serve, etc. Finally, we note that such disclosure could increase the chances that a director will be singled out in civil litigation by virtue of having certain "skills" or qualifications. Similar concerns have led the United States Securities and Exchange Commission to create a "safe harbour" for directors identified in disclosure as "audit committee" financial experts.

Amount Realized Upon Exercise of Equity Awards

We support the CSA's intention not to reintroduce the requirement to disclose the aggregate dollar value realized upon the exercise of options or stock appreciation rights.

We agree with the CSA that the executive compensation disclosure rules are and should be focused on the board's compensation-based decisions, rather than the executive officers' voluntary decision when to exercise options or stock appreciation rights. Also, as has been pointed out by the CSA, the aggregate dollar value realized upon the exercise of options or stock appreciation rights for individual named executive officers can be calculated based on the information that is available

on the System for Electronic Disclosure by Insiders. We therefore agree with the CSA that the reintroduction of this requirement is not necessary.

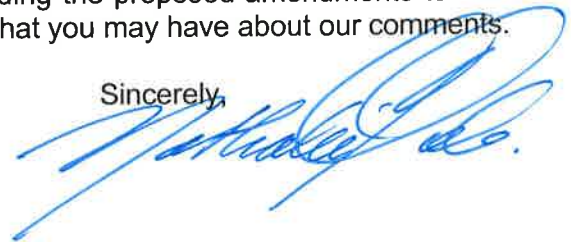
Definition of NEO

We note that the current definition of an NEO in section 1.2 of Form 51-102F6 refers in paragraph (c) to “the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity”. This definition is clear that in order to be an NEO, the individual must be an executive officer of the issuer or be acting in the capacity of an executive officer of the issuer. Therefore, an individual must actually be an executive officer of the issuer in order to be considered to be an NEO. The CSA proposes to amend this definition by adding “of the company, including any of its subsidiaries” after “executive officers”. Also, the CSA proposes to add “or its subsidiaries” after “an executive officer of the company” in paragraph (d) of the definition of an NEO in section 1.2 of Form 51-102F6.

We assume that this proposed language is simply meant to capture the intent of the definition of an “executive officer” as well as the commentary in the companion policy that an individual who is employed by an entity separate from the issuer but that performs the functions set out in the definition of an “executive officer” would be considered an NEO. We therefore query the need for these proposed amendments.

We appreciate the opportunity to express our views regarding the proposed amendments to Form 51-102F6. We would be pleased to answer any questions that you may have about our comments.

Sincerely,

A handwritten signature in blue ink, appearing to be "Michael D. ...", written over the word "Sincerely,".