



Shareholder activism...

CSCS

...getting the vote out

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Collision of trends



- 21st century market dynamics
 - Increasing governance stakes
 - Increasing market complexity
 - Global reach
 - 24/7 trading
 - Victorian era shareholder recognition rules
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Increase in shareholder activism



- More than 450 shareholder proposals in the US 2007 proxy season
 - Increased importance attached to votes by institutions
 - Continued focus on governance issues
 - Individual voting for directors
 - Majority voting
 - Proxy access
 - Proxy advisory service voting recommendations
 - Proxy fights
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Pressure is on issuers to communicate effectively with all their retail and institutional shareholders



- Educating shareholders to increase their understanding of the issuer as a desirable investment
 - Promoting an understanding of the issuer's governance and business practices
 - Persuading shareholders to vote in accordance with management's and the Board's recommendation
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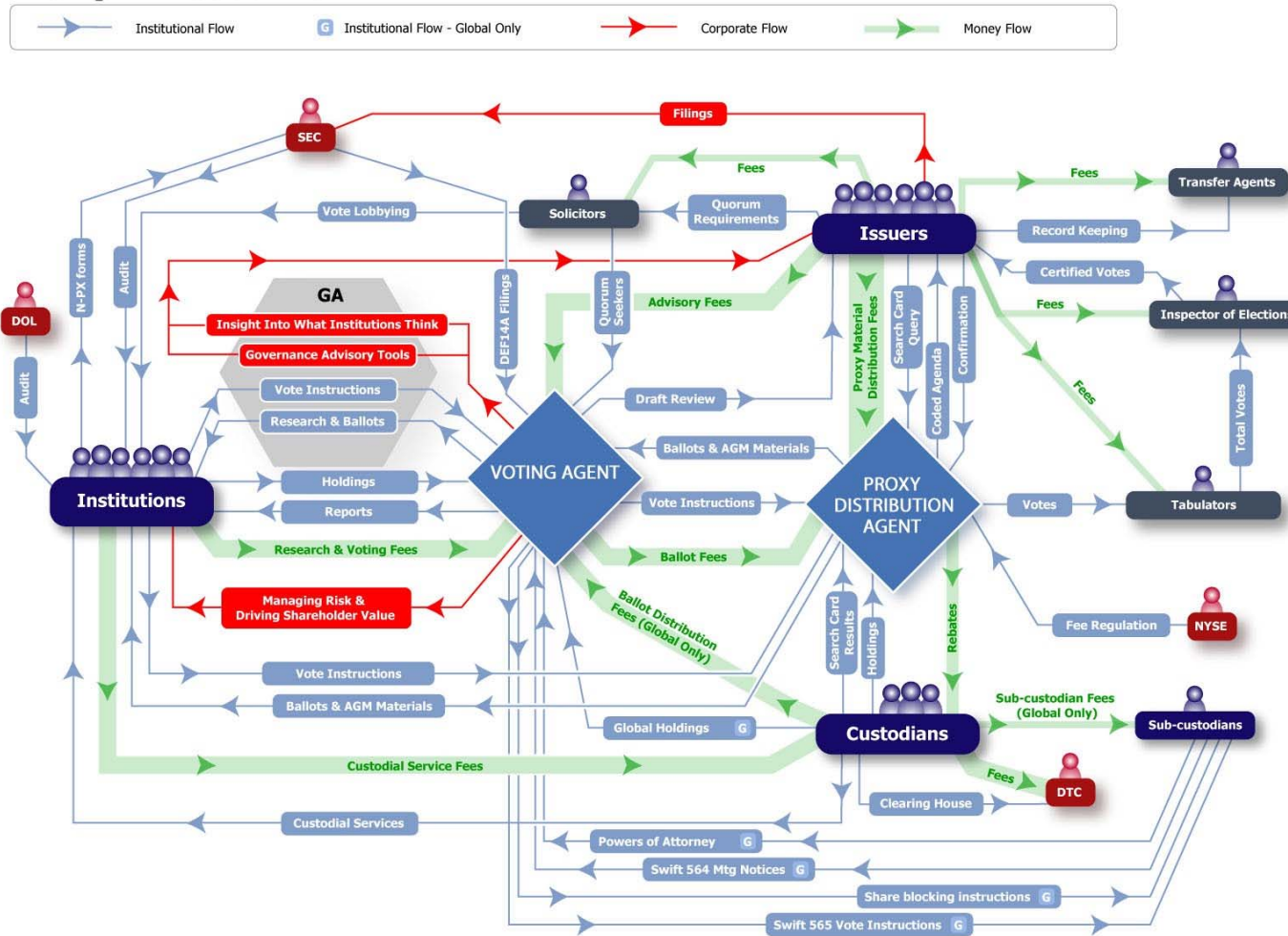
Relentless pursuit of economic efficiency driving increasing complexity

- Increased trading velocity
 - Same day settlement
 - Increasing popularity of derivatives and structured offerings
 - Results in increasingly remote shareholder relationships and increasingly complicated voting arrangements
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Complexity snapshot



Proxy Process Flow



ISS Flow Chart: The Proxy Voting Landscape – overview of the global process - 13th Beneficial Owners' Summit on Securities Lending 2007

Stock lending



- Lending fees - source of revenue for the institution increasing their economic efficiency
 - Traditionally, institutions were concerned only with the economics of their lending activities
 - Increasingly, institutions are scrutinizing loans for their unintended consequences and governance performance
 - Overvoting
 - Understanding and exercising recall requirements to support voting in accordance with the institution's policies
 - Evaluating the objectives and policies of borrowers
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Outdated corporation statutes



- Shareholder must be registered to be recognized
- Record date rules that address voting issues only partially



Voting mechanics



- Record dates
 - Receipt of notice
 - Right to attend and vote



Conclusion



- Anyone who needs to get the vote out in support of an item of business needs to understand the impact of increased complexity in the markets in order to ensure that the votes they are counting on get tabulated
 - Be on the lookout for law reform
 - Beneficial shareholder communication rules
 - NI 54-101
 - CSA renewing their review of NI 54-101
 - Corporation statutes
 - Shareholder recognition rules
 - Record date rules
 - Direct registration in the US
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Contact



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