

## Summertime: Look forward! Don't look back, you are not going that way

We are loving Toronto this August. And you? This Bulletin presents you with an update on new disclosure rules for Director election, in addition to some local flavour on the goings on in our office:

### Bill Volk Celebration Golf Classic

The Capital Lab is pleased to sponsor the Second Annual Bill Volk Celebration Golf Classic on September 10th, 2013 in support of Right To Play and in memory of Bill Volk. We are super excited to participate in this effort again this year and in particular, to try for the Hole in One prize.



Click here for more [details](#).

Click here to [register](#).



Closer to home we are delighted to congratulate Jasmine Virk on her promotion to Director, Corporate Secretary and Communications. Jasmine, a committed and talented part of our team, has worked with The Capital Lab since 2008.

Jasmine Virk is determined to support and assist. She provides detailed, and in-depth research support for all clients, across various industry sectors with a focus on corporate secretary and board relations. She is also responsible for global marketing management.

The focus of The Capital Lab is to support global companies with their communications strategies, particularly in a strategic transition period. Jasmine provides full service logistical support for international roadshows, internal support on corporate secretarial services and also helps in the development of extensive due diligence databases and execution of TSX filings and securities regulations.



Originally from India, Jasmine came to Canada in 2007 to complete her studies in Marketing Management and Financial services, after receiving her bachelors of commerce degree in India. Jasmine is currently completing her Canadian Securities Course certification. Jasmine is highly organized and responsive and deals extensively with directors and the senior executives of issuer companies.

Jasmine speaks English, Hindi and Punjabi and lives in Toronto, Canada.

### New Photos

It was time! Come see our new photos at [www.thecapitallab.com](http://www.thecapitallab.com).

### Communications Skills

Belinda Labatte, Principal of The Capital Lab is currently teaching a workshop for the [Toronto CFA Society](#) titled "Communications Skills: Tools and Techniques When Under Fire". This is a Continuing Education course for CFA and non CFA members and provides for 1 CFA Institute CE credit hour. For anyone interested in taking their communications skills to the next level using practical tools and techniques, and immediately applicable as you walk out the door...come join us!

Thursday, July 18, 2013 – FULL

Tuesday, September 17, 2013 – UPCOMING

This workshop is designed for professionals who want to upgrade their communication skills for challenging conversations and difficult lines of questioning.

**The Capital Lab** : strategic investor relations and business development. [www.thecapitallab.com](http://www.thecapitallab.com).

Contact: **Belinda Labatte** at [belinda@thecapitallab.com](mailto:belinda@thecapitallab.com) for more information | Phone 647.436.2152 or **visit us** at 76 Richmond Street East, Suite 330 Toronto, Ontario, corner of Richmond and Church.

## Director Election and AGM Disclosure

The Toronto Stock Exchange (“TSX”) had adopted amendments to the director election requirements (the “Requirements”) in the TSX Company Manual, effective December 31, 2013. The objective was to strengthen the Canadian corporate governance regime and support the integrity and reputation of the Canadian capital markets. Pursuant to the amendments, issuers listed on the TSX must adopt the following Requirements.

Note that from an investor relations perspective, there was previously some amount of discretion in how to disclose voting results. The TSX has now clarified the disclosure it wants to see post-AGM. Read below:

1. **Annual Director Elections:** Issuers must hold annual election for all directors. This was aimed to help eliminate staggered boards.
2. **Individual Director Elections:** Issuers must elect directors individually rather than by slate. This will allow securityholders to vote ‘for’ or ‘withhold’ for each individual director nominee.
3. **Disclosure of Majority Voting Policy:** Issuers must adopt majority voting standards for election of directors at uncontested meetings. Majority voting calculates both the number of ‘for’ and ‘withhold’ votes cast for each individual board nominee. The directors who receive a majority withhold vote will have to immediately tender their resignation, effective upon acceptance by the board. The board must consider their decision and disclose its decision and reason by news release no later than 90 days after the date of the resignation.
4. **Disclosure of Voting Results:** Promptly issue a news release providing detailed disclosure of the voting results for the election of directors.

With the completion of 2013 proxy season, in July 2013, TSX released a **staff notice** providing guidance on the Requirements.

### **Application of the Requirements to Interlisted International Issuers**

The Requirements will apply to interlisted international issuers once the issuer mails materials for its first annual general meeting occurring after the issuer has been listed on the TSX for at least six months. At this point, the interlisted international issuer may apply for an annual waiver from the Requirements. TSX will consider the waiver of the Requirements on the basis of the following factors:

- issuer’s level of activity in the Canadian market, including the level of trading in Canada and the home market. TSX will be more receptive to an application if at least 75% of the value and volume of the issuer’s trading in the six months preceding the application has occurred outside of Canada.
- whether the corporate governance framework to which the issuer is subject demonstrates a comparable to the policy objectives of the Requirements. TSX will be inclined to grant a waiver if the issuer can confirm compliance with the director election standards and practices of or equivalent to Australia, United Kingdom or the state of Delaware and those of its principal trading market.

If TSX grants a waiver, the issuer must disclose the relief granted and the reasons for requesting such relief in its management information circular.

### **Content of News Release**

The news release disclosing the results of a director election must provide insight into the level of support received for each director. TSX requires the news release to disclose one of the following:

- the percentages of votes received ‘for’ and ‘withheld’ for each director;
- the total votes cast by proxy and ballot, together with the number that each director received ‘for’; or
- the percentages and total number of votes received ‘for’ each director.

Our recommendation is that the press release should disclose the total number of votes cast by proxy and ballot, in addition to the percentages and number of votes received ‘for’ and ‘withheld’ for each director.

If there was no formal count to represent the level of support received by each director, TSX expects disclosure should at least reflect the votes represented by proxy that would have been withheld from each nominee had a ballot been called, as a percentage of votes represented at the meeting.

### **Additional Guidance**

The staff notice clarifies the Requirements will not apply to issuers with director appointment rights that have been accepted by TSX. Finally, TSX cautions that avoidance of the policy objectives through by-law provisions will be considered as a failure to comply with the Requirements.

