



ICGN

International Corporate Governance Network
Inspiring good governance & stewardship

Mr. Walied Soliman, Chairman
Ontario Capital Markets Modernisation Task Force

Via Email: CMM.Taskforce@ontario.ca

7 September 2020

Re: Ontario Capital Markets Modernisation Task Force Consultation Report

Dear Mr. Soliman,

The International Corporate Governance Network (ICGN) welcomes the Ontario Capital Markets Modernisation Task Force Consultation Report that was released in July 2020.

Led by investors responsible for assets under management in excess of US\$54 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship. Our membership is based in more than 45 countries and includes companies, advisors and other stakeholders. ICGN's mission is to promote high standards of professionalism in governance for investors and companies alike in their mutual pursuit of long-term value creation contributing to sustainable economies worldwide. ICGN offers an important investor perspective on corporate governance to help inform public policy development and the encouragement of good practices by capital market participants. For more information on the ICGN, please visit www.icgn.org.

As you may know, over 40% of Toronto Stock Market (TSE) market capitalisation is owed by non-Canadian investors, and ICGN serves in many markets as a voice of the overseas investment community with regard to corporate governance and stewardship matters. In this context we would first like to commend the Task Force on its thoughtful and comprehensive report. The TSE has a strong reputation globally with international investors. But to maintain that reputation it is important that regulation be reviewed and refreshed on a periodic basis to remain relevant and fit for purpose, both for investors and companies.

We have discussed this consultation with our colleagues at the Canadian Coalition for Good Governance (CCGG). CCGG is an ICGN member and is an active participant in the Global Network of Investor Associations (GNIA) that ICGN convenes. We reviewed the draft CCGG letter to you, and we are supportive of its contents. Without going into the same level of detail as the CCGG letter, we very much support a number of your proposed initiatives. To highlight a few, we welcome proposal 19 on enhanced diversity disclosures, proposal 23 to introduce a say on pay vote, and well as proposal 25 for enhanced disclosure requirements for material environmental, social and governance (ESG) information.

At the same time, we would like to challenge you with regard to proposal 20 relating to proxy agencies and proposal 24 relating to the introduction of a No-Action letter. Those are not proposals ICGN would support. Indeed, if the Taskforce is seeking to

modernize capital markets in Ontario, we would view these proposals as retrograde. The CCGG letter capably articulates why investors would see both proposals as a step backwards for Ontario.

Our concern here is that these two proposals would effectively introduce into Canada some of the “bad habits” from the United States. Just because practices of this nature exist in the US does not mean they are good practices or that investors would like to see Canada adopt similar measures. We are concerned that steps of this nature can have the result of a regulatory race to the bottom, watering down investor protections and putting at a disadvantage institutional investors who are seeking to uphold standards of good corporate governance and investor stewardship, in Canada and globally.

We hope that our input is helpful in your decision-making, and we look forward to engaging with you in this or other matters where we could provide meaningful input. Should you wish to discuss our comments further, please contact me or George Dallas, ICGN’s Policy Director, by email at george.dallas@icgn.org.

Yours faithfully,



Kerrie Waring,
Chief Executive Officer, ICGN
kerrie.waring@icgn.org