

Broadridge

FAS Annual Conference 2011
Victoria, British Columbia



Broadridge[®]

Driving Efficiency, Equity & Engagement

- National Instrument 81-101
 - Point of Sale
- National Instrument 54-101
 - Communication With Beneficial Owners of Securities of A Reporting Issuer
- National Policy 11-201
 - Delivery of Documents by Electronic Means
- New Solutions
 - MobileProxyVote
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 - www.chartingthecourse.ca



National Instrument 81-101: Point of Sale

NI 81-101: Point Of Sale (POS) Update

- New summary disclosure document that highlights key information important to investors in language they can easily understand
- 3-phase staged implementation
 - Phase 1 - production, filing, and posting of the Fund Facts by a fund company to their website
 - Phase 2 - delivery of the Fund Facts to satisfy current prospectus delivery requirements
 - Phase 3 - Point Of Sale (pre-sale) delivery of Fund Facts for mutual funds and possibly other types of publicly offered investment funds

NI 81-101: Point Of Sale (POS) Update

- Phase 1 – Implementation dates
 - January 1, 2011
 - NI 81-101 in force with 3-month transition period
 - Mutual fund may voluntarily file Fund Facts
 - April 8, 2011
 - Fund Facts must accompany any preliminary and pro forma prospectus filings and be posted to the fund or manager's website
 - July 8, 2011
 - Every mutual fund that have not already done so must prepare and file on SEDAR a Fund Facts for each class and series of the mutual fund and post to the fund or manager's website

NI 81-101: Point Of Sale (POS) Update

■ Phase 2 – Timelines

- February 24, 2011
 - Staff Notice 81-321 provided guidance on the key terms and conditions the CSA anticipates requiring when considering early exemptive relief applications to allow the early use of the Fund Facts to satisfy prospectus delivery requirements
- Summer 2011
 - Publication for first comment of the proposal that would require delivery of Fund Facts to satisfy current prospectus delivery requirements
 - Expected 90 day comment period

NI 81-101: Point Of Sale (POS) Update

■ Phase 3 – Timelines

■ Fall 2011

- Beginning of consultations with all stakeholders
- Review of the issues related to POS (pre-sale) delivery of Fund Facts for mutual funds
- Application of POS proposals to non-conventional investment funds, including the development of Fund Facts-like documents for closed end funds, ETFs and Flow-through limited partnerships

NI 81-101: Point Of Sale (POS) Update

FUND FACTS	
XYZ Mutual Funds	XYZ Canadian Equity Fund – Series A June 30, 20XX
<p>This document contains key information you should know about XYZ Canadian Equity Fund. You can find more detailed information in the fund's simplified prospectus. Ask your adviser for a copy, contact XYZ Mutual Funds at 1-800-555-5556 or investing@xyzfunds.com, or visit www.xyzfunds.com.</p>	
Quick facts	
Date fund created:	January 1, 1996
Total value on June 1, 20XX:	\$1 billion
Management expense ratio (MER):	2.25%
Portfolio manager:	Distributions
Capital Asset Management Ltd.:	Annually, on December 15
Minimum investment:	\$500 initial, \$50 additional
What does the fund invest in?	
<p>The fund invests in Canadian companies. They can be of any size and from any industry. The charts below give you a snapshot of the fund's investments on June 1, 20XX. The fund's investments will change.</p>	
Top 10 investments (June 1, 20XX)	Investment mix (June 1, 20XX)
1. Royal Bank of Canada	Industry
2. Encana Corp.	Financial services 34.0%
3. Petro-Canada	Energy 26.6%
4. Alcan Inc.	Industrial goods 16.5%
5. Canadian National Railway Company	Business services 6.4%
6. Goldcorp. Inc.	Telecommunication 5.9%
7. Extencare Inc.	Hardware 3.7%
8. Husky Energy	Healthcare services 2.3%
9. Open Text	Consumer services 2.1%
10. Thomson Reuters Corp.	Media 1.9%
	Consumer goods 0.6%
Total investments	126
The top 10 investments make up 32% of the fund.	
How has the fund performed?	How risky is it?
<p>This section tells you how the fund has performed over the past 10 years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.</p> <p>It's important to note that this doesn't tell you how the fund will perform in the future. Also, your actual after-tax return will depend on your personal tax situation.</p>	<p>When you invest in a fund, the value of your investment can go down as well as up. XYZ Mutual Funds has rated this fund's risk as medium. For a description of the specific risks of this fund, see the fund's simplified prospectus.</p>
Average return	Are there any guarantees?
A person who invested \$1,000 in the fund 10 years ago now has \$2,705. This works out to an annual compound return of 10.5%.	Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.
Year-by-year returns	Who is this fund for?
This chart shows how the fund has performed in each of the past 10 years. The fund dropped in value in three of the 10 years.	Investors who:
[bar chart]	<ul style="list-style-type: none"> are looking for a long-term investment want to invest in a broad range of Canadian companies can handle the ups and downs of the stock market.
	I Don't buy this fund if you need a steady source of income from your investment.
	Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.
	A word about tax
	In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.
	Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series A units of the fund. The fees and expenses are different for each series. Ask about other series that may be suitable for you.

1. Sales charges

You have to choose a sales charge option when you buy the fund. Ask about the pros and cons of each option.

Sales charge option	What you pay		How it works
	in per cent (%)	in dollars (\$)	
Initial sales charge	0% to 4% of the amount you buy	\$0 to \$40 on every \$1,000 you buy	<ul style="list-style-type: none"> You and your adviser decide on the rate. The initial sales charge is deducted from the amount you buy. It goes to your investment firm as a commission.
Deferred sales charge	If you sell within: 1 year of buying 6.0% 2 years of buying 5.0% 3 years of buying 4.0% 4 years of buying 3.0% 5 years of buying 2.0% 6 years of buying 1.0% After 5 years nothing	\$0 to \$60 on every \$1,000 you sell	<ul style="list-style-type: none"> The deferred sales charge is a set rate. It is deducted from the amount you sell. When you buy the fund, XYZ Mutual Funds pays your investment firm a commission of 1.0%. Any deferred sales charge you pay goes to XYZ Mutual Funds. You can sell up to 10% of your units each year without paying a deferred sales charge. You can switch to Series A units of other XYZ Mutual Funds at any time without paying a deferred sales charge. The deferred sales charge schedule will be based on the date you bought the first fund.

2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns.

As of March 31, 20XX, the fund's expenses were 2.30% of its value. This equals \$23 for every \$1,000 invested.

	Annual rate (as a % of the fund's value)
Management expense ratio (MER)	
This is the total of the fund's management fee and operating expenses. XYZ Mutual Funds waived some of the fund's expenses. If it had not done so, the MER would have been higher.	2.25%
Trading expense ratio (TER)	
These are the fund's trading costs.	0.05%
Fund expenses	2.30%

Trailing commission

XYZ Mutual Funds pays your investment firm a trailing commission for as long as you own the fund. It is for the services and advice your investment firm provides to you. Investment firms may pay part of the trailing commission to their representatives.

The trailing commission is paid out of the management fee. The rate depends on the sales charge option you choose:

- Initial sales charge – up to 1.0% of the value of your investment each year. This equals \$10 each year for every \$1,000 invested.
- Deferred sales charge – up to 0.50% of the value of your investment each year. This equals \$5 each year for \$1,000 invested.

3. Other fees

You may have to pay other fees when you sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	1% of the value of units you sell or switch within 90 days of buying them. This fee goes to the fund.
Switch fee	Your investment firm may charge you up to 2% of the value of units you switch to another XYZ Mutual Fund.
Change fee	Your investment firm may charge you up to 2% of the value of units you switch to another series of the fund.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive a simplified prospectus, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase

For more information

Contact XYZ Mutual Funds or your adviser for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

Phase 2 - Smart Fund Facts: An Efficient Document Creation Solution

- The Smart Fund Facts product creates regulatory Fund Facts documents using mutual fund issuer back-office data or industry data feeds. Documents are created in a completely automated fashion which allows documents to be available for review and editing in near real-time
- Mutual Fund Company's are able to review, edit, and update generated Fund Facts PDF documents via a web-portal
- Once a Fund Facts document has been finalized, pro-forma and black-lined documents are created automatically. The pro-forma, black-lined, and final Fund Facts documents are then filed with SEDAR

Smart Fund Facts

Features

- Automated process
- Black-lining
- Full support for charts and graphs
- Multi-format output
- Multi-language support

Benefits

- Efficiency realization
- Reduced business and compliance risk
- Reduced in-house workload
- Fast turn-around
- Print and postage savings

Phase 3 - Pre-Sale Delivery Concept Efficiency Through Smart Advisor

- Held Dealer focus groups in July 2010 to gain insight and feedback to proposed pre-sale delivery obligations based on Broadridge's Smart Advisor concept
- Smart Advisor Concept
 - Fund Facts delivery using web interface and/or existing advisor desktop tools
 - Smart Library – document repository updated daily from SEDAR
 - Pre-sale and post-sale integration
 - Tracks the fulfillment of documents to meet compliance tracking delivery requirements



National Instrument 54-101: Communication With Beneficial Owners of Securities of A Reporting Issuer

NI 54-101: Communication With Beneficial Owners of Securities of A Reporting Issuer

- Released for comment April 2010
- Comments due August 31, 2010 (long comment period)
- 25 Responses from various constituents including Broadridge
- Targeted implementation Proxy Season 2012

History of NI 54-101

December 10, 2010	Unofficial consolidation of NI 54-101 and its CP as of January 1, 2011
December 10, 2010	Final: IFRS-Related Amendments to Securities Rules and Policies
December 10, 2010	Notice of Ministerial Approval of IFRS-Related Amendments to Securities Rules and Regulation 1015 under the Securities Act
October 1, 2010	Appendix H of CSA Notice implementing IFRS-Related Amendments to NI 52-107
April 9, 2010	CSA Staff Notice and Request for Comment: NI 51-102 and Companion Policy 51-102CP Comments Received
April 29, 2005	Notice of Ministerial Approval: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
April 29, 2005	Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
November 26, 2004	Approval of Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
November 26, 2004	Notice of Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
October 3, 2003	Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
October 3, 2003	Request for Comment of Proposed Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer Comments Received
October 3, 2003	Notice of Proposed Amendments: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
April 4, 2003	CSA Staff Notice: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
June 14, 2002	Notice of Minister Approval, National Instrument and Companion Policy: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
May 3, 2002	Notice of Correction: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
April 5, 2002	Notice of Commission Approval, Notice, National Instrument and Companion Policy: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
September 1, 2000	Proposed Changes to Proposed National Instrument: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer Comments Received
July 17, 1998	Proposed National Instrument, Forms and Companion Policy: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
February 27, 1998	Notice of Proposed National Instrument and Rescission of NP41: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
February 27, 1998	Proposed National Instrument: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
February 27, 1998	Proposed National Instrument-Forms: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
February 27, 1998	Proposed Companion Policy: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer
February 27, 1998	Proposed Rule: NI - 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer

Proposed Amendment - OBO Changes

- Issuers not paying for delivery of proxy materials to OBOs. Must disclose this in their Information Circular
- OBO responsibility to make necessary arrangement to exercise voting rights
- OBO activity to date (June 30, 2010)
 - 51% of investors are currently OBOs
 - 37% of issuers are not paying for OBOs (1,423 issuers)
 - 437,038 OBOs that should receive material and opportunity to vote representing 22.8 billion shares (21% of eligible shares)

Proposed Amendment - NOBO Changes

- Expanded delivery to other entities to receive the NOBO list on behalf of the issuer (not only the transfer agent)
- Amendment wording is structured to speak to NOBO mailings by Issuer and OBO mailings by Intermediary
- Clearer language that issuers cannot use a form of proxy
- Retention of VIF and retention of votes (IIROC rules retention for 5 – 7 years)
- Stronger language directing NOBO service provider (TA) to service the NOBO – take instruction from the Intermediary

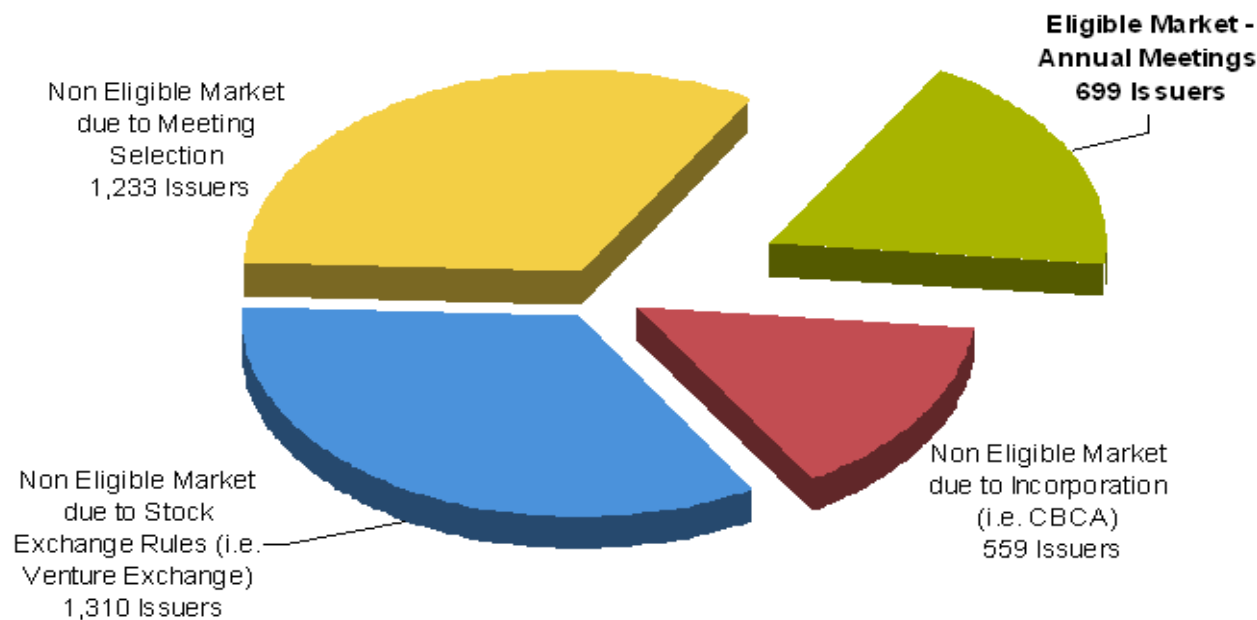
New Delivery Procedures - Notice and Access

- Only for annual meetings
- Notice must have
 - Date, time, and location
 - Summary of items to be voted on
 - How to access material on the website
 - REMINDER to review material before voting
 - How to get paper copies from the Reporting Issuer
- News Release issued when using N&A and any stratification
- Public access to material – Not SEDAR
- Toll-free number to request material
- Material requested must be sent no later than 3 days from receipt of request
- 30 day model – Notice and Full Set proxy package must be released at the same time
- SEC issuers that follows U.S. N&A model do not have to follow NI 54-101
- No restrictions on inserts going in the Notice package

Notice and Access Eligibility

- As proposed, for Annual Meetings only, a small universe of issuers would be eligible to utilize Notice and Access out of the 3,801 issuers in Canada
- Notice and Access introduces further complexity for the delivery of proxy related material

**Total Issuers* Eligible for Notice-and-Access
Based on Current Drafting**



Other Proposed Rule Changes

- Mailing 21 days, 30 days (N&A) or any date the NOBO consents to
- Processing by Intermediary to 3 days for all mailings regardless of mailing services (special sorts – operational impacts)
- Issuer must use plain language to explain voting rights
- Legal proxy repealed (Appointee process only)
- Change in the use of the NOBO list between issuer and a third party
- Still no householding

Gaining Efficiency Equity & Engagement

Legal Proxy Update

- February 2010, OSC granted Exemptive Relief from the use of Legal Proxy for Broadridge clients provided appointee system is used
- Appointee system allows the investor to write his/her name or alternate name on the VIF (paper and internet), Broadridge will then issue a proxy appointment to the tabulator providing the name, shares, and voting direction (if any)
- April 2010, NI 54-101 Amendments - elimination of legal proxy from the regulation, use appointee system only
- December 2010, extension of Exemptive Relief from use of Legal Proxy for Broadridge clients until the Amendments are in full force or eliminated
- December 2010, added language to the Canadian multiple proxy to provide clarity surrounding the discretionary authority granted to the appointee



National Policy 11-201: Delivery of Documents by Electronic Means

NP 11-201 Stakeholder Consultations

- August 2010 - CSA consults with industry participants to review the obligations to deliver documents that will satisfy their delivery by electronic means
- Since the adoption of NP 11-201 in 2000 the policy has been amended 3 times to provide guidance on the delivery of proxy documents
- Given the evolution and changes in law affecting electronic business, including amendments to corporate legislation and the introduction of legislation governing electronic transactions and the protection of personal information, the CSA thought it was time to review and update NP 11-201

NP 11-201: Delivery of Documents by Electronic Means

- On April 29, 2011 the CSA published for comment proposed amendments to NP 11-201
- CSA recognizes that “the use of electronic communications can enable security industry participants to disseminate information in a more cost-efficient, timely and widespread manner”
- A proposed “key” change is to simplify the process for obtaining shareholder consent to receive documents electronically
- Remove language that refers to technology that may become obsolete
- 60 day comment period due June 29, 2011

Engagement - New Solutions - Mobile ProxyVote®.com

- In March 2011, Broadridge launched Mobile ProxyVote in the U.S. and experience to date by retail investors has been very positive. This service allows mobile devices to seamlessly integrate with Broadridge's electronic voting platform, ProxyVote.com, through a sophisticated graphical interface that will support an array of mobile devices including iPhone®, iPad®, BlackBerry® and Android™ smart phones
- Mobile ProxyVote further enhances retail shareholder communications and voter participation through this convenient alternative to the desktop that allows consumers to access and act on information on the go
- 120,000 votes have been processed through Mobile ProxyVote.com since it was introduced in the U.S. in March 2011
- 30% of the accounts that voted through the Mobile ProxyVote.com platform had never previously voted their account positions
- Expected release in Canada to be mid summer

RBC Dexia Shareholder Voting Symposium

June 15, 2011

- RBC Dexia will facilitate a dialogue with industry participants, with a focus on institutional investors, to address some of the key issues raised in the research paper released by Davies Ward Phillips & Vineberg LLP (Davies), 'The Quality of the Shareholder Vote in Canada'
- The key threshold issues identified by Davies that will be explored during the symposium will include:
 - Problems created by intermediary files that are not reconciled for the purpose of proxy voting
 - Availability of information (particularly in order to provide end-to-end vote confirmation)
 - Responsibilities of investors (discussion may also include securities lending and proxy advisory firms)

Charting The Course – June 6, 2011 Release

- New web site supports Broadridge's continued commitment to education and the exchange of balanced information within the capital markets community
- Site features an extensive collection of regulatory content from both Canada and the U.S. and includes contributions from a variety of industry participants. It also presents current and relevant proxy statistics, solution information and industry news
- Broadridge's Charting the Course web site can be found at www.chartingthecourse.ca

Driving Efficiency, Equity & Engagement

Thank you.