



Canadian Investor
Relations Institute (CIRI)
PO Box 76053
Oakville, ON L6M 3H5
Canada

CIRI.org

February 7, 2022

Government of Ontario
Ontario Ministry of Finance
E-mail: CMA.Consultation@ontario.ca

To Whom It May Concern,

Re: Capital Markets Act (CMA) – Consultation Draft and Commentary

The Canadian Investor Relations Institute (CIRI), a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community, is pleased, as a stakeholder in the capital markets, to provide comments on the draft Capital Markets Act – Consultation Commentary that has been developed by the Ontario Ministry of Finance as part of its Capital Markets Modernization Review. CIRI membership represents approximately 200 non-investment fund reporting issuers with a combined market capitalization of \$3.1 trillion. More information about CIRI is provided in Appendix A.

General Comments

CIRI appreciates the opportunity to review the Consultation Draft and Commentary and supports the commitment of the government to significantly modernize Ontario's capital markets. Our members support the objective of establishing a regulatory framework that reduces the burden on reporting issuers and other market participants while continuing to protect investors and enhance Ontario's position as a globally competitive capital markets jurisdiction.

CIRI takes note that the draft CMA differs from current legislation by taking a platform approach to regulation – setting out fundamental provisions of capital markets law while leaving most detailed requirements to be addressed in the rules. While this approach may encourage regulatory flexibility and allow the OSC to respond to market developments in a timely manner, CIRI and its members would caution the government not to lose sight of the fact that the reporting issuer community requires sufficient time and resources to thoughtfully respond to proposed revisions to existing rules.

Responses to Specific Questions

CIRI has addressed the questions in the Commentary that we believe are most relevant to our members.

Q9. Is the scope of periodic reviews appropriate? Should the proposed draft legislation include further details about how the review would be conducted?

CIRI understands and agrees that a periodic review of the CMA and attendant regulations and rules is an important and necessary activity in order to ensure they are in tune with current capital markets



developments. However, since rules are assessed and often revised on a continuing basis, a mandated review every five years may be too frequent. It takes time for issuers to respond to changes in such rules and regulations and to establish policies and procedures within their organizations to ensure up-to-date compliance. Revisions to the CMA as a result of a comprehensive review every five years can result in significant upheaval at the issuer level. CIRI recommends that the periodic review process should be mandated every 10 years as opposed to every five years.

Q10. Are there circumstances where a minimum consultation period of 60 days would be inappropriate? If so, please explain. Are there particular factors the OSC should consider in determining when a consultation period should be longer than 60 days?

CIRI is generally supportive of a consultation period of 60 days. However, in instances where the proposed changes have a significant impact on reporting issuers, their policies and procedures, we may require additional time to consult our members for their views in order to provide a more comprehensive submission. This process inevitably takes time and resources, both to design and deliver our surveys and to properly assess and analyze the feedback from our members. We believe that reducing the comment period from 90 to 60 days may limit our ability to provide informed feedback in these instances.

Section 3.4.3 and Recommendation 40. Require all publicly listed issuers to have an annual advisory shareholders' vote on the board's approach to executive compensation.

CIRI supports an annual mandatory advisory shareholders' vote on executive compensation practices (say-on-pay vote) for reporting issuers. We believe these votes are becoming common practice among forward thinking issuers and have proven to provide valuable feedback from shareholders. The adoption of mandatory advisory votes is an appropriate practice and can serve as a key element for successful shareholder engagement.

CIRI believes that the vote should continue to be non-binding on the reporting issuer and that final decisions regarding executive compensation plans should be left to the Board of Directors, so long as the Board does take into account the results of the say-on-pay vote by shareholders. Each issuer has specific and individual considerations regarding compensation plans, including sector and peer considerations. We take the position that the Board of Directors are most often in the best position to assess and evaluate the need to adopt an appropriate compensation plan for the best interest of the issuer and its stakeholders.

While CIRI supports the concept of a non-binding say-on-pay vote it seems inappropriate to extend this concept beyond TSX-listed issuers. TSX Venture-listed issuers have special considerations with regard to executive compensation plans. Generally, the Boards of Directors are smaller, include corporate executives and have compensation arrangements geared to fast growing and highly flexible organizations. These smaller issuers also are characterized by smaller shareholder bases which increases significantly the threat of resource-draining shareholder proposal campaigns.

CIRI appreciates the opportunity to provide comments on the draft Capital Markets Act – Consultation Draft and Commentary and commends the efforts of the Ontario Ministry of Finance to significantly modernize Ontario's capital markets regulatory framework.

Sincerely yours,
Yvette

Yvette Lokker
President & Chief Executive Officer
Canadian Investor Relations Institute



Appendix A

The Canadian Investor Relations Institute

The Canadian Investor Relations Institute (CIRI) is a professional, not-for-profit association of executives responsible for communication between public corporations, investors and the financial community. CIRI contributes to the transparency and integrity of the Canadian capital market by advancing the practice of investor relations, the professional competency of its members and the stature of the profession.

Investor Relations Defined

Investor relations is the strategic management responsibility that integrates the disciplines of finance, communications, marketing, securities law compliance and sustainability to achieve an effective flow of information between a company, the investment community and other stakeholders, in order to support an informed valuation of the company's securities and enable fair and efficient capital markets.

The practice of investor relations involves identifying, as accurately and completely as possible, current shareholders as well as potential investors and key stakeholders and providing them with publicly available information that facilitates knowledgeable investment decisions. The foundation of effective investor relations is built on the highest degree of transparency in order to enable reporting issuers to achieve prices in the marketplace that accurately and fully reflect the fundamental value of their securities.

CIRI is led by an elected Board of Directors of senior IR practitioners, supported by a staff of experienced professionals. The senior staff person, the President and CEO, serves as a continuing member of the Board. Committees reporting directly to the Board include: Human Resource and Corporate Governance; Audit; Membership; and Issues.

CIRI Chapters are located across Canada in Ontario, Quebec, Alberta and British Columbia. Membership is close to 500 professionals serving as corporate investor relations officers in approximately 200 reporting issuer companies, consultants to issuers or service providers to the investor relations profession.

CIRI is a founding member of the Global Investor Relations Network (GIRN), which provides an international perspective on the issues and concerns of shareholders in capital markets beyond North America. The President and CEO of CIRI has been a member of the Continuous Disclosure Advisory Committee (CDAC) of the Ontario Securities Commission. In addition, several members, including the President and CEO of CIRI, are members of the National Investor Relations Institute (NIRI), the corresponding professional organization in the United States.