

NATIONAL POLICY STATEMENT No. 41 SHAREHOLDER COMMUNICATION

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PART I - INTRODUCTION

Holders of securities whose securities are held in the names of clearing agencies, or securities dealers, banks or trust companies ("non-registered holders"), often:

- do not receive the information from issuers that securities and corporate legislation requires to be delivered to registered shareholders of the same class; and
- where the securities carry voting rights, are effectively disenfranchised.

Obligations under corporate and securities legislation to send information to and to accept votes from shareholders are cast as obligations in respect of registered security holders. However, market efficiency exerts strong pressure for the registration securities in the names of either clearing agencies or financial intermediaries (or their nominees).

The number of security holders that are affected is significant, and will increase. Presently, almost 100 billion dollars in value of securities are held in the book-based system of Canadian clearing agencies; that is, The Canadian Depository for Securities Limited ("CDS") or the West Canada Depository Trust Company ("WCDT"). An estimated 30 - 35% of the public float of issuers is registered in the name of clearing agencies, and in the case of new issues, more than 90% may be so registered. Those percentages do not include securities registered in the names of securities dealers, banks or trust companies.

The Canadian Securities Administrators recognize the right of non-registered holders to receive the materials and voting rights that reporting issuers are currently required by corporate and securities legislation to provide to registered shareholders. This Policy Statement provides a framework to ensure that certain materials, i.e. those materials relating to meetings of security holders, including proxies and audited annual financial statements, will be provided to those non-registered holders of securities of reporting issuers.

The Canadian Securities Administrators also recognize the need for implementation of any system of shareholder communication on a national basis and the issuance of this National Policy Statement underlines the recognition of the need for uniformity in this area.

This Policy Statement essentially embodies the recommendations of the Joint Regulatory Task Force on Shareholder Communication contained in its Report to the Canadian Securities Administrators dated July, 1987.

The goals of the Task Force, and of this National Policy Statement are:

1. To ensure that non-registered holders have the same access to corporate information and voting rights as registered holders;
2. To ensure that the obligations of each participant in the communication chain are equitable and clearly defined; and
3. To ensure that regulation and procedure is uniform nationwide.

PART II - DEFINITIONS

"clearing agency" means a person or company that acts as an intermediary in paying funds or delivering securities or both in connection with trades in securities, and that provides centralized facilities for the clearing of trades in securities, or that provides centralized facilities as a depository in connection with the clearing of trades in securities;

"intermediary" means

- (i) a registrant;
- (ii) a financial institution (bank or trust company);
- (iii) a participant;
- (iv) a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan, or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada); or
- (v) a nominee of any of the foregoing;

that holds a security on behalf of another person or company who is not the registered holder of the security, but does not include a person or company that holds a security, or a trustee pursuant to a will, court order, inter vivos trust, or trust for a pension plan, deferred profit sharing plan, retirement savings plan (other than or described in subparagraph (iv) of this definition) or other similar capital accumulation plan, with discretionary voting powers;

"nonregistered holder" of a security of an issuer means a person or company, other than a registered holder or another intermediary, on whose behalf an intermediary holds the security;

"participants" in respect to a clearing agency means a securities dealer, trust company, bank or other person or company, including another clearing agency, on whose behalf the clearing agency or its nominee holds securities of an issuer;

"proxy-related materials" in respect of a meeting of security holders of an issuer means the notice of meeting, information circular, and all other material relating to the meeting of security holders that the issuer is required by law to deliver to its registered holders of a class of its securities, including a form of proxy and envelope for return of the proxy where the holders of the class of securities are entitled to vote, and includes for annual meetings its annual report or audited annual financial statements;

"record date" means the date fixed by the issuer for the determination of the registered holders of securities of the issuer who are entitled to receive notice of a meeting of security holders;

"registered holder" in respect of an issuer means a holder of securities of the issuer as shown on the books or records of the issuer; and

"service company" means person or company, including transfer agent, stock exchange, or clearing agency, that carries on the business of facilitating the communication from issuers or other persons or companies required by law to communicate with security holders.

PART III - EFFECTIVE APPLICATION OF POLICY STATEMENT

This Policy Statement applies to meetings of security holders occurring on or after March 1, 1988. Blanket rulings will be issued by securities administrators, where permitted by law, exempting issuers from delivering interim financial statements to registered security holders. The exemption will commence for each issuer for the interim financial statements relating to the first fiscal period ending after the first annual meeting of the issuer taking place on or after March 1, 1988.

Intermediaries and clearing agencies will be required to have their systems in place by December 31, 1987. Intermediaries are required to use reasonable efforts to obtain the instructions from their existing clients who are non-registered holders of securities as to voting and the receipt of proxy-related materials by that date.

The National Policy Statement applies, subject to the exemptions in Part XI, to issuers who are reporting issuers or who have a comparable status in any provincial jurisdiction, to securities dealers, banks and trust companies, to CDS and to WCDT.

The Policy Statement applies to intermediaries who carry on business in Canada or who hold securities on behalf of clients whose addresses are in Canada.

PART IV - ISSUERS' OBLIGATIONS

1. *Establishment of Record Date*

A reporting issuer shall fix a record date for the determination of those security holders entitled to receive notice of a meeting of security holders to be a date no fewer than 35 or more than 60 days prior to the date of the meeting.

Notice of the meeting and record date must be filed with securities administrators of jurisdictions wherein the issuer's registered shareholders have their addresses, and given to stock exchanges upon which securities of the issuer are listed, and clearing agencies, at least 25 days before the record date.

Notice of the meeting and record date will be published in an index available to the financial press and widely available to the public, no later than 7 days before the record date, pursuant to arrangements made by the security administrators with CDS and WCDT. Issuers may also place individual advertisements if desired.

2. *Early Search*

At least 25 days before the record date, a reporting issuer shall deliver a notice to each of CDS and WCDT requesting the names and addresses of their participants holding securities of a class the holders of which are entitled to receive notice of the meeting, and their respective holdings.

3. *Intermediaries and Registered Nominees*

At least 25 days before the record date, the issuer shall obtain the names of intermediaries and their registered nominees and their addresses from a current register maintained by CDS or WCDT, or other designated agent of the securities administrators. This requirement shall be satisfied where the issuer's transfer agent obtains and keeps a list of intermediaries and registered nominees on file and updates the list monthly.

4. *Search Card*

At least 20 days prior to the record date, a reporting issuer shall deliver a search card,

- (a) to each participant whose name is given to the issuer in response to the request in paragraph 2, and
- (b) to each intermediary and registered nominee on the register of intermediaries and registered nominees whose name appears on the issuer's security holders' list as a registered holder of securities of a class the holders of which are entitled to receive notice of the meeting.

Only one search card need be sent where there is duplication of the names of participants and intermediaries or registered nominees in (a) and (b). Where more than one search card is sent to a particular intermediary, care must be taken by both issuer and intermediary to avoid duplicate responses.

5. *Contents of Search Card*

A search card shall contain the following information:

- (i) the name of the issuer;
- (ii) the CUSIP number of the issuer;
- (iii) the date of the meeting;
- (iv) the record date for the meeting;
- (v) the class or classes of securities whose holders are entitled to receive notice of the meeting;
- (vi) the class or classes of securities whose holders are entitled to vote at the meeting;
- (vii) if the issuer is willing to deliver the material to non-registered holders itself, a statement to that effect;
- (viii) the items of proxy related material that are to be delivered; and
- (ix) an undertaking to pay the fee established by this Policy Statement for delivery of material to non-registered holders.

6. *Bulk Delivery of Proxy-Related Materials*

The issuer shall deliver the number of sets of Proxy-related materials specified by each intermediary in the intermediary's response to a search card (see Part V, section IV, clause 1) not later than 33 days before the meeting date. The 33 day period is to permit the bulk delivery to and preparation for mailing of the proxy-related material by intermediaries, in order that the intermediaries may mail the material no later than 25 days before the meeting date.

7. *Payment of Costs of Intermediary*

An issuer shall pay the fees and costs of an intermediary for its services in transmitting proxy-related material in accordance with Schedule 1 to this Policy Statement.

8. *Exemption from Delivering Interim Financial Statements*

Issuers that deliver proxy-related materials to their non-registered holders and establish and maintain a Supplemental Mailing List will be exempted from delivering their interim financial statements to their registered holders by blanket rulings of security administrators of Quebec, Ontario, Manitoba, Alberta and British Columbia, provided that the issuer files such statements in each jurisdiction where filing is required and with stock exchanges upon which securities are listed, and releases such statements to the financial media.

Companies incorporated under the Company Act (British Columbia) cannot by law be so

exempted.

The laws of Saskatchewan require applications from such exemptions to be made by individual issuers. Saskatchewan will grant such exemptions where the majority of the shareholders reside outside Saskatchewan.

Nova Scotia will provide such a blanket exemption, which will not, however, apply to issuers that have a significant percentage of security holders resident in Nova Scotia, or that have issued shares under the Nova Scotia Stock Savings Plan.

9. *Supplemental Mailing List*

An issuer shall deliver its interim financial statements, to any person or company who delivers to the issuer a request in writing for such material, including a statement signed by the person or company that the person or company is the owner of securities (other than debt instruments) of the issuer, and the issuer shall maintain a supplemental mailing list for this purpose.

Issuers shall include with the proxy-related materials delivered in respect of their first annual meeting occurring on or after March 1, 1988 and each annual meeting thereafter, a return card permitting the security holder to request that the security holder be placed on the issuer's supplemental mailing list. Issuers may update their supplemental mailing lists annually in accordance with responses received.

Where an issuer, such as an unincorporated mutual fund, is not required by law to hold annual meetings and does not in fact hold annual meetings, the issuer must deliver return cards annually to registered unitholders, and to unitholders who have requested the receipt of audited annual financial statements, before the exemption from delivering interim financial statements in paragraph 8 above is available.

10. *Audited Annual Financial Statements or Annual Report*

An issuer shall deliver its audited annual financial statements, or, in the case of non-registered holders resident in Quebec, its annual report, to non-registered holders in accordance with the communication system in this Policy Statement.

11. *Use of System for Non Proxy-Related Materials*

An issuer may request intermediaries to deliver to clients who are non-registered holders interim financial statements or any other material the issuer is required by law or wishes to deliver to registered security holders, other than proxy-related materials. Issuers are encouraged to use the communication system for rights offerings, dividend reinvestment plans, and issuer bids where practicable.

12. *Sending of Materials Notwithstanding Waiver*

An issuer may request that an intermediary deliver, in accordance with this Policy Statement, proxy-related materials to non-registered holders who have waived the right to receive such material, and the intermediary shall so comply.

PART V - INTERMEDIARIES' OBLIGATIONS

I. Register of Intermediaries and Registered Nominees

Every intermediary shall furnish in writing its name and full mailing address and those of each of its nominees in whose names securities are held on behalf of such non-registered holders to CDS and WCDT, or other designated agent of the securities administrators. Intermediaries are encouraged to restrict the number of nominees in whose name securities are registered on the books of issuers.

II. Instructions as to Voting and Receipt of Proxy-Related Material

1. Information to Clients - Form B

An intermediary shall, upon the opening of an account for a client on whose behalf the intermediary will hold securities, and as soon as possible after the effective date of this Policy Statement with respect to a client on whose behalf the intermediary currently holds securities ("existing clients"), advise the client of the rights of a non-registered holder under this Policy Statement by delivering the Shareholder Communication Information Form in Form B.

2. Written Instructions From Clients - Form C

An intermediary shall deliver to its clients, together with the Shareholder Communication Information Form in Form B, Form C - Shareholder Communication Instructions, providing for written instructions from the client as to the receipt of proxy related materials, disclosure of the name, address and security holdings of the client to issuers and other senders of material, and the voting of securities held by the client.

3. Failure to Return Instructions

Where a client fails to return instructions in Form C to the intermediary, the client shall be deemed to have given instructions to the effect that the client shall not receive either proxy-related material pertaining to annual meetings of security holders or audited financial statements. The intermediary shall, however, forward proxy-related materials pertaining to special meetings of security holders to the client.

Where instructions in Form C are not returned, the client shall be deemed to have consented to the disclosure of the client's name, address and holdings to issuer or other senders of material for the purposes of this Policy Statement, unless the intermediary has other written instructions to the contrary.

4. *Exception - Prior Written Authorization*

Where an intermediary currently has legally valid written authorization regarding the exercise of voting rights and the forwarding of materials to a client, the intermediary advises the clients of the rights of a non-registered holder by the delivery of Form B, and the client fails to deliver instructions in Form C, the client shall be deemed to have given instructions in accordance with the authorization held by the intermediary.

5. *Separate Accounts*

The instructions in Form C shall be applicable to all securities held by the client in an account. Clients who wish to receive proxy-related material and to vote in respect of some securities but not others should be encouraged to hold the securities in separate accounts.

6. *Reasonable Efforts to Obtain Instructions*

Intermediaries shall use reasonable efforts to achieve the return of the instructions in Form C from their existing clients, including the provision of postage-paid return envelopes, and must obtain a completed Form C from new clients.

7. *Annual Renewal of Information*

Intermediaries shall advise their clients annually in writing of their current instructions regarding the exercise of voting rights and the forwarding of material, and to advise their clients that their instructions can be varied by providing written notice to the intermediary. Alternatively, intermediaries may mail Forms B and C to their clients annually.

III. Voting

1. *Specific Voting Instructions*

An intermediary shall vote a security of which it is not the owner in accordance with specific written voting instructions received from a non-registered holder upon whose behalf it holds the security.

2. *Intermediary May Not Exercise Voting Rights*

Except as provided in this Policy Statement, or in the case of an intermediary as provided in a legally valid written agreement, a clearing agency or an intermediary shall not exercise any voting rights in respect of a security of which it is not the owner.

3. *Revocation of Instructions*

A non-registered holder may revoke voting instructions or a waiver of the right to receive

materials and to vote given to an intermediary at any time by written notice to the intermediary and the intermediary shall use its best efforts to carry out the instructions. The intermediary is not required to act on a revocation of voting instructions in respect of a meeting that is not received by the intermediary at least 7 days before the meeting.

IV. Events in Respect of a Specific Meeting

1. Response to Search Card

Within 3 business days of receipt of a search card from an issuer the intermediary shall deliver to the issuer a response to the search card that sets out,

- (i) the identity of the intermediary;
- (ii) the approximate number of sets of proxy-related materials that the intermediary requires to distribute to the non-registered holders on its books and records who are entitled to receive the materials pursuant to instructions given or deemed to be given under this Policy Statement; and
- (iii) where the intermediary intends to use a service company for the delivery of materials, the name and mailing address of the service company.

An intermediary that holds, as of the record date, securities of a class entitled to receive notice of a meeting of shareholders, that does not receive a search card from the issuer, but which learns of the meeting, shall advise the issuer and use reasonable efforts to comply with the requirements of this Policy Statement.

2. Delivery of Proxy-Related Material

An intermediary shall deliver proxy-related materials to each non-registered holder of securities of a class whose holders are entitled to receive notice of a meeting of security holders, and in the case of voting securities, to vote such securities, as shown on its books or records as of the record date, within 3 business days after receipt of the materials, provided that,

- (a) the intermediary has received notice of the meeting and the record date;
- (b) the intermediary receives reasonable assurance of payment for the delivery of such materials; and
- (c) the non-registered holder has not waived the right to receive proxy-related material and to vote by executing instructions in Form C or by other written authorization in accordance with this Policy Statement.

Where an intermediary receives insufficient proxy-related materials, they should be sent out-

to the extent possible and the issuer advised as to the shortfall. Where the intermediary receives materials that are unlikely to reach nonregistered holders to allow sufficient time for non-registered holders to vote, the issuer should be contacted for instructions.

3. *Bearer Proxy or Voting Instructions*

- (a) The form of proxy that is delivered to the non-registered holder by the intermediary shall be signed by the intermediary as proxy holder or registered security holder as the case may be, restricted in accordance with the security holdings of the non-registered holder, and undirected as to voting. Where a clearing agency is the registered holder, the proxy shall so indicate.
- (b) In lieu of delivering a form of proxy, an intermediary may deliver a request for voting instructions to a client with the proxy-related materials, and the intermediary shall deliver a proxy, directed in accordance with the voting instructions received, to be received by the issuer not later than 2 days before the meeting date.

4. *Certificate of Mailing*

The intermediary shall deliver to the issuer a certificate of mailing certifying as to the number of sets of materials mailed, the date of mailing and the postage incurred.

PART VI - CLEARING AGENCIES' OBLIGATIONS

1. *Response to Early Search*

Upon receipt of a request and statutory declaration addressed to the issuer as set out in paragraph 2 following, by any person or company, CDS or WCDT shall deliver in writing, within two business days of the receipt of the request, a list of its participants who hold securities of a class or classes of equity securities of an issuer, their addresses, and their holdings of securities of the class or classes.

An issuer or its transfer agent making such a request is not required to deliver a statutory declaration.

2. *Contents of Statutory Declaration*

The statutory declaration shall state:

- (a) the name and address, including street and number, of the applicant;
- (b) the name and address for service of the applicant, if the applicant is not an individual;
- (c) that the information will not be used except in connection with,

- (i) an effort to influence the voting of shareholders of the corporation;
- (ii) an offer to acquire shares of the corporation; or
- (iii) any other matter relating to the affairs of the corporation.

CDS or WCDT shall furnish the issuer with the statutory declaration and a copy of the request received from an applicant forthwith upon receipt.

3. *Participants as of Record Date*

Within 2 business days after the record date specified in the search card, both CDS and WCDT shall deliver to the issuer:

- (a) a list of its participants holding securities of the class or classes specified in the search card with their addresses and holdings of securities of that class or classes, as of the record date; and
- (b) an omnibus proxy in Form A appointing the participants described above as proxy holders in respect of their respective holdings of securities of the class.

CDS or WCDT shall forthwith notify each of its participants referred to above as to the information and omnibus proxy given in respect of the participant to the issuer.

4. *Register of Intermediaries and Registered Nominees*

CDSF WCDT or other designated agent for the Canadian Securities Administrators shall maintain a current register of intermediaries and registered nominees, and shall communicate the names and addresses of the intermediaries and registered nominees to any person or company upon request and upon payment of a reasonable fee.

5. *Index of Meeting and Record Dates*

CDS and WCDT as designated agents of the Canadian Securities Administrators have agreed to maintain an index of meeting dates and record dates and make them available to the financial press. This is intended to meet the requirement in corporate legislation for the issuer to advertise record dates. An issuer may place individual advertisements of meeting and record dates if desired.

PART VII - GENERAL

1. *Unauthorized Use of Names*

No person or company shall use the names of non-registered holders, intermediaries, registered nominees, or participants furnished in compliance with this Policy Statement, except,

- (a) in the case of the issuer, in connection with the dissemination of information as to the affairs of the issuer, and
- (b) in the case of any person or company, including the issuer, in connection with,
 - (i) an effort to influence the voting of shareholders of the corporation;
 - (ii) an offer to acquire shares of the corporation; or
 - (iii) any other matters relating to the affairs of the corporation.

2. *Trafficking in Names Prohibited*

No person shall offer for sale or purchase or otherwise traffic in a list of non-registered holders, intermediaries or participants furnished in compliance with this Policy Statement.

3. *Use of Third Party Service Company*

When an issuer or intermediary advises the other in writing that it will use a service company for the purpose of distributing material to non-registered holders in compliance with this Policy Statement, notice to or by or delivery to or by the service company shall be deemed to be notice to or by or delivery to or by the issuer or intermediary, as the case may be.

4. *Disclosure by Service Company*

No service company shall disclose, except to another service company or transfer agent for the purpose of proxy tabulation, or except with the consent of the intermediary, the identity of an intermediary that supplied the name of a non-registered holder.

5. *Application to Special Meetings*

The time limits in this Policy Statement reflect the time frames that permit material for annual meetings of security holders to be prepared and delivered to non-registered holders without either undue timing pressure or undue delay by any party in the communication chain. The Canadian Securities Administrators recognize that the urgency of special meetings does not necessarily allow for a 60 day lead time. It is however necessary to mail the material to non-registered holders 25 days before the meeting date in order for them to receive the material, review it and return proxies or voting instructions, given current mail delivery times. In order that the material be in the hands of intermediaries and prepared for mailing by them, a record date of 35 days before the meeting date will normally be required.

If the issuer or other sender of material can arrange to complete the preliminary steps in less than the time limits prescribed in this Policy Statement, administrators will be prepared to grant

exemptions from the time limits.

6. *Default of Party in Communication Chain*

Where any party in the communication chain delays or fails to deliver information or materials as required under this Policy Statement, the parties whose response or action is dependent thereon shall use reasonable efforts to obtain the required information or materials from the party in default, and to comply with the spirit of the Policy Statement.

7. *Corporate Law*

The Policy Statement has been developed so that it can co-exist with provincial and federal corporate statutes. Issuers and their advisors should, however, satisfy themselves in this respect.

PART VIII - MEANS OF DELIVERY

The Securities Administrators are of the view that the most efficient means of delivery of notices or material should be employed by all parties in the communication chain.

1. *Delivery to Non-registered Holders*

Delivery to non-registered holders shall be by postage-paid first class mail or by personal delivery.

2. *Electronic Communication*

Generally, notices among issuers or their transfer agents, clearing agencies, intermediaries and service companies should be given by electronic means, if possible, including telephone where timing is critical, provided that original hard copies are retained on the files of the sender. In the case of telephoned notices, and in the case of omnibus proxies, or proxies given by intermediaries based upon voting instructions given by non-registered holders, original hard copies must be delivered to the issuer or its transfer agent following information transmitted by any other means than pre-paid first class mail or hand delivery.

3. *Provisions of Postage*

Issuers should (but are not obliged to) provide postage paid envelopes for return of proxies or voting instructions by non-registered holders since the failure to do so will generally severely impact on the level of voting. Similarly issuers are encouraged to provide postage paid cards to shareholders for requests to be placed on or remain on the supplemental mailing list.

4. *Materials in Bulk*

Materials in bulk in respect to a mailing delivered to intermediaries or service companies should as far as possible arrive together. If the materials come from different printers, at least all the

required quantities of a particular item should arrive at one time. Failure to ensure bulk delivery of sufficient materials that can be processed by intermediaries or service companies conveniently will result in unnecessary delays. The Canadian Securities Administrators are also of the view that intermediaries are entitled to charge additional fees to cover their costs if late delivery of bulk materials results in special over-time work by their staffs.

5. *Mail to and From the U.S.*

It has been brought to the attention of the Canadian Securities Administrators that mail between Canada and the United States may often take an excessive amount of time. It is advisable for issuers, transfer agents and intermediaries to take this time period into account and make suitable arrangements in respect to delivery of materials. This will be particularly important for U.S. reporting issuers who are required to mail to Canadian shareholders.

PART IX - APPLICATION TO MATERIAL OTHER THAN PROXY-RELATED MATERIALS

The use of the Shareholder Communication system set forth in this Policy Statement is not mandated for materials other than proxy-related materials delivered on behalf of issuers.

However,

- (i) Issuers and other senders of material that is required by law to be delivered to registered holders, including shareholders soliciting proxies, are entitled to and encouraged to use the communication system set forth in this Policy Statement;
- (ii) Intermediaries are required to advise their clients who are non-registered holders of the commencement of take-over bids, issuer bids, rights offerings and other events notice of which is required to be delivered to registered holders, and to advise how materials may be obtained.

PART X - FEES AND CHARGES

The fee schedule is based upon the following principles:

1. The issuer should bear the basic cost of communicating with its shareholders;
2. The intermediary should bear the cost of protection of the client-intermediary relationship or confidentiality;
3. All participants in the communication chain should bear their own start up costs; and
4. The fee schedule should encourage computerization and centralization of records of intermediaries.

There is a basic fee, payable by the issuer to the intermediary, of \$1.00 per name of non-registered holder to whom the intermediary delivers proxy-related materials, with minimum fee of \$15.00, per intermediary whose search discloses at least one non-registered holder entitled to receive the materials. The issuer also pays the actual cost of postage incurred by the intermediary in delivering the material upon receipt of a certificate of mailing. See Schedule 1 to this Policy Statement.

The \$15.00 fee is payable to an intermediary, and not to each registered nominee of that intermediary and it is not expected to cover the actual cost of a search. Intermediaries, on the basis of cost efficiency, are encouraged to computerize and centralize their records and reduce the number of their registered nominees.

The fees are intended to cover the intermediary's costs for a basic service of searching records for non-registered holders and delivering material to non-registered holders, and contemplates the delivery from the issuer (or supplier) of various items of proxy-related material on a timely basis. The fees are not intended to cover the cost of preparation of bearer proxies or requests for voting instructions.

The issuer has the alternative of offering to deliver the material itself or through its transfer agent or service company if it can do so on a less costly basis. The issuer is free to make arrangements with intermediaries that will encourage them to use this option. All participants in the communication chain will bear their own start up costs. The start up costs will include, for intermediaries, the cost of obtaining instructions from their clients as to voting and the receipt of materials.

Fees and charges by intermediaries other than in respect of proxy-related material should be dealt with by issuers or other sender of material on a negotiated basis. The Canadian Securities Administrators are prepared to regulate this area on consultation with issuers and intermediaries, if experience proves regulation to be necessary.

PART XI - EXEMPTIONS

An issuer may apply for an exemption or waiver from any the requirements of this Policy to the securities commission or similar securities administrator in a province in which it is a reporting issuer or has comparable status.

It is the intention, at least in certain provinces, to grant exemptions or waivers where the cost of compliance with this Policy Statement would be disproportionate, having regard for the size of the shareholder body, or, alternatively, on the basis of no corporate activity. It would not be appropriate for issuers to request exemptions on the basis of cash flow. To raise money from the public carries responsibilities, and the effective right to vote is a minimum right of shareholders of an issuer as is the right to receive a status report on the issuer at least annually through an information circular and financial statements.

Exemptions will not generally be granted in respect of notice of meetings to CDS and WCDDT, so that non-registered shareholders may receive notice of meetings through a published

index of meetings. Notwithstanding the granting of an exemption from this Policy Statement, issuers are required to send proxy-related material to non-registered holders who request such material through their intermediaries and intermediaries are required to do what is necessary to enable such non-registered holders to vote their securities.

The British Columbia and Alberta Securities Commissions exempt from the operation of this Policy on an interim basis respectively all exchange issuers, which are listed only on the Vancouver Stock Exchange, and all issuers listed only on the Alberta Stock Exchange, or that are listed only on these two exchanges, owing to the existing systems capability of the WCDT. These blanket exemptions do not apply to issuers that are reporting issuers in other jurisdictions.

PART XII - NATIONAL CLEARANCE OF APPLICATION FOR WAIVERS OR EXEMPTIONS

1. *Waivers Not Required*

If an issuer arranges to have carried out all of the requirements of the Policy within time limitations shorter than those time limitations established by the Policy, leaving a minimum of 25 days between the time of mailing materials by intermediaries to the non-registered shareholders and the date of the meeting in question, no application for a waiver from the Policy will be required.

Intermediaries must be placed in a position to actually mail the material at least 25 days before the meeting date. Intermediaries are entitled to 3 business days to prepare the material for mailing after their receipt of the material in bulk.

Issuers are cautioned that the costs to intermediaries of complying with the Policy within a shorter time frame may be increased, and the intermediaries are entitled to recover costs attributable to the shorter time frame (eg. courier, long distance telephone calls) that would not otherwise have been incurred by the intermediary. Moreover, intermediaries may not be in a position to respond to searches more quickly than the Policy requires.

2. *Waivers - National Clearance*

If an issuer requires a waiver of some of the requirements of the Policy to take account of a particular situation or difficulty and the intent of the Policy and its basic procedures will be followed, but the proposal provides for fewer than 25 days to transpire between the time of sending materials by intermediaries to the non-registered shareholders and the date of the meeting, an issuer will be required to make application for a waiver from such requirements of the Policy. The issuer should set out its proposal in reasonable detail in a letter (the "letter of application") and send it to a jurisdiction of its choice among the following jurisdictions that are prepared to act as principal jurisdictions in respect of National Policy Statement No. 41: British Columbia, Alberta, Ontario, Quebec.

If the proposals are satisfactory to the principal jurisdiction, it will so confirm in writing indicating that the Commission of that jurisdiction will waive non-compliance with the strict terms of the Policy (the "waiver"). The issuer then will deliver copies of both the letter of application and

waiver to all jurisdictions in which it is a reporting issuer or has the equivalent status. If a jurisdiction does not advise the issuer to the contrary within 3 business days after receipt of the letter of application and the waiver of the principal jurisdiction, it will be deemed to have agreed with the position of the principal jurisdiction. A written waiver must, in each instance, be obtained from Alberta.

Issuers are encouraged to work out satisfactory arrangements with the staff of the principal jurisdiction prior to writing a letter requesting waiver to facilitate this process. Again, issuers are cautioned that arrangements involving a shortening of the time limitations set out in the Policy may involve renegotiation with the intermediaries of the fees set out in Schedule 1 to the Policy, particularly if delivery of meeting materials is to be made by courier.

3. *Exemptions - National Clearance*

If the request is for an exemption from the Policy, that is, from the basic requirement to delivery proxy-related material and audited financial statements to non-registered holders, or where the time periods proposed are so short as to make receipt and return of proxies unlikely, a formal application must be made to each jurisdiction wherein the issuer is a reporting issuer or the equivalent. The application should set forth all the jurisdictions in which the application is made and should again designate British Columbia, Alberta, Ontario or Quebec as principal jurisdiction.

Every application, with a draft exempting order and supporting material, shall be faxed (originals to follow by mail) or delivered by courier to each applicable jurisdiction so that the applications will be received as nearly as may be on the same date. Staff of the non-principal jurisdictions will transmit their comments to the principal jurisdiction within 3 business days of receipt of the application.

The Commission of the principal jurisdiction will make its determination having regard to comments received and will communicate its order to the other jurisdictions named in the application. Each concerned Commission will issue its own order in its own discretion, but will have the benefit of the decision of the principal jurisdiction.

4. *Authority to Grant Waivers*

In order to facilitate the operation of the procedure described in paragraph 2 above, the authority to grant waivers (but not exemptions except in Nova Scotia) under National Policy Statement No. 41 has been delegated by the respective Commissions as follows:

Alberta	-	Director or Deputy Director
British Columbia	-	Deputy Superintendent, Exemptions and orders
Nova Scotia	-	Registrar

- Ontario - Legal Advisor or Manager, Financial Disclosure
- Quebec - Chef du Service de l'information continue

5. *General*

All applications, whether for waivers or exemptions, should clearly indicate that they are made pursuant to this Part XII of the Policy, should indicate the principal jurisdiction in which the application is made, and should indicate where relevant the time in which the appropriate response is required under the Policy.

If the issuer is not a reporting issuer in British Columbia, Alberta, Ontario or Quebec, it should deal with the securities administrator in its home jurisdiction as principal jurisdiction.

Issuers are advised that if the effect of an exemption from under this Policy is that the issuer does not deliver proxy-related material, including audited annual financial statements, to its non-registered holders, or does not establish and maintain a Supplemental Mailing List in accordance with the Policy, the issuer will not have the benefit of the exempting orders given by the various Commissions in respect of the delivery of interim financial statements to registered shareholders.

PART XIII - APPLICATION OF POLICY TO ISSUERS HAVING NO NON-REGISTERED HOLDERS OR NO UNIDENTIFIED NON-REGISTERED HOLDERS

A number of issuers, for example mutual funds whose shares or units are distributed through their own distribution arms, or limited partnerships, either have no shares or units registered in the name of clearing agencies or intermediaries and so have no non-registered holders, or know the name and address and holdings of all their non-registered holders.

Such issuers are not required to follow the search procedures in the Policy that are obviously irrelevant. However, such issuers are required to set a record date for their meetings of security holders and advise CDS and WCDT in accordance with the Policy, so that the meetings are included in the comprehensive national index of meeting and record dates of reporting issuers. They should also check their shareholder list against the registered nominee list that is maintained by CDS, and if there are intermediaries or their nominees thereon, send search cards in accordance with the Policy.

It is strongly recommended that proxy-related material be mailed by such issuers to security holders no later than 25 days before a meeting of security holders.

Such issuers are reminded that they must comply with the requirements in the Policy relating to establishing and maintaining a Supplemental Mailing List, if they wish to avail themselves of the exempting order of the various Commissions in respect of the delivery of interim financial statements to registered security holders.

Shareholder Communication

Schedule 1 -- Fees And Charges

- 3. (i) A \$1.00 per name of non-registered holder to whom the intermediary delivers proxy-related material, with a \$15.00 minimum fee where there is at least one non-registered holder.
- (ii) The actual cost of postage incurred by the intermediary in delivering the proxy-related materials to the underlying owners.

**FORM A
OMNIBUS PROXY**

The undersigned, being a registered security holder or proxy holder of _____ (the issuer), hereby appoints Each of the persons or companies identified in the attached schedule, with power of substitution in each, 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 described below, and at any adjournment thereof.

This instrument supercedes and revokes any prior appointment of proxy made by the undersigned with respect to the voting of the securities specified below at said meeting.

Issuer

Title of Security (and CUSIP Number)

Record Date of Meeting

Date of Meeting

Place of Meeting

Date

Registered Security Holder
or Proxy Holder

Signing Officer

FORM B
Letterhead of Intermediary

SHAREHOLDER COMMUNICATION INFORMATION FORM

As a non-registered security holder of a corporation or other issuer, you have the same right as a registered security holder to vote at annual and special meetings of that issuer. Most common shares carry this privilege, as do preferred shares in certain circumstances. This voting right is provided to registered security holders in securities and corporate legislation and carries with it the right to receive such material as notices of meetings, information circulars, and proxies from the issuer of the securities. As your securities are held in safe custody by [named intermediary] and not registered in your name, we may provide material directly to you or may, unless you object, provide the issuer with your name, address and extent of security ownership so that the issuer can provide material directly to you. You are also entitled to receive the audited financial statements of the issuer.

You may indicate your desire to receive notice of meetings of security holders, including audited annual financial statements, and proxies entitling you to vote by initialling Option 1 on the enclosed Form C -Shareholder Communication Instructions. If you do not wish to receive such materials please initial Option 2 on the enclosed Form C.

Please indicate whether or not you consent to have your name,, address and security holdings disclosed to issuers or other senders of material that is required by law to be delivered to security holders by initialing YES or NO on the enclosed Form C.

Form C - Shareholder Communication Instructions covers all securities held in your accounts with [named intermediary]. Should you have different instructions for a particular security, it should be placed in another account and another Form C in respect of that account completed.

Additional material from the issuer, such as quarterly reports, may be obtained by completing and returning the card enclosed with the notice-of annual meeting of the issuer, or by writing directly to the issuer requesting that your name and address be added to the issuer's supplemental mailing list. We will assist you to do this upon your request.

You may change your instructions at any time by writing to us.

Please mail or deliver the enclosed Form C in the enclosed postage-paid envelope promptly to [named intermediary].

If you fail to return Form C:

1. You will not receive proxy-related material in respect of annual meetings of security holders or audited annual financial statements from the issuers of securities held in your account(s) with us unless they are registered in your name.
2. [Named intermediary] may at its option disclose your name, address and security holdings to issuer of securities held by you and other senders of material required by

