



October 19, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC
20549-1090

Via Email

Dear Ms. Murphy:

Re: Concept Release on the U.S. Proxy System
File Number S7-14-10

We have reviewed the above Concept Release and thank you for the opportunity to provide you with our comments.

Representing the interests of Canadian institutional shareholders, the Canadian Coalition for Good Governance (“CCGG”) promotes good governance practices in Canadian public companies and the improvement of the regulatory environment to best align the interests of boards and management with those of their shareholders, and to promote the efficiency and effectiveness of the Canadian capital markets. CCGG has 41 members who collectively manage in excess of \$1.4 trillion of savings on behalf of most Canadians. A list of our members is attached to this submission.

Our members invest globally and have extensive experience with the U.S. proxy voting system which is very similar to the Canadian one. Both systems are unduly complex and legitimate questions have been raised about their transparency, reliability and accuracy.

Having an effective proxy voting system is an essential foundation of ‘shareholder democracy’, which CCGG actively works to improve. We applaud the SEC for undertaking a broad review of the system and seeking comments on how to improve it. Although we will not be commenting on all of the issues raised in the Concept Release, below are some basic principles that our members would like incorporated in any reforms.

Vote Accuracy

The accurate tabulation of votes is an essential feature of a reliable proxy voting system. CCGG agrees that the SEC should take steps to standardize the methods by which securities intermediaries reconcile discrepancies that could lead to over or under voting and should ensure greater transparency of the process.

Empty Voting

CCGG agrees that in certain circumstances, empty voting could threaten the integrity of the process. We would be particularly concerned about the use of voting rights not accompanied by corresponding equity interests by significant shareholders, executives or other insiders for an improper purpose, especially if the voting and ownership positions are not fully transparent to all market participants.

Vote Confirmation

CCGG is of the view that shareholders should be able to receive confirmation from the issuer or its agent(s) that the votes they cast have been received on time and accurately included in the tabulation of votes. Although many institutional shareholders actively monitor their investee companies and engage with them on various issues, the use of their voting rights is ultimately one of the most important tools shareholders have to ensure the accountability of boards. If shareholders cannot confirm that their votes have been received and accurately counted, the credibility of the system as a whole is undermined. Although CCGG does not take a position on the best way to achieve “end to end” vote confirmation, we do believe that it is an essential feature of a transparent and reliable proxy voting system.

Maintaining the NOBO/OBO Distinction

CCGG is of the view that the NOBO/OBO distinction should be maintained in order to protect institutional investors’ trading strategies and avoid undue market effects when significant positions are purchased or sold. Although some issuers maintain that the distinction impedes their ability to communicate with their shareholders, most institutional shareholders will actively engage with companies if there are issues that concern them, particularly if there are issues that might cause them to vote against a matter on the ballot or withhold their votes from a director. Moreover, given the 5% reporting threshold in the U.S., issuers are able to determine when any shareholder or group of shareholders acquires a significant position in the company.

Since confidentiality is a concern, if there are alternatives to the NOBO/OBO distinction that would improve the proxy voting process while also protecting confidentiality, we would support the SEC exploring such alternatives.

Regardless of the system is used to protect investors’ confidentiality, we do not think there is a principled reason for shareholders who want to remain confidential to be treated differently in the proxy voting process. In our view, issuers should be required to send proxy related material (through notice and access or otherwise) at their expense to all of their shareholders, irrespective of whether they choose not to disclose their share ownership.

Consideration by the SEC of the Canadian System

Given the similarity between the U.S. and Canadian systems, you may wish to consider a report that is soon to be released by Carol Hansell of the law firm of Davies Ward Phillips & Vineberg. We have had an opportunity to review a draft of that report and believe it is the most comprehensive analysis of the problems with the Canadian proxy system that has been done to date. You may find her report useful when considering potential reforms in the U.S. as well as any international implications of those reforms. We will ensure that Ms. Hansell provides you with a copy of that report once it is available.

We thank you again for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact our Executive Director, Stephen Griggs, at 416.868.3585 or sgriggs@ccgg.ca.

Yours very truly,

A handwritten signature in black ink, appearing to read "D.F. Denison". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

David F. Denison
Chair of the Board
Canadian Coalition for Good Governance

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Via E-Mail

CCGG MEMBERS

Acuity Investment Management Inc.
Alberta Investment Management Corporation (AIMCo)
Alberta Teachers' Retirement Fund Board
Aurion Capital Management Inc.
BlackRock Asset Management Canada Limited
BMO Harris Investment Management Inc.
British Columbia Investment Management Corporation (bcIMC)
Burgundy Asset Management Ltd.
Canada Post Corporation Registered Pension Plan
CIBC Global Asset Management
Colleges of Applied Arts and Technology Pension Plan (CAAT)
Connor, Clark & Lunn Investment Management
CPP Investment Board
Franklin Templeton Investments Corp.
Genus Capital Management
Greystone Managed Investments Inc.
Hospitals of Ontario Pension Plan (HOOPP)
Jarislowsky Fraser Limited
Leith Wheeler Investment Counsel Ltd.
Lincluden Investment Management
Mackenzie Financial Corporation
McLean Budden Limited
MFC Global Investment Management
New Brunswick Investment Management Corporation (NBIMC)
Northwest & Ethical Investments L.P.
Ontario Municipal Employees Retirement Board (OMERS)
Ontario Pension Board
Ontario Teachers' Pension Plan (Teachers')
OPSEU Pension Trust
Public Sector Pension Investment Board (PSP Investments)
RBC Asset Management Inc.
Régimes de retraite de la Société de transport de Montréal
Scotia Asset Management
SEAMARK Asset Management Ltd.
Sionna Investment Managers Inc.
Standard Life Investments Inc.
TD Asset Management Inc.
UBS Global Asset Management (Canada) Co.
University of Toronto Asset Management Corporation
Workers' Compensation Board - Alberta
York University Pension Plan