



2005 FAS ANNUAL CONFERENCE  
THE FAIRMONT HOTEL VANCOUVER, VANCOUVER  
SEPTEMBER 22 – 25, 2005

## **CHANGES TO SHAREHOLDER COMMUNICATION REGULATIONS**

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Scotiabank



**CHANGING REGULATIONS: CHANGING REQUIREMENTS**

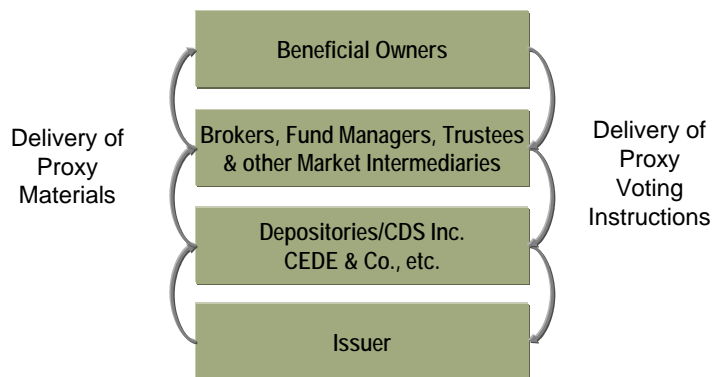
**“What is New in Shareholder Communications”**

September 23, 2005



**Facts and Perspectives on Shareholder Communications**

**>> National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer**

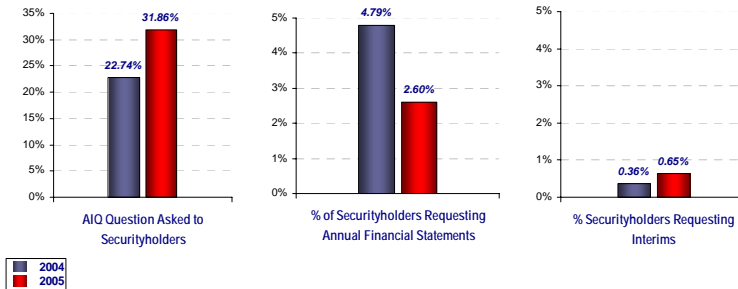


**>> National Instrument 51-102 – Reporting Issuer Disclosure Obligations**





## National Instrument 51-102 Decreased Material Requirements



- >> 'Investor Choice' model
- >> Decreased cost for issuer
- >> Improved environmental approach
- >> Data processing capabilities permit convergence of 2 instruments



## National Instrument 54-101 Amendment Client Instructions and Choices

Change	NI 54-101 – Before February 9, 2005	NI 54-101 – After February 9, 2005
<b>2. Delivery Choices - Securityholder Responses</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Choose to receive ALL securityholder materials</li> <li>&gt;&gt; Choose to receive NO securityholder materials other than for meetings where non-routine business is to take place</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; Choose to receive ALL securityholder materials</li> <li>&gt;&gt; Choose to receive only proxy related materials for special meeting</li> <li>&gt;&gt; Decline to receive ALL materials</li> </ul>
<b>Result</b>	<ul style="list-style-type: none"> <li>&gt;&gt; IDA members granted relief to be allowed to use the 'unamended' form 54-101 F1 when obtaining instructions from clients until January 1, 2006</li> <li>&gt;&gt; Clients treated as choosing "no materials" before amendments treated as opting for materials for special meetings until new instructions given</li> <li>&gt;&gt; Issuers continue to have the right to mail to "ALL" shareholders regardless of their selection</li> <li>&gt;&gt; Implementation of new coding has commenced and will be up and running with all the major back offices by end of September</li> </ul>	
<b>Impact</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Reduces volume of material issuers must send to securityholders</li> <li>&gt;&gt; Intermediaries are updating their forms to include amended choices and ADP is working with 70 proximate intermediaries to make necessary programming changes</li> <li>&gt;&gt; Unless investors choose to receive ALL material, they may not receive non-proxy related materials (e.g. Capital Events)</li> </ul>	

## Request for Beneficial Ownership Information (RBOI)

<p style="font-size: small; margin: 0;">  ADP Investor Communications                  9070 Chedworth Way                  Mississauga, ON L5R 4G5                  905-507-5100 Telephone                  905-507-5354 Fax             </p> <p style="font-size: x-small; margin: 0;">                 Please refer material to:  <b>ADP Investor Communications</b>                  9070 Chedworth Way                  Mississauga, ON L5R 4G5             </p> <p style="text-align: center; font-weight: bold; margin: 10px 0;">REQUEST FOR BENEFICIAL OWNERSHIP INFORMATION RESPONSE</p> <p>                 REPORTING ISSUER: XYZ MINING, SMELTING AND RESOURCES LIMITED      PAGE: 1                  CUSIP: 123456      JOB# X12345             </p> <p style="font-size: x-small;">                 IN RESPONSE TO A REQUEST FOR BENEFICIAL OWNERSHIP INFORMATION, ADP INVESTOR COMMUNICATIONS HAS DETERMINED THE FOLLOWING REQUIREMENTS FOR YOUR UPCOMING MAILING UPON THE PROCESSING OF 4750 BENEFICIAL OWNERS AS DETERMINED BY THE ACCOMPANYING LIST OF ADP INVESTOR COMMUNICATIONS INTERMEDIARY CLIENTS.             </p> <p style="text-align: center; font-weight: bold; font-size: x-small;">SUMMARY OF ACCOUNTS RECEIVED</p> <table border="1" style="width: 100%; border-collapse: collapse; font-size: x-small;"> <thead> <tr> <th></th> <th>ALL SECURITY HOLDER MATERIALS</th> <th>ONLY SPECIAL MEETING MATERIALS</th> <th>DECLINE TO RECEIVE MATERIALS</th> </tr> </thead> <tbody> <tr> <td>ENGLISH NOBO</td> <td style="text-align: right;">3569</td> <td style="text-align: right;">378</td> <td style="text-align: right;">15</td> </tr> <tr> <td>ENGLISH OBO</td> <td style="text-align: right;">434</td> <td style="text-align: right;">115</td> <td style="text-align: right;">3</td> </tr> <tr> <td>FRENCH NOBO</td> <td style="text-align: right;">199</td> <td style="text-align: right;">16</td> <td style="text-align: right;">7</td> </tr> <tr> <td>FRENCH OBO</td> <td style="text-align: right;">35</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> </tbody> </table> <p style="text-align: center; font-weight: bold; font-size: x-small;">ADP INVESTOR COMMUNICATIONS ESTIMATED MATERIAL REQUIREMENTS</p> <p style="font-size: x-small;">                 BASED ON ADP INVESTOR COMMUNICATIONS COMPLETING THE MAILING FOR BOTH NOBOS AND OBOS FOR THE SELECTION TYPE OF: ALL AND SPECIAL MATERIALS.             </p> <table style="width: 100%; font-size: x-small;"> <tr> <td style="width: 60%;">PLEASE SEND 2755 SETS OF MATERIAL FOR YOUR MAILING.</td> <td style="width: 40%;">ENGLISH MATERIALS 2495</td> </tr> <tr> <td></td> <td>FRENCH MATERIALS 150</td> </tr> <tr> <td>BENEFICIAL DETERMINATION DATE: AUGUST 11, 2005</td> <td>ENGLISH MATERIALS EXTRA 130</td> </tr> <tr> <td></td> <td>FRENCH MATERIALS EXTRA 10</td> </tr> </table> <p style="font-size: x-small;">                 IF YOU SUBSCRIBE TO THE ADP INVESTOR COMMUNICATIONS' NI 51-102 CONSENT MANAGEMENT SERVICE, WE REQUIRE 730 ENGLISH AND 76 FRENCH SETS OF FINANCIAL STATEMENTS AND M&amp;A REPORTS FOR THOSE SHAREHOLDERS WHO OPTED TO RECEIVE THIS MATERIAL. THIS MATERIAL WILL BE INTEGRATED INTO THEIR PROXY PACKAGE.             </p> <p style="font-size: x-small;">                 1920 ACCOUNTS HAVE BEEN SUPPRESSED THROUGH THE USE OF ADP INVESTOR COMMUNICATIONS ACCOUNT MANAGEMENT, CONSOLIDATION AND PROXY EDGE™ SYSTEMS.             </p> <p style="font-size: x-small;">                 AN ADDITIONAL 27 ENGLISH AND 9 FRENCH SETS OF MATERIAL CAN BE ELIMINATED IF INTERNET DELIVERY IS USED THROUGH ADP'S PREFERENCE DATABASE.             </p> <p style="font-size: x-small; margin-top: 10px;">                 ABC COMPANY                  510 BURRARD STREET - 4TH FLOOR                  MY TOWN AND DOWN THE STREET                  VANCOUVER BC V6C 3B5             </p> <p style="font-size: x-small; margin-top: 5px;">BLANK IF ON CREDIT HOLD</p>		ALL SECURITY HOLDER MATERIALS	ONLY SPECIAL MEETING MATERIALS	DECLINE TO RECEIVE MATERIALS	ENGLISH NOBO	3569	378	15	ENGLISH OBO	434	115	3	FRENCH NOBO	199	16	7	FRENCH OBO	35	0	0	PLEASE SEND 2755 SETS OF MATERIAL FOR YOUR MAILING.	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## Effects of NI 54-101 Regulatory Changes – NOBOs and OBOs

### Impact on Distribution, Voting and Meeting Processes

- » NI 54-101 has resulted in different treatment of beneficial owners
- » The majority of smaller issuers indicate that they refuse to pay for OBOs
- » Many large issuers reverse their decision to “not pay” for mailing to OBOs after discussions with brokers that address that beneficial owners are being disenfranchised

Issuer Range Based on Holders	Percentage of Issuers Not Paying for OBOs
1 - 499	60%
500 - 999	22%
1,000 - 4,999	16%
5,000 - 38,700	2%
38,700 - +	0%
Totals	100%

- » Majority of smaller issuers that have requested NOBO lists for proxy distribution have less than 1,000 beneficial shareholders
- » Very few larger issuers have chosen another service provider as they understand the importance of corporate governance
- » New processes such as Omnibus Proxies have been built and implemented to support new requirements





## NI 54-101 Change in Proxy Voting Trends

Shares returned using electronic voting platforms in Canada have increased from 25% in 2002 to 77% in 2005

Proxy Vote Returns – Total Shares Voted by Channel	2002	2004	2005
Paper	63%	22%	21%
Telephone	12%	5%	2%
Electronic (Internet & ProxyEdge®)	25%	73%	77%

- >> Increased choice for retail and institutional investors
- >> Increased shareholder participation
- >> Increased speed of delivery of vote
- >> Decreased costs for issuers

ProxyEdge® is online proprietary software that manages electronic delivery, voting, tracking and reporting for Institutional Investors.



## National Instrument NI 54-101 Amendment Legal Proxy

### What is New

#### 4.

#### Legal Proxy

- >> Beneficial owner may request Legal Proxy (form 54-101F8) from whoever sent materials

#### Result

- >> CSA intent: holder of executed Legal Proxy entitled to attend meeting in person and vote; process slow and expensive; some have questioned validity of process
- >> NI 54-101 language does not expressly eliminate the appointee process under Corporate and Securities Legislation therefore the two processes must be available
- >> At ADP, new system has been built and forms have been modified to add Legal Proxy option

#### Impact

- >> More questions at meeting door: another 'gray' area
- >> Agreement was reached to recognize both processes during proxy season 2005
- >> Chairmen's decision to accept or reject - "best practices" would give all securityholders who followed either process access to meeting, regardless of who mailed material





## LEGAL PROXY

PLEASE REFER TO IMPORTANT INSTRUCTIONS ON THE REVERSE OF THIS FORM.

SE

JOHN SAMPLE  
123 ANYWHERE AVENUE  
ANYTOWN, ON  
L5R 4G5

123456789

### LEGAL PROXY

Subject to the paragraph that follows, the undersigned, being a registered holder or proxy holder in respect of securities of the reporting issuer specified below, hereby appoints **MARY SAMPLE**, with power of substitution, to attend, vote and otherwise act for and on behalf of the undersigned to the extent of the number of securities specified, in respect of all matters that may come before the meeting of Security holders specified below, and at any adjournment or continuance.

This instrument supersedes and revokes any prior proxy made by the undersigned with respect to the voting of the securities specified below at such meeting, or at any adjournment thereof.

\* XXXX CORPORATION  
 \* 456987000 COMMON  
 \* Number of Securities: 1000  
 \* T001 ABC SECURITIES INC.  
 \* Beneficial Ownership Date: 09/09/2005  
 \* Date of Meeting: 10/10/2005  
 \* Place of Meeting: GENERAL MOTORS PLACE  
 800 GERRITHS WAY  
 VANCOUVER, BC

By voting the securities represented by this legal proxy, you will be acknowledging that you are the beneficial owner of those securities or a person designated by the beneficial owner to vote such securities and that you are entitled to vote such securities.

T001 ABC SECURITIES INC.  
 Registered holder of \_\_\_\_\_ Proxy holder  
 \_\_\_\_\_  
 Signing Office: \_\_\_\_\_  
 \_\_\_\_\_  
 Date: 09/20/2005

### IMPORTANT INSTRUCTIONS

#### Legal Proxy:

You indicated that you wish to receive a Legal Proxy on your voting instruction form.

**PRESENTING THIS LEGAL PROXY AT THE MEETING MAY NOT SATISFY ALL THE REQUIREMENTS TO ATTEND AND VOTE AT THE MEETING. PLEASE READ THE INFORMATION CIRCULAR PREVIOUSLY DELIVERED TO YOU.**

This legal proxy will grant you or your designate the right to attend the meeting and vote in person, subject to any rules described in the information circular applicable to the delivery of proxies.

This legal proxy was mailed to the name and address noted on the voting instruction form and issued in the name recorded in the appointee section on the voting instruction form, or to whom the voting instruction form was issued if no name appears on the appointee line. Any voting instructions given on the form will not be effective.

You need to submit and deliver the legal proxy in accordance with the proxy deposit date and time and any instructions or disclosures noted in the information circular. You, or your designate, must attend the meeting for your vote to be counted.

Allow sufficient time for mailing of the legal proxy by the proxy deposit date to the issuer or its agent as per the instructions in the information circular.

Please be advised that you, the beneficial holder, by asking for a legal proxy to be issued, may have to take additional steps in order for this legal proxy to be fully effective under applicable law. For example, it may be necessary that you deposit this legal proxy with the issuer or its agents in advance of the meeting. Once a legal proxy is issued, all other voting instructions given on the voting instruction form will not be effective and no further voting instructions may be accepted. If you have any questions, please contact the person who services your account.

PLEASE NOTE THAT THE SCRUTINEERS WILL HAVE BEEN PROVIDED WITH A LIST OF LEGAL PROXIES ISSUED PRIOR TO THE PROXY DEPOSIT DATE AND SUBSEQUENTLY MAILED TO BENEFICIAL HOLDERS. HOWEVER, YOU MAY NEED TO MEET THE REQUIREMENTS FOR DEPOSITING PROXIES NOTED IN THE INFORMATION CIRCULAR FOR THIS LEGAL PROXY TO BE CONSIDERED VALID.

Note: Terms used in this Form have the meanings given to them in National Instrument 54-101.



## National Instrument NI 54-101 Reconciliation Initiative

### What is New

#### 5. Over Reporting Initiative

» CSA asked ADP to facilitate working group sessions with interested parties to identify and address an old problem concerning issues associated with reconciliation of votes with record date positions

#### Progress / Issues Identified

- » Best practices and standards regarding vote entitlement must be defined for loaned positions, short sales, margin, failed sales, etc.
- » Timely notification to transfer agents of inter-depository security movements between CDS and DTC must be established
- » Transfer agents to combine all positions (i.e. CDS, DTC, nominee registered) for an intermediary when reconciling votes reported by ADP
- » Intermediaries to identify omnibus positions in record date file for ADP to code accounts and produce omnibus proxies
- » CDS evaluating the development requirements to transmit a feed of depository positions to ADP
- » ADP to introduce an "Over-Reporting Prevention Service" to provide intermediaries notice of potential over or under reported share issues during the tabulation period



**Areas for Further Work**

- >> The problems associated with loaned shares will continue to be an issue until a binding decision is reached on which party gets the voting rights. This issue has been escalated to the IDA for further work
- >> The OSC participant is reviewing the standard lending agreements that are being used by IDA and CBA members [e.g. *Global Master Securities Lending Agreement (ISLA)* vs. IDA Standard Form (2 versions)]



ABC Broker

I, THE RECORD HOLDER,  
HEREBY APPOINTS EACH OF THE PERSONS, PARTNERSHIPS, ASSOCIATIONS, CORPORATIONS OR OTHER ENTITIES HEREIN BY NAME PROXIES, WITH FULL POWER OF SUBSTITUTION TO VOTE THE NUMBER OF SHARES OF THE SECURITY SPECIFIED BELOW AND NO MORE, OF THE MEETING DESCRIBED BELOW AND AT ANY AND ALL ADJOURNMENTS THEREOF UPON ANY AND ALL MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING. THESE APPOINTMENTS, WHETHER OR NOT COUPLED WITH AN INTEREST, ARE REVOCABLE AT ANY TIME AND IN ANY MANNER, INCLUDING BUT NOT LIMITED TO THE FILING BY RECORD HOLDER WITH THE COMPANY OR ITS DULY AUTHORIZED AGENT OF ANY INSTRUMENT SIMILAR TO THIS INSTRUMENT RELATING TO THE VOTING OF SHARES OF THE SECURITY SPECIFIED BELOW AT SAID MEETING, THE FILING OF WHICH INSTRUMENT SHALL REVOKE ALL THE APPOINTMENTS SPECIFIED HEREIN.  
THIS INSTRUMENT SUPERSEDES AND REVOKES ANY AND ALL APPOINTMENTS OF PROXIES HERETOFORE MADE BY RECORD HOLDER WITH RESPECT TO THE VOTING OF SHARES OF THE SECURITY SPECIFIED BELOW AT SAID MEETING.  
FOR THOSE RESPONDENTS LISTED BELOW WITH AN INDICATION OF "YES" AS AN ADP CLIENT, MATERIALS WILL BE ORDERED BY ADP.

0 N N I B U S P R O X Y  
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SEQ# 1

PAGE: 1  
RUN DATE:  
PROGRAM = BRX126A

RESPONDENT NAME AND ADDRESS:

SECURITIES: ADP CLIENT:  
2820000 NO

RESPONDENT NAME AND ADDRESS:

SECURITIES: ADP CLIENT:

ABC Securities Broker  
Address

Issuer c/o Tabulation  
Agent

CUSIP: 000000000  
MEETING DATE: 06/29/95  
RECORD DATE: 05/15/95  
NUMBER:

ADDRESS INQUIRIES TO: 000-000-0000

HELEN STRATIGEAS  
VICE PRESIDENT

## Revised Proxy Protocol Guidelines

### What is New

**6. Proxy Protocol** >> On September 2, 2005 the Securities Transfer Association of Canada (STAC) released a revised version of Proxy Protocol guidelines. The original Protocol was issued in 1991 as a reference document for tabulation agents, issuers, lawyers and other industry participants to deal with common proxy validation issues

**Result** >> These are guidelines that STAC members follow in the absence of direction to the contrary from an issuer. Issuers have the responsibility to review the Protocol to ensure that it agrees with their requirements for their meeting  
>> STAC members intend to apply the Protocol for all meetings, however issuers may want to reassess the Protocol if they are dealing with a contentious meeting

**Key Changes** >> Expansion of section on omnibus proxies and legal proxies  
>> Addition of a section on reconciliation of intermediary positions  
>> Addition of section on electronic voting  
>> Recognition of NI 54-101 issues such as voting instruction forms  
>> Expansion of application to cover all security holder meetings  
>> Methods of enabling a beneficial securityholder to attend and vote at meetings, which are not contemplated by NI 54-101

## Changing Regulations: Changing Requirements

- >> Numerous regulatory and practical changes occurred during proxy season 2005
- >> Anticipate that regulations will continue to be in flux and additional amendments will occur in the near future
- >> We are all working our way through the new regulatory environment to implement best practices and technology to meet the needs of all stakeholders
- >> Important for all constituents to work together to meet needs of investors

