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Dual Class Share Policy

In October 2011 the Canadian Coalition for Good Governance issued its *Governance Differences of Equity Controlled Corporations* policy and at that time indicated we also would prepare guidelines for companies which had dual class shares ("DCS") (i.e., multiple voting shares and subordinate voting shares). [This publication sets out CCGG's current views on DCS companies.](#)

The manner in which DCS companies are regulated in Canada today results from rules adopted by the Canadian Securities Administrators in the early 1980s and by the Toronto Stock Exchange ("TSX") in 1987 after years of hearings and debate. No material changes to these rules have been made in 25 years. Since then, however, articles have been published in Canada and abroad discussing the advantages and disadvantages of DCS structures and the Coalition's members have expressed various views about DCS companies, some of which are set out in published policies of certain of our members.

Currently there are 77 DCS companies (exclusive of investment funds) listed on the TSX. There have not been recent initial public offerings of DCS companies in Canada, but several high profile companies such as Facebook, Groupon and Zynga have gone public in the U.S. recently using DCS structures, while Google (which already is a DCS company) is planning to issue a new class of common shares with no voting rights.

In light of the possible advantages and disadvantages of DCS structures described in this publication, it is not surprising that there is not unanimity among CCGG members as to the governance principles which should apply to DCS companies in Canada. However, CCGG's board of directors and a large majority of CCGG's members support the best practices principles applicable to DCS companies set out in this document and wish to see these principles applied on a going forward basis to any newly created DCS company in Canada.

Notwithstanding that these principles are intended to be applied on a going forward basis to any newly created DCS company in Canada, the Coalition encourages existing DCS companies to take these principles into account if and when appropriate.