

APPENDIX A

Summary of Public Comments and CSA Responses On Proposed Repeal and Substitution of Form 51-102F6 *Statement of Executive Compensation*

Background

On March 29, 2007, the CSA published a Notice and Request for Comment (the **March Notice**). Part A related to the rules requiring disclosure of executive compensation. Specifically, substituting a new Form 51-102F6 *Statement of Executive Compensation* for the old form which we would then repeal. Part B related to certain other amendments to the continuous disclosure obligations in National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and to Forms 51-102F2 *Annual Information Form* and Form 51-102 F5 *Information Circular*.

The comment period expired on June 30, 2007 and we received submissions from 41 commenters who are listed in the next section. We have considered the comments received in response to the March Notice and wish to thank all those who took the time to comment. Of the 41 commenters that responded

- 38 addressed issues pertaining to Part A of the March Notice (executive compensation) and certain aspects of Part B of the March Notice (report of voting results, definition of venture issuer and disclosure of cease trade orders)
- 3 limited their comments to one aspect of Part B of the March Notice (the proposed change to the definition of venture issuer).

On October 12, 2007, the CSA published a Notice of Amendments to NI 51-102 and other related instruments (the **October Notice**). Appendix B to the October Notice contains a summary of the comments made by 15 of the 41 commenters to the extent that these comments related to Part B of the March Notice.

The following table contains a summary of comments made by 38 of the 41 commenters to the extent that these comments related to the executive compensation form. In addition, we have included a number of miscellaneous comments in the table. We have organized the table so that it follows the format of the proposed executive compensation form and is divided into nine parts or items as they are called in the proposed form (the **Proposed Form**) being republished for comment with the notice. The table includes a summary of the comments we received (middle column) and our responses to those comments (right column). This summary is derived from both answers to questions that we asked and general comments provided by commenters. In items 1.1 through 1.11, we have summarized the notable comments that we received. In items 10.1 through 10.5, we have summarized the general comments that we received.

List of Commenters

407 International Inc*
Astral Media Inc.
Blake, Cassels & Graydon LLP
Bombardier
British Columbia Investment Management
Canada Pension Plan Investment
Canadian Bankers Association
Canadian Coalition for Good Governance
Canadian National Railroad Company
Canadian Oil Sands
Credit Union Central of British Columbia*
Deloitte & Touche LLP
Enbridge Inc.
Enersource Corporation*
The Ethical Funds
Don Hathaway
Hermes Equity Ownership Services Limited
Hugessen Consulting Inc.
Imperial Oil Limited
Institutional Shareholders Services Canada Corp.
Manulife Financial
Mercer Human Resource
Metro Inc.
Nexen
Ogilvy Renault
Ontario Bar Association
Ontario Teachers Pension Plan
Osler Hoskin & Harcourt LLP
Pension Investment Association of Canada
Joan Reekie
Shareholders Association for Research and Education
Fred W.T. Somerville
Stikeman Elliott LLP
Sun Life Financial
Talisman Energy Inc.
Torstar Corporation

Towers Perrin
TransCanada PipeLines Ltd.
Watson Wyatt Worldwide
Winpak
WorldatWork

* These comments relate only to the definition of venture issuer.

Summary of Comments Table

Item	Summary of comments	CSA response
NOTABLE COMMENTS		
1.1	<p>Improving quality and transparency of disclosure Twenty-five commenters support the general purpose of improving the quality and transparency of executive compensation disclosure and believe that the proposed form contributes to realizing these purposes.</p> <p>However, two commenters noted that additional transparency of executive compensation could create an unintended “ratcheting-up” of compensation levels.</p>	<p>We acknowledge these comments. We believe that any potential adverse effects that may arise from the requirement to disclose additional information about executive compensation are outweighed by the benefit of having this important information available to investors.</p>
1.2	<p>Harmonizing with SEC rules One commenter supports harmonizing with the SEC rules. Ten commenters recognize the merits of harmonization but support deviations where appropriate. Five commenters do not support harmonizing because it will reduce the likelihood of developing effective disclosure in Canada.</p>	<p>Our goal is to develop effective disclosure rules in Canada. Though we have generally harmonized with the SEC requirements, we have departed from them where appropriate. For example, the Proposed Form requires a company to:</p> <ul style="list-style-type: none"> • disclose share awards and option awards using grant date fair value rather than the accounting method; and • only include compensatory amounts in calculating pension values.
1.3	<p>Equity valuation methodology: concerns Six commenters express general support for the changes to the proposed form but are concerned with the requirement in the proposed form that issuers disclose the accounting value of equity awards granted to NEOs. They recommend that we require issuers to disclose the fair value at the date of grant of any equity awards.</p> <p>In response to question 10, twenty-four commenters support disclosing fair value at grant date of equity awards.</p>	<p>We agree with these comments and have revised the Proposed Form to require companies to disclose the grant date compensation fair value of share awards and option awards given to NEOs. For a more detailed discussion see our responses in items 2.1, 3.1 and 4.23, below.</p>
1.4	Principle-based regulation	

Item	Summary of comments	CSA response
	<p>Four commenters support the use of principles-based regulation rather than rule based regulation.</p> <p>One commenter recommends that we replace the phrase “typically would include” to “depending on the circumstances, may include.” The commenter feels that this would make the proposed form less prescriptive in nature and more in keeping with principles-based regulation.</p>	<p>We acknowledge these comments. We believe that the Proposed Form does not require companies to disclose information relating to compensation structures and other matters that do not apply to them. We believe that the Proposed Form achieves our goal of developing a principles-based approach.</p>
1.5	<p>Capture emerging best practices</p> <p>One commenter is encouraged that many large issuers have improved their disclosure beyond what is required by the current form and, in some cases, beyond what is required by the proposed form. Four commenters believe that some of the proposed changes fall short of emerging best practices voluntarily assumed by large issuers or the Canadian environment.</p> <p>One commenter fears that the proposed form does not provide investors with the most meaningful and easily understandable information or balance the value of the information to the time required to consolidate and disclose it.</p>	<p>In drafting the Proposed Form we tried to strike an appropriate balance between full disclosure of compensation information and our desire not to burden companies with unduly onerous disclosure obligations. As a result of comments that we received, we have, in certain areas, enhanced our requirements to reflect practices that have developed in Canada. Note that companies must comply with the requirements of the Proposed Form subject to the objective set out in section 1.1 of the Proposed Form. Disclosure not specifically required by an Item in the Proposed Form may, nevertheless, be required to be disclosed if such disclosure is necessary to satisfy this objective. In addition, even if disclosure is not necessary to satisfy this objective, we encourage companies to voluntarily disclose any additional information that will help readers better understand their compensation policies.</p>
1.6	<p>Fragmented disclosure</p> <p>One commenter notes that recent CSA initiatives have resulted in a hodgepodge of disclosure in various documents with no apparent link between the various initiatives or between the resulting disclosures. The commenter believes that the CSA should rationalize its continuous disclosure requirements and articulate a strategy that results in appropriately linked disclosure being presented in appropriate documents. As such, the commenter believes it may be time for the CSA to consider requiring all issuers to file an annual information form or adopt a filing structure similar to that in the United States.</p>	<p>Rationalizing all of the continuous disclosure requirements is beyond the scope of our proposal to repeal and substitute Form 51-102F6 <i>Statement of Executive Compensation</i>.</p>
1.7	<p>Reopening of proposed form for comment</p> <p>Three commenters suggest after two years of disclosure under the new rules for the disclosure of performance targets, the issue should be</p>	<p>As part of the rulemaking process, we closely monitor new rules in the first year after implementation to ensure that they are working as</p>

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	<p>reopened for comment with a view to narrow the competitive harm exemption and one commenter suggests this issue along with results from CD reviews should be reopened for comment. One commenter suggest that five years is a reasonable time frame to review disclosure requirements.</p> <p>Two commenters suggest the disclosure required by the proposed form, if adopted, should be subject to targeted continuous disclosure reviews. One commenter suggests recommendations made by regulators to issuers as part of the ongoing CD review process could be made available to other issuers for guidance. The CSA should conduct CD reviews in the first year and the priority should be the sector of the market where the enhanced executive disclosure has the potential to truly make a difference.</p>	<p>intended. We consider proposing amendments to address any substantive issues that arise as a result of this monitoring process.</p> <p>In considering when to conduct targeted continuous disclosure review of requirements established through rules we need to assess the other initiatives that we have undertaken and assess which initiative should be given priority. Consequently, we do not review disclosure requirements on a pre-determined schedule. Note, however, that we have an ongoing commitment to conduct general continuous disclosure reviews. These reviews typically include consideration of a company's executive compensation disclosure. Though we do not disclose the results of individual reviews, we may publish additional guidance in the form of a staff notice if we find recurring deficiencies or themes in the disclosure that we believe will be of interest to other companies.</p>
1.8	<p>Actuarial changes to pension plan values in the Summary Compensation Table (SCT)</p> <p>One commenter believes the inclusion of service cost (rather than actuarial value) of an NEO's pension plan in the SCT would provide more useful disclosure on compensation awards and allow for more meaningful comparisons between compensation disclosures provided by different issuers.</p> <p>One commenter recommends that disclosure should include the aggregate annual service cost and aggregate actuarial value of all Supplemental Executive Retirement Pension (SERP) arrangements.</p>	<p>See our response in item 4.24, below.</p>
1.9	<p>Complexity of proposed form</p> <p>Six commenters are concerned that certain sections of the proposed form are too complex for shareholders to understand.</p>	<p>We acknowledge that some aspects of executive compensation disclosure as required by the Proposed Form involve complex concepts that may be difficult for some shareholders to understand. However, their mere complexity does not outweigh the benefit of having this important information available to investors. We note that some of the requirements of the Proposed Form attempt to address these concerns. For example,</p>

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		the disclosure of a total compensation number in the summary compensation table (SCT) and the requirement to prepare compensation discussion and analysis (CD&A) are meant to facilitate the objective of communicating what the board of directors intended to pay or award certain executive officers and directors for the financial year.
1.10	<p>Timing Five commenters commented on the proposed timeline for implementation. The details are captured in question 26.</p>	See our response in item 10.5, below.
1.11	<p>Other comments One commenter is concerned that moving the share performance graph to the Compensation disclosure and analysis and requiring comparison to executive compensation gives too much prominence to only one measure of success.</p> <p>One commenter recommends that discussion of performance targets in the CD&A should include disclosure of the use of comparator companies in benchmarks and include the name of those companies.</p> <p>One commenter recommends that executive compensation disclosure be in plain English in order to be as clear as possible to shareholders.</p> <p>One commenter believes companies should be encouraged to disclose their equity ownership guidelines for executives and directors.</p>	<p>See our response in item 3.15, below.</p> <p>See our response in item 3.2, below.</p> <p>Section 5.1 of the Companion Policy to NI 51-102 recommends that plain language principles be used when preparing disclosure. This recommendation applies to the preparation of the Proposed Form.</p> <p>See our response in item 3.6, below.</p>
<p>ITEM 1 – GENERAL PROVISIONS (March Notice version of Proposed Form)</p>		
<p>Section 1.1 Purpose (March Notice version of Proposed Form)</p>		
<p>Question 1: Will the proposed executive compensation form clearly capture all forms of compensation? Have we achieved our objective in drafting a document that will capture disclosure of compensation practices as they change over time?</p>		

Item	Summary of comments	CSA response
2.1	<p>Capture all forms of compensation Eleven commenters believe that the proposed language captures all forms of compensation. Of these eleven commenters, two made the following specific comments.</p> <ul style="list-style-type: none"> • Setting out general requirements rather than specific requirements will lead to better disclosure as compensation practices change over time. • Providing a general explanation at the beginning of the form setting out the objective of the form and how each of the sections of the form provides information necessary to achieve that objective will increase the useful life of the form even if compensation models change over time. <p>Thirteen commenters do not believe that the proposed language captures all forms of compensation. They noted that:</p> <ul style="list-style-type: none"> • The proposed presentation of stock and option awards based on the accounting value is not appropriate. Valuation of stock-based pay based on accounting value may not reflect the pay as determined by the compensation committee. • The pension value reported in the SCT will not provide meaningful information to investors as it is based on change in actuarial value and inappropriately distinguishes between defined benefit and defined contribution plans. • The disclosure of compensation objectives for new reporting issuers is insufficient. • Deferred compensation is not adequately captured. • Some of the requirements for disclosure overlap, leaving the impression that the executive is receiving more compensation than 	<p>We agree that stating the objectives for executive compensation disclosure enhances the utility of the form. Stating the objectives is also consistent with a principles-based approach. Accordingly, we have revised section 1.1 of the Proposed Form to do so.</p> <p>We have also decided to make two fundamental changes to the required disclosure. We propose</p> <ul style="list-style-type: none"> • departing from the March Notice of including in the SCT the value of share awards and option awards derived using the accounting method. Instead we propose including the grant date compensation fair value in this table. See our response in item 3.1, below. • departing from the March Notice of including in the SCT the change in the actuarial value of the pension plan as this combines compensatory and non-compensatory values. Instead, we propose including only compensatory values in the pension column but for both defined benefit and defined contribution plans. See our response in item 4.23, below. <p>While we acknowledge the other comments that the Proposed Form does not capture all forms of compensation, we generally decided against adding specific requirements to capture such other forms of compensation. Consistent with our principles-based approach, we note that executive compensation disclosure is the responsibility of companies and that companies must make that disclosure with the objective of communicating what the board of directors intended to pay or award certain executive officers and directors for the financial year. Even if a form of compensation is not explicitly identified in the Proposed Form, a company must consider whether disclosure is, nevertheless, required because the failure to do so would be contrary to this objective.</p>

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	<p>was actually awarded. Additionally, assigning a dollar value to all forms of compensation is misleading as it may not reflect the value ultimately received by the executive.</p> <ul style="list-style-type: none"> • While all forms of compensation are likely to be captured, they may not be captured clearly and consistently. • It is unclear to what extent performance metrics on which variable pay is based remain undisclosed for "competitive" reasons. • There may be issues related to the determination of perquisites as it is left to management's analysis to determine if an item is a perquisite. 	
Section 1.3 Definitions (March Notice version of Proposed Form)		
2.2	<p>Closing market price One commenter asks us to consider whether "marketplace" can be substituted for "market" in the definition of "closing market price." The commenter notes that National Instrument 51-102 provides a definition of "marketplace."</p> <p>The commenter also notes that the definition of "closing market price" is based on the issuer's "principal Canadian market". The commenter wonders whether the definition should also contemplate situations where there is no "Canadian market" for the securities of the issuer in question.</p>	We agree with the comments and have revised the definition of "closing market price" in section 1.3 of the Proposed Form.
2.3	<p>Company One commenter notes that it may be preferable to use the term "issuer" (which has an appropriate meaning for this purpose without the need for a definition in the proposed form) as opposed to the term "company" which could be misleading.</p>	While we acknowledge there are some advantages to replacing the term "company" with the term "issuer", we decided not to make this change in order to maintain consistency with the use of the term "company" in the other forms of NI 51-102.
2.4	<p>Equity incentive plan One commenter suggests that we expand the definition of "equity</p>	"Equity incentive plan" generally includes an incentive plan that involves

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	<p>incentive plan" to note that Section 3870 of the Handbook applies not just to equity-settled awards, but also to awards that are based on the stock price or unit price and which are settled in cash and/or by purchasing shares or units in the open market as the awards come due. The commenter expressed concern that non-accountants do not generally understand that these non-equity settled (but equity-based) arrangements fall within the scope of 3870.</p>	<p>the award of equity-linked instruments (regardless of whether those instruments are ultimately settled by issuing equity instruments or settled in cash). "Equity incentive plan" generally does not include awards of cash for which the performance condition is based on a threshold price of the company's stock. We believe that the reference to Section 3870 of the Handbook provides those companies that have cash-settled equity arrangements with sufficient guidance to complete the Proposed Form and provide meaningful disclosure of these items to readers. We also believe that preparers generally have access to advisors who understand Section 3870, and that readers don't need to understand Section 3870 to fully understand the information disclosed in the Proposed Form.</p>
2.5	<p>NEO</p> <p>One commenter requests clarification of whether the \$150,000 threshold is calculated in Canadian funds or in the currency of the financial statements of the issuer (i.e. U.S. dollars).</p> <p>Two commenters believe that we should clarify how to determine who should be disclosed as NEO. Both commenters believe that the relevant amount of compensation is the compensation actually paid or awarded during the financial year.</p> <p>The definition of "executive officer" relates to a vice-president in charge of a principal business unit, division or function. Confusion may result regarding how this definition is to be applied to individuals (at both the top management and vice-president level) at subsidiaries which may be significant subsidiaries, but may not technically be caught by the definition of executive officer. The definition of executive officer should be amended to include a president, a vice-president in charge of a principal business unit, division or function of a significant subsidiary.</p> <p>One commenter suggests deleting criteria (c) regarding individuals in</p>	<p>References to "\$" or "dollar" in the Proposed Form are to the Canadian dollar unless otherwise stated. Companies must translate payments made in a currency other than the Canadian dollar, including payments in the currency of the financial statements of the issuer, into Canadian dollars for the purposes of the \$150,000 threshold in the definition of "NEO".</p> <p>We have added subparagraph 1.4(5)(a)(i) of the Proposed Form to clarify that, when calculating the total compensation to determine who is an NEO for a company's most recently completed financial year, the company should use the total compensation that would be reported under column (i) of the summary compensation table required by section 3.1 for each executive officer, as if that executive officer were an NEO for the company's most recently completed financial year</p> <p>We have not made the suggested change. Under paragraph (c) of the definition of "executive officer" in NI 51-102, a director, an officer, or another employee of a subsidiary of a company is an executive officer of the company if that individual performs a policy-making function in respect of the company. Such an individual would also be an NEO for the purposes of the Proposed Form if the individual otherwise satisfies the criteria set out in the definition of "NEO".</p>

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	<p>policy-making functions. The commenter notes that criteria (c) regarding individuals in policy-making functions may to some extent duplicate (b) wherein functions such as “sales” are already listed and believes that the requirement in (c) could be more clearly included under (b) by including specific examples (e.g. “legal, human resources, etc.”) of what was intended.</p>	<p>We have not made the suggested change. Paragraph (c) of the definition of “executive officer” in NI 51-102 applies to individuals who may not even be a director, officer, or employee of the company itself, and so, does not unnecessarily duplicate paragraph (b) of that definition.</p>
<p>2.6</p>	<p>Option and stock Four commenters suggest defining what an option is rather than providing examples of what can constitute an option and then concluding the definition of using general language “similar instruments with option-like features”. These commenters prefer current Form 51-102F6, which refers to options, share purchase warrants and rights granted by a company or its subsidiary as compensation for employment service or office.</p> <p>One commenter believes that the definitions of “option” and “stock” could be more precise. This commenter suggests that the definitions of “option” and “stock” should be limited to instruments that fall within the scope of Section 3870 of the Handbook and some instruction should be provided as to where stock and option awards should be disclosed if they do not fall within the scope of Section 3870.</p>	<p>While we have replaced the term “stock” with the term “shares” throughout the Proposed Form, we have not changed the definition. We believe that the definitions of “options” and “shares” adequately define these instruments. An instrument that is within the definition of “shares” or the definition of “options” but that falls outside the scope of Section 3870 of the Handbook must, nevertheless, be treated as shares or options for the purposes of the Proposed Form.</p>
<p>2.7</p>	<p>Salary As there is no definition of “salary”, one commenter suggests that we clarify whether this term would include fixed regular compensation such as that found in the retainers payable under some consulting agreements.</p>	<p>We agree with the commenter that, in most cases, fixed regular compensation such as retainers payable under consulting agreements are substantially similar to salary. However, we have not specifically stated so in the Proposed Form because we believe that stating so is unnecessary. Under the objective in section 1.1 of the Proposed Form, the disclosure required must communicate what the board of directors intended to pay or award certain executive officers and directors for the financial year. A form of compensation that is substantially similar to salary that is not disclosed as salary under the requirements of the Proposed Form would be contrary to this objective. Adding a definition for “salary” and specifically including retainers payable under consulting agreements in that definition would be contrary to our principles-based approach.</p>

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2.8	<p>Restricted stock</p> <p>One commenter notes that the definition of “stock” includes references to “restricted stock” and “restricted stock units.” The meaning of “restricted,” as used in the definition of “restricted securities” in National Instrument 51-102, is quite different from its meaning when used in relation to “restricted stock” in the proposed form. A definition of “restricted stock” and “restricted stock units” should be provided, or different terminology should be used.</p>	<p>References to “restricted share” and “restricted share unit” in the Proposed Form are used in the context of compensation. As used in the Proposed Form, these terms have no relation to the defined term “restricted securities” in NI 51-102. A definition of these terms is unnecessary because we believe that their ordinary meaning in the context of compensation is well understood.</p>
<p>Question 2: Do you agree with our proposal not to substantially change the criteria for determining the top five named executive officers? Should it be based on total compensation or some other measure, such as those with the greatest policy influence or decision making power at the organization?</p>		
2.9	<p>Current criteria for determining top five NEOs</p> <p>Twenty-one commenters agree with the decision not to substantially change the criteria for determining the top five named executive officers (NEOs).</p> <p>Of these twenty-one commenters, eight believe that we should not use the accounting standards to value equity-based compensation. Some commenters noted that:</p> <ul style="list-style-type: none"> • The use of accounting values will lead to unnecessary volatility and variability in the determination of NEOs. • If the grant value rather than the accounting value of long-term incentive awards is used, then it is more acceptable to use long-term incentive awards in the determination of NEOs. • We should ignore the accounting obligation to expense the full grant of equity awards when an employee becomes eligible to retire and provide the flexibility to ignore special grants made in certain circumstances. <p>Of the twenty-one commenters, two commenters address issues relating to the exclusion of change in pension value from determining who is an NEO. Specifically:</p>	<p>We acknowledge these comments.</p> <p>In response to these comments, we added subsection 1.4(5) of the Proposed Rule to clarify that when calculating the total compensation to determine who is an NEO in a company’s most recently completed financial year under the definition of “NEO”, a company should use the total compensation that would be reported under column (i) of the SCT for each executive officer, as if that executive officer were an NEO for the company’s most recently completed financial year. Accordingly, companies must use grant date fair value to determine who is an NEO.</p> <p>We also note that clause 1.4(5)(a)(ii)(A) of the Proposed Form provides that any compensation that would be reported under column (g) of the SCT may be excluded from this calculation. Since both defined benefit and defined contribution plans are now reported under column (g) of the SCT, both are excluded from the calculation in determining who is an NEO.</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • One commenter believes that all compensation other than a change in pension value should be included in determining who is an NEO. However, the commenter suggests that if the pension value were calculated to include only compensatory amounts, then total compensation including the pension amounts could be used to determine who is an NEO. Another commenter believes that not to include change in pension value in the calculation of total compensation could have a disproportionate impact on determining who the five highest paid officers are in a given year. • One commenter notes that contributions by the company to vested and unvested DC plans are included in the total compensation for determining the highest paid executive officers who must be included in the table. This could affect who is included in the table for companies which have executives who participate in a DB plan and some who participate in a DC plan. <p>Eight commenters suggest changes to the definition of a “NEO”.</p>	<p>We have not made any of these suggested changes. In making this decision, we generally weighed the benefit of making each suggested change against the additional burden that we would be imposing on companies by complicating the calculation.</p>
2.10	<p>Use of “greatest influence” in determining top five NEOs</p> <p>Nine commenters do not support a test of “greatest influence” in determining the top five NEOs as this is too subjective a matter. Some commenters note that including subjective criteria, including decision-making power, would lead to inconsistencies within and between companies and make the determination easier to manipulate.</p> <p>Three commenters note that in determining the top five NEOs both policy influence and decision-making power should be included. Some criteria other than compensation is very relevant, and including an employee without any policy-making or senior management responsibilities on the list of NEOs wholly on the basis of their compensation is inappropriate.</p> <p>Four commenters note that the definition of “executive officer” in NI 51-</p>	<p>We acknowledge these comments. See our response in item 2.9, above.</p>

Item	Summary of comments	CSA response
	102 builds in a policy-making element in any event.	
2.11	<p>Other matters</p> <p>Four commenters disagree with the removal of Subsection 1.4(c) of Form 51-102F6 which currently allows issuers to exclude disclosure of an individual as an NEO due to unusual compensation. The exclusion should be retained and should also cover special grants made upon the hiring of new officers and exceptional payouts from incentive plans.</p> <p>One commenter is concerned that the definition of NEO does not contemplate situations where the most recently completed financial year is a transition year resulting from a change of year end situation. The commenter notes that National Instrument 51-102 can lead to transition years that can last up to 15 months, and that accordingly, some adjustment of the \$150,000 amount may be required.</p>	<p>We have not made the suggested change. The intention was to include everything. If a “special grant” happens one year and would be reported in the SCT, it must be included in the calculation to determine who is an NEO.</p> <p>We have not made the suggested change. For a company with at least three executive officers, other than the CEO and CFO, earning compensation in excess of the threshold, the impact should not be significant since a longer transition year should have a similar impact on all of these individuals for the purposes of determining who is an NEO. The commenters suggested change would only affect companies that do not otherwise have at least three other executive officers earning compensation in excess of the threshold. We have decided against providing an exemption in the Proposed Form for these limited cases.</p>
Section 1.4 Preparing the form (March Notice version of Proposed Form)		
2.12	<p>Subsection 1.4(3) of the version of the proposed form published for comment - Exclusion due to foreign assignment</p> <p>One commenter notes that the section that addresses foreign assignments deals only with whether or not an individual will be categorized as an NEO, and that accordingly this section would be better positioned within the definition of NEO following the reference to the exclusion of the “Change in Pension Value.”</p>	<p>We have not made the suggested change. The exclusion for foreign assignments is not in the nature of a definition but rather sets out how total compensation must be calculated for the purposes of the definition of “NEO”. We believe its placement in clause 1.4(5)(a)(ii)(B) of the Proposed Form is appropriate.</p>
2.13	<p>One commenter believes that the exclusion due to foreign assignment should be clarified, especially in regard to payments paid to offset the impact of higher Canadian taxes (which the commenter believes should not even be disclosed).</p> <p>Two commenters recommend that tax equalization or other expatriate</p>	<p>We have not changed the proposed requirement. We believe that all payments (including those to offset the impact of higher Canadian taxes) should be included. Under clause 1.4(5)(a)(ii)(B) of the Proposed Form, when calculating total compensation to determine who is an NEO, companies may exclude any cash compensation: (a) that relates to foreign assignments; (b) is specifically intended to offset the impact of a</p>

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	<p>payments be excluded from total compensation to make the comparisons more consistent.</p>	<p>higher cost of living; and (c) is not otherwise related to the duties the executive officer performs for the company. If tax equalization or other expatriate payments satisfy these three conditions, they may be excluded from the calculation of total compensation to determine who is an NEO.</p>
<p>2.14</p>	<p>Subsection 1.4(4) External management companies (March Notice version of Proposed Form) One commenter takes issue with the section on “External Management Companies” and the requirement to disclose how an external management company structures its compensation arrangements. The commenter believes that:</p> <ul style="list-style-type: none"> • This disclosure is not relevant to the issuer that has retained the external management company, and questions whether issuers have access to the compensation information or input into any of the compensation decisions. • If this section was drafted with Income Fund issuers in mind where a management company has been established for the purpose of providing management services to the Income Fund or its operating companies, then this provision should be clarified to reflect this. • If this provision is retained, a transition period is required to allow issuers to gain access to the requisite information or to make changes to their management structure as required. • It should be made clear that if (c) (where the external management company has clients other than the issuer) is applicable to a given issuer, then (b) (general requirement for disclosure of compensation provided to an external management company) is not applicable. 	<p>We have not made any of the suggested changes. We believe executive compensation disclosure for external management companies that have been retained by the company is relevant and important if the management functions provided by the external management company would ordinarily be performed by an executive officer. In these cases, executive compensation must be disclosed regardless of whether the management functions are provided internally or externally. Under paragraph 1.4(5)(b) of the Proposed Form, for the purposes of the definition of “NEO”, an executive officer includes an individual who acts in a capacity similar to an executive officer. Similarly, under subsection 1.4(9) of the Proposed Form, references to “director” include an individual who acts in a capacity similar to a director.</p> <p>We note that the disclosure required by subsection.4(3) of the Proposed Form is only required under certain circumstances.</p>
<p>2.15</p>	<p>Subsection 1.4(5)(b) Sources of compensation (March Notice version of Proposed Form) Two commenters recommend that we clarify the section to confirm that only compensation for serving as an NEO or director of the applicable issuer is required.</p>	<p>We have not made the suggested change. We want to capture all compensation earned even for other services that may not relate to the position.</p>

Item	Summary of comments	CSA response
2.16	<p>Subsection 1.4(6) Compensation to associates (March Notice version of Proposed Form)</p> <p>Two commenters recommend that we revise the section to clarify that we mean an associate of an NEO or director.</p>	<p>We have added the term “of an NEO or director” after the reference to “associate” in subsection 1.4(6) of the Proposed Form.</p>
<p>ITEM 2 – COMPENSATION DISCUSSION AND ANALYSIS (March Notice version of Proposed Form)</p>		
<p>Question 4: Will the proposed CD&A requirements elicit a meaningful discussion of a company’s compensation policies and decisions?</p>		
3.1	<p>Will CD&A elicit a meaningful discussion?</p> <p>Sixteen commenters believe that the proposed CD&A requirements will elicit a meaningful discussion of compensation policies and decisions. Four commenters do not believe that the proposed CD&A requirements will elicit a meaningful discussion of compensation policies and decisions. Many of the specific comments made by both groups relate to the use of grant date fair value rather than the accounting method for valuing equity awards. For example,</p> <ul style="list-style-type: none"> • The disclosure will be meaningful if the discussion aligns with the disclosure of compensation awards made and disclosed for the most recent year using compensation values rather than accounting costs, and thus helps readers gain a deeper understanding of the link between pay and performance. • Enhancing the disclosure of the company's pay-for-performance linkages is a primary objective and using an accounting-based valuation approach for valuing equity awards in the SCT does not support this objective. • The CD&A needs to tie back to a SCT that makes sense and is clearly understood by investors. As the currently proposed SCT does not achieve this, supplementary tables would be required (Bank of America is a good example in the U.S.). These supplementary tables 	<p>We have decided to depart from the March Notice, which included in the SCT the value of share awards and option awards derived using the accounting method. Instead, we propose including the grant date fair value in the SCT. As suggested by these commenters, the CD&A required under Item 2 of the Proposed Form must now include CD&A of the grant date fair values of share awards and option awards.</p>

Item	Summary of comments	CSA response
	<p>would be burdensome and potentially confusing. Only if the SCT were amended to be based on grant date fair value, would the requisite CD&A/SCT tie be established.</p> <ul style="list-style-type: none"> The use of accounting expenses will require the generation and disclosure of additional figures by issuers in their CD&A which will cause confusion among readers. <p>Five commenters believe it is unclear whether the proposed CD&A will elicit a meaningful discussion of compensation policies and decisions and suggest that we provide further guidance to clarify that the disclosure should be presented in a succinct and clear manner. The U.S. experience has shown many CD&As are overly long and complex.</p>	<p>Companies should use plain language when preparing their CD&A under the guidance in section 1.5 of the Companion Policy to NI 51-102. Comment 1 to section 2.1 of the Proposed Form also recommends avoiding the use of boilerplate language.</p> <p>Also, the objective of the Proposed Form is to communicate what the board of directors intended to pay or award certain executive officers and directors for the financial year in order to provide insight into a key aspect of a company's overall stewardship and governance and help investors understand how decisions about executive compensation are made. We believe that an overly long and complex CD&A is inconsistent with that objective.</p>
3.2	<p>Other suggested changes to CD&A</p> <p>One commenter believes that showing different values in the CD&A will confuse the investor. A target amount should be shown using the human resources analysis for the value at the time of grant is disclosed combined with additional narrative indicating the potential minimum (zero) or maximum award. The requirement to explain the tie in of non-GAAP financial measures into the financial statements will only be useful if it is summary in nature.</p> <p>Three commenters raise concerns regarding the requirement in the proposed form to provide information about potential compensation in different hypothetical performance scenarios:</p> <ul style="list-style-type: none"> The disclosure of hypothetical pay scenarios will be difficult or impossible to provide if the compensation decisions take into account factors other than one specific formula. 	<p>We believe the disclosure of a single value for awards in the table is meaningful. We also believe that the CD&A should include a narrative of potential minimum and maximum values if that would satisfy the objective set out in section 1.1 of the Proposed Form. However, we have decided against adding such a requirement because such a discussion may not be necessary in every case.</p> <p>We only expect companies to discuss scenarios that are contemplated with the compensation arrangements for NEOs. We have clarified comment 1 to section 2.1 of the Proposed Form by replacing the term "for the period might have been different, as well as expected compensation levels for future periods, under various performance scenarios" with "is tied to the NEO's performance".</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> It is overly difficult and speculative to ask issuers to try to forecast future compensation levels, especially given that NEOs may change from year to year. <p>Two commenters express concerns that the CD&A may contain boilerplate discussions. One commenter is specifically concerned that the confidentiality provisions may facilitate “boiler plate” discussion of performance targets.</p> <p>One commenter recommends that one of the items to be discussed should be how the compensation program is linked to (i) company performance and (ii) share price performance, discussing both short-term and long-term elements of both pay and performance. The commenter notes that this discussion could be provided along with the performance graph, but indicates that discussion as part of the CD&A could be an alternative.</p> <p>Two commenters believe that the names of comparator companies should be disclosed, along with the rationale for their inclusion.</p>	<p>Boilerplate discussions may not provide insight into a key aspect of a company’s overall stewardship and governance and may not help investors understand how decisions about executive compensation are made. Comment 1 to section 2.1 of the Proposed Form also recommends avoiding the use of boilerplate language. With respect to confidentiality provisions, companies may only exclude information if the information would seriously prejudice the company’s interests. If the company does not disclose quantitative performance targets, it must still state what percentage of an executive officer’s total compensation relates to these targets as well as the nature of the targets (i.e. the metric itself). We note that our ongoing continuous disclosure reviews generally include reviewing executive compensation disclosure. If the Proposed Form is adopted, these reviews may also include scrutinizing the use of the confidentiality exemption.</p> <p>We believe that companies must disclose the link between the compensation program as a whole and company performance or share price performance in their CD&A if necessary to satisfy the objective of executive compensation disclosure as set out in section 1.1 of the Proposed Form. We also note that subsection 2.1(1) of the Proposed Form requires companies to describe and explain all significant elements of compensation awarded to, earned by, or paid to NEOs for the most recently completed financial year. Paragraph 2.1(1)(d) of the Proposed Form specifically requires companies to describe and explain why the company chose to pay each element of compensation. We believe that the link an element of executive compensation between company and share price performance must be discussed in the CD&A under this paragraph.</p> <p>We believe that companies must disclose the names of comparator companies in their CD&A if necessary to satisfy the objective of executive compensation disclosure as set out in section 1.1 of the Proposed Form.</p>

Item	Summary of comments	CSA response
3.3	<p>Involvement of compensation committee in CD&A preparation Seven commenters believe that there should be increased compensation committee involvement in the preparation of the CD&A. The following are specific comments.</p> <ul style="list-style-type: none"> • While some agree that it would be inappropriate to require CEO/CFO certification of the CD&A, others believe we should require the CD&A to approved by the compensation committee to ensure their accountability in this process. • Like U.S. companies, Canadian companies should be required to include a separate report of the compensation committee in the proxy materials. • There should be a specific requirement for the names of the compensation committee members to be disclosed, in order to make it abundantly clear who is responsible. <p>One commenter is concerned that the CD&A is not subject to the “fair presentation” attestation required of CEOs/CFOs under Multilateral Instrument 52-109.</p>	<p>We have not made the suggested changes. Companies are responsible for their CD&A. The level of involvement of the board of directors or a compensation committee in the preparation of the company’s CD&A is a matter for each company to determine based on its own circumstances.</p> <p>Form 52-109F1 <i>Certification of Disclosure in Issuers’ Annual and Interim Filings</i> requires that an issuer attest that it has designed disclosure controls and procedures over financial reporting and evaluated the effectiveness of controls procedures. These controls and procedures should cover the executive compensation disclosure.</p>
3.4	<p>Disclosure about compensation consultants Five commenters believe that the information relating to an issuer’s reliance on compensation consultants should be included in the proposed form’s CD&A. These are the specific comments.</p> <ul style="list-style-type: none"> • The CD&A should include a requirement for disclosure related to compensation consultants retained by the compensation committee, identifying the firm, terms of engagement, fees paid for consulting on the plan and fees paid for consulting services provided to the board or management for other services. • The information about compensation consultants that is currently 	<p>We agree that the compensation consultant disclosure suggested by the commenters is, in many cases, necessary to satisfy the objective of executive compensation disclosure under the Proposed Form. However, we believe that adopting the specific requirement suggested by the commenters is unnecessary. Companies must determine whether disclosure of any work performed by compensation consultants is necessary to satisfy the requirement in subsection 2.1(1) of the Proposed Form that the CD&A discusses all significant principles underlying policies in place and decisions made in respect to compensation provided to NEOs for the most recently completed financial year. Though there are some cases when a company would have to provide the disclosure</p>

Item	Summary of comments	CSA response
	<p>required by s. 7(d) of Form 58-101F1 should be moved to the CD&A. The commenter believes that this information is required in order for a complete assessment of the compensation decisions made by the board to occur.</p> <ul style="list-style-type: none"> • The identity and role of an independent compensation advisor would most usefully be disclosed alongside the discussion of the compensation structure resulting from that advisor's input (i.e. in the proposed form, as opposed to in Form 58-101F1 as currently is the case). • Issuers be required to disclose: <ul style="list-style-type: none"> - whether a compensation consultant was retained, - the name of the consultant and the fee paid thereto, - whether the consultant had also been engaged to provide services to the management of the issuer, and any fees associated with this work, and - if no consultant was retained, the reasons for doing so. 	<p>suggested by the commenters to satisfy this requirement, there may be some cases when subsection 2.1(1) of the Proposed Form would not require this disclosure. We also believe that adopting a specific requirement is inconsistent with a principles-based approach.</p> <p>We also note that some of the disclosure suggested by the commenters is required to be disclosed under Form 58-101F1. We have declined to move those disclosure requirements into the Proposed Form as suggested by the commenters at this time. We also note that there is another CSA committee planning to undertake a broad review of NI 58-101 and to publish their findings together with any proposed amendments for comment in 2008. We have forwarded these comments to that CSA committee.</p>
3.5	<p>Claw Backs</p> <p>One commenter believes that an issuer's policy on the "claw-back" of any previously awarded compensation based on inaccurate financial results should be specifically disclosed.</p> <p>One commenter recommends that issuers should be required to disclose the absence of policies which are deemed to be material by the proposed form. As an example, the commenter indicates that if an issuer does not have a policy on compensation claw-backs, this fact should be disclosed.</p>	<p>We believe that adopting the specific requirements suggested by the commenters is unnecessary. Companies must determine whether disclosure of a policy or the absence of a policy on "claw backs" is necessary to satisfy the requirement in subsection 2.1(1) of the Proposed Form that the CD&A discusses all significant principles underlying policies in place and decisions made in respect to compensation provided to NEOs for the most recently completed financial year. Though there are some cases when a company would have to provide the disclosure suggested by the commenters to satisfy this requirement, there may be some cases when subsection 2.1(1) of the Proposed Form would not require this disclosure. We also believe that adopting a specific requirement is inconsistent with a principles-based approach.</p>
3.6	<p>Discussion of equity ownership guidelines</p> <p>One commenter notes that the SEC rules suggest that any issuer-imposed equity ownership guidelines for directors and officers should be disclosed in the CD&A, and recommends that the proposed form suggest</p>	<p>We believe that adopting the specific requirements suggested by the commenters is unnecessary. Companies must determine whether disclosure of equity ownership guidelines is necessary to satisfy the</p>

Item	Summary of comments	CSA response
	<p>this as well. Another commenter similarly recommends that we require issuers to disclose equity ownership guidelines (along with actual equity holdings of NEOs).</p>	<p>requirement in subsection 2.1(1) of the Proposed Form that the CD&A discusses all significant principles underlying policies in place and decisions made in respect to compensation provided to NEOs for the most recently completed financial year. Though there are some cases when a company would have to provide the disclosure suggested by the commenters to satisfy this requirement, there may be some cases when subsection 2.1(1) of the Proposed Form would not require this disclosure. We also believe that adopting a specific requirement is inconsistent with a principles-based approach.</p>
Section 2.1 Compensation discussion and analysis (March Notice version of Proposed Form)		
<p>3.7</p>	<p>Subsection 2.1(1) (March Notice version of Proposed Form) (disclosure of material principles underlying policies and decisions for compensation)</p> <p>One commenter asks if subsection 2.1(1) should read “Discuss the material principles underlying policies <u>that were in place</u> and decisions <u>that were made with respect to compensation...</u>”</p> <p>Three commenters generally support the enumerated list of items that we require to be discussed in an issuer’s CD&A, but suggest that it would be helpful to:</p> <ul style="list-style-type: none"> • clarify and provide guidance regarding what is required as it appears that some of the required disclosure (such as identifying compensatory elements and how amounts are calculated) may lead to disclosure of proprietary or competitive information. • relating to the obligation to discuss “each element of compensation,” 	<p>In response to this comment, we have changed subsection 2.1(1) of the Proposed Form to read “Describe and explain all significant elements of compensation awarded to, earned by, or paid to NEOs for the most recently completed financial year.”</p> <p>We have the following responses to these comments:</p> <ul style="list-style-type: none"> • Under subsection 2.1(4) of the Proposed Form, a company may exclude target information if it means disclosing confidential information that would seriously prejudice the company’s interests. We have added a provision that to the extent that a performance target level or other factor or criteria has been publicly disclosed, a company cannot rely on this exemption. We have also added a provision that if this information is not disclosed, a company must disclose how difficult it could be for the NEO, or how likely it will be for the company, to achieve the undisclosed target levels or criteria. We have not provided further clarification at this time. • We have not made the suggested changes. A fulsome description of

Item	Summary of comments	CSA response
	<p>specify that all types of awards should be described in full.</p> <ul style="list-style-type: none"> relating to the obligation to discuss “how each element of compensation and the company’s decisions regarding that element fit into the company’s overall compensation objectives and affect decisions regarding other elements,” include an explicit reference describing how the performance measures attached to elements of compensation relate to the overall objectives for the corporation. emphasize the importance of disclosure related to qualitative performance targets. 	<p>all types of awards, a discussion of how the performance measures attached to the elements of compensation relate to the overall objectives for the corporation, and disclosure related to qualitative performance targets must each be provided if necessary to satisfy the requirement in subsection 2.1(1) of the Proposed Form that the CD&A discusses all significant principles underlying policies in place and decisions made in respect to compensation provided to NEOs for the most recently completed financial year.</p>
3.8	<p>Subsection 2.1(2) (March Notice version of Proposed Form)(events occurring after financial year end) One commenter believes that the first and second sentences of this section are redundant as both sentences appear to indicate that what occurred subsequent to the year end is important in understanding the compensation decisions that occurred before the year end.</p>	<p>We have deleted the first sentence in subsection 2.1(2) of the version of the Proposed Form published with the March Notice.</p>
3.9	<p>Additional guidance and clarification Ten commenters request that we provide some guidance of what is to be expected of issuers under the proposed form.</p>	<p>Under subsection 2.1(1) of the Proposed Form, companies must discuss the significant principles underlying policies in place and decisions made in respect to compensation provided to NEOs for the most recently completed financial year. In addition to the items specifically enumerated in paragraphs 2.1(1)(a) through (f) of the Proposed Form, companies must include in their CD&A any disclosure necessary to satisfy the objectives of executive compensation disclosure set out in section 1.1 of the Proposed Form.</p>
<p>Question 5: Should we require companies to provide specific information on performance targets?</p>		
3.10	<p>Subsection 2.1(3) (March Notice version of Proposed Form)(performance targets) Sixteen commenters do not support a requirement to provide specific information on performance targets. The commenters make the following</p>	<p>We expect only performance targets that are significant to the decisions made in respect to compensation provided to NEOs. The objective of the</p>

Item	Summary of comments	CSA response
	<p>specific points to support their position:</p> <ul style="list-style-type: none"> Companies will be reluctant to disclose internal performance targets as many incorporate "stretch" into the targets used for their incentive plans (i.e. the targets used to determine and calculate incentive plan awards can be higher than disclosed near mid-term targets for measures such as return on equity and earnings per share). Moreover, these stretch targets are not even disclosed to other employees within the same company. Too much detail will add confusion. Shareholders may question the cost of targets set but should not be involved in setting targets. Disclosure of performance targets does not provide the investor with a platform for comparability. <p>Three of these sixteen commenters believe that we should only require issuers to disclose in general terms how targets are set and the level of performance achieved compared to the targets or that we should require issuers to disclose targets on an aggregate or general basis and make the following comments:</p> <ul style="list-style-type: none"> Companies should only be required to disclose the areas in which they set performance targets, how many targets and parameters are in each of the various areas and the overall results in each of the areas. There is some concern regarding the requirement under the proposed form to disclose any waivers or changes to specified performance targets. The harm to the privacy concerns of an issuer's NEOs outweighs any benefit that could be derived from requiring disclosure of individual performance targets. The requirement to disclose specific targets may indirectly result in issuers moving from shareholder-friendly performance based awards to non-performance-based awards. 	<p>Proposed Form is to provide information for a meaningful link between pay and performance. Consequently, if the individualized disclosure of performance targets is required to bring about clear and informative disclosure, this should occur. We believe that the inclusion of these targets, subject to the limited exemption provided for confidential information is necessary to bring about clear and informative disclosure of an issuer's compensation policies. We make the following observations in response to these comments.</p> <ul style="list-style-type: none"> Aggregation: We believe that companies may aggregate their disclosure relating to performance targets, so long as clear disclosure is provided and the disclosure adequately summarizes the compensation provided to NEOs. If the individualized disclosure of performance targets is required to bring about clear and informative disclosure, this should occur. Forward looking targets: In most cases, we only require companies to disclose historical information about performance targets as the disclosure in the CD&A is focussed on the company's most recently completed financial year. The exception to this rule is where actions were taken by the company relating to executive compensation after the end of the financial year that are relevant to understanding the disclosure relating to the last completed financial year. In this circumstance a company may need to provide disclosure about prior, current or future periods. Competitive harm: We believe that the requirement to disclose targets and the exemption from that requirement for confidential information work together in such a way that a company can provide meaningful information without providing confidential information or jeopardizing its position in the marketplace. Confidentiality: To the extent that there is an issue of privacy it has been addressed through the company's ability to withhold information that is confidential or sensitive. We have not differentiated between those interests of companies and their individual NEOs.

Item	Summary of comments	CSA response
	<p>Eleven commenters support a requirement to provide specific information on performance targets. The commenters make the following specific points.</p> <ul style="list-style-type: none"> • Issuers should be required to disclose in the CD&A specific quantitative and qualitative performance-related targets or factors, both objective and subjective, used by the compensation committee to determine performance-based pay. The growing number of companies that have voluntarily disclosed specific hurdles for the payment of performance-based awards both in the U.S. and Canada is evidence that disclosure of performance targets does not give rise to competitive concerns. The disclosure of performance criteria and targets is the single most important piece of information that verifies for investors the actual amount and type of compensation paid at a company is warranted and effective. • Requiring disclosure of specifics on all targets may result in the use of less appropriate benchmarks or larger numbers reported as “discretionary” bonus in an effort to elude disclosure, even though they were tied to performance. • Discussion needs to be as specific as possible to provide an understanding of which performance measures were selected and why, the specific rationale for setting the specific targets, how achievement stacked up against the targets, and how discretion was used in the final awards. • One commenter supports scenario testing, and believes that this disclosure will give investors some indication of how pay is linked to short and long term performance criteria. <p>Three commenters conditionally support the performance target requirement. They make the following comments.</p> <ul style="list-style-type: none"> • Disclosure of targets should relate to an objective test regarding 	

Item	Summary of comments	CSA response
	<p>information that is public, such as total shareholder return. If non-public or subjective tests are involved, the disclosure of specific targets could be harmful to the issuer's competitive position.</p> <ul style="list-style-type: none"> • Reporting on performance should be relative to their targets, but not necessarily through disclosure of actual performance targets. However, if we were to introduce the requirement to disclose specific performance targets, the commenter believes it should be mandatory for all issuers and there would need to be very specific guidelines for disclosure. • The requirement to disclose specific information on performance targets might have unintended consequences. • Requiring disclosure of actual performance targets in advance of the end of the performance period may raise "forecasting" concerns and prevent companies from setting "stretch" targets. If required to disclose all industry-specific targets and measures that are used, issuers may choose to revert to so-called "plain-vanilla" measures such as earnings per share. While this might satisfy investors who must know all of the details, this may ultimately lead to "one-size-fits-all" incentive plans that are poorly aligned with each company's unique business strategy. If this were to happen, it would be an unfortunate step backwards in executive compensation practices. 	
3.11	<p>Subsection 2.1(3) (March Notice version of Proposed Form) (competitive harm exemption) Six commenters believe that the competitive harm exemption is not required and provide the following reasons:</p> <ul style="list-style-type: none"> • A company can work with a compensation consultant to establish appropriate performance targets that do not in any way compromise the competitiveness of the business if they are not publicly disclosed. • As current year performance targets are historical at the time of disclosure in the proxy circular, no competitive issues arise from their 	<p>We have changed the competitive harm exemption in subsection 2.1(3) of the version of the Proposed Form published with the March Notice to harmonize it with the language in Part 12 of NI 51-102 in respect of the omission or redaction of material contracts. Subsection 2.1(4) of the Proposed Form now provides an exemption for disclosure of target levels that would seriously prejudice the company's interests. We believe that this exemption strikes an appropriate balance between the interests of companies and investors. The exemption only applies to target levels concerning specific quantitative or qualitative performance related factors or criteria that would seriously prejudice the company's interests. Thus,</p>

Item	Summary of comments	CSA response
	<p>disclosure.</p> <ul style="list-style-type: none"> The proposed competitive harm exemption is very similar to that used by the SEC, which has led to insufficient disclosure of targets. <p>Thirteen commenters believe that the disclosure of performance targets can result in competitive harm to a company. These are the specific comments.</p> <ul style="list-style-type: none"> Flexibility should be maintained so that target information may be excluded if it means disclosing confidential information that would result in competitive harm to the company. Performance targets are data that are important to a company's competitive advantage. Disclosure of specific information on performance targets will materially adversely affect an issuer's ability to keep competitive information confidential. Not support the disclosure of all performance targets due to the concern of revealing competitive information, even "after the fact". Additionally, the commenter does not support the disclosure of performance targets used to evaluate the individual performance of each individual NEO. 	<p>even if the disclosure of a target level itself may seriously prejudice the company's interests in a particular case, disclosure of the metric itself would typically not.</p> <p>We have also added a provision that this exemption does not apply if a performance target level or other factor or criteria has been publicly disclosed.</p> <p>We have also added a provision that, if a company does not disclose specific target levels or criteria, the company must state how difficult it could be for the NEO, or how likely it will be for the company, to achieve the undisclosed target levels or criteria.</p> <p>Companies should also be prepared to explain any decision to omit target information on the basis that it would seriously prejudice their interests. This may be raised as a comment in the context of a continuous disclosure review.</p>
3.12	<p>Subsection 2.1(3) (March Notice version of Proposed Form) (what should an issuer disclose when it relies on the competitive harm exemption?)</p> <p>Nine commenters suggest that even if we retain a competitive harm exemption, we should require some alternative disclosure. Specifically:</p> <ul style="list-style-type: none"> Companies should be required to disclose the percentage of an executive's total compensation that relates to any performance target 	<p>The confidentiality exemption in subsection 2.1(4) of the Proposed Form allows a company to not disclose target levels that would seriously prejudice the company's interests. Other related information, however, must be disclosed. For example, even if disclosure of a target level itself would seriously prejudice the company's interests in a particular case, the</p>

Item	Summary of comments	CSA response
	<p>that is withheld in reliance on some form of a competitive harm exemption.</p> <ul style="list-style-type: none"> • Even if specific target levels are excluded, the company must provide enough explanation so that a user can grasp the factors that define “performance”. • An alternative to eliminating the exemption is to provide additional guidance to issuers to avoid over-reliance on the exemption. • If a company cannot provide the specific quantitative thresholds for reasons related to competitive harm, it should at least name the metrics used. • Issuers relying on the competitive harm exemption should be permitted to merely disclose that there are business-specific criteria attached to awards and, in general terms, what those criteria are. • Issuers relying on the competitive harm exemption should at least disclose the percentage of an NEO’s compensation that is subject to an undisclosed performance target. • An alternative to requiring the disclosure of performance target information on a year-to-year basis is requiring after-the-fact disclosure of performance targets so that shareholders can assess the adequacy of links that issuers say exist between pay and performance. 	<p>metric itself must be disclosed.</p>
<p>3.13</p>	<p>Forward looking information Six commenters believe that any requirement to disclose forward looking information regarding performance targets is inappropriate. The commenters raised the following specific points:</p> <ul style="list-style-type: none"> • While there should be a requirement to report actual achievement against completed targets, there should be no requirement to disclose forward targets. 	<p>The requirement under subsection 2.1(4) of the Proposed Form to disclose performance targets relates to compensation awarded to, earned by, or paid to NEOs in the most recently completed financial year. In most cases, this compensation will have been awarded, earned or paid for the achievement of performance targets in the most recently completed financial year but there may be limited cases where reported compensation is subject to the achievement of performance targets in</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • There may be potential adverse effects of having to disclose confidential forward-looking information. • If forward-looking targets are required to be disclosed, issuers may choose to not establish plans based on performance criteria. • Suggest distinguishing between current and forward-looking performance criteria disclosure. 	<p>future periods. In these limited cases, there is a requirement to disclose forward-looking performance targets but not if it would seriously prejudice the company's interests.</p>
3.14	<p>Subsection 2.1(4) (March Notice version of Proposed Form)(duplication between NI 58-101 and the Proposed Form) Three commenters believe corporate governance rules should interact directly with the new form. These are their specific comments.</p> <ul style="list-style-type: none"> • An issuer should be able to satisfy the requirement to disclose board processes for determining compensation in Form 58-101F1 or F2 by complying with the requirements of the proposed form. • Issuers should be required to disclose the oversight of the compensation-setting process, including the composition of the compensation committee, its mandate, independence and use of consultants, even if there is potential overlap with National Instrument 58-101, as this disclosure is beneficial. • The corporate governance rules need to be cross-referenced into F6. • The CD&A is missing any sort of requirement for an issuer to establish a compensation committee and that there is no defined concept of "compensation literacy". The requirements associated with compensation lag behind that of requirements associated with audit committees. 	<p>We acknowledge that there may be some overlap between the disclosure required under the corporate governance rules and the Proposed Form. However, we have decided against providing explicit exemptions from such overlapping requirements. Though the required disclosure may appear to be the same, each requirement is satisfying different objectives, and so differences in the disclosure may be necessary.</p>
<p>Section 2.2 Performance Graph</p>		

Item	Summary of comments	CSA response
<p>Question 6: Will moving the performance graph to the CD&A and requiring an analysis of the link between performance of the company's stock and executive compensation provide meaningful disclosure?</p>		
<p>3.15</p>	<p>Section 2.2 Performance Graph (March Notice version of Proposed Form)</p> <p>Six commenters do not support moving the performance graph to the CD&A. One of these commenters suggests that an alternative proposal is to leave the graph where it is but require a comment in the CD&A comparing remuneration to stock price performance.</p> <p>Thirteen agree that it would be meaningful to require an analysis of the link between the performance of the company's stock and executive compensation. One commenter provides the following explanation for its views:</p> <ul style="list-style-type: none"> • The link between pay and performance is valuable if tracked over an extended period such as five years or more. <p>Three of these thirteen commenters raise concerns about specific points relating to the graph and the metrics used in the graph:</p> <ul style="list-style-type: none"> • Discussion of trends will increase the usefulness of the graph. • The graph should also include performance against the company's peers along with a narrative discussion of the actual peer group. <p>Four commenters do not support a comparison between the trend in share performance to the trend in total compensation to executives. Eighteen commenters believe that there are factors other than share price performance that should be discussed as a good measure of performance. Specifically:</p> <ul style="list-style-type: none"> • There are many compensation elements not tied to share price performance such as salary and pension values. 	<p>We have kept the performance graph in the CD&A because companies must discuss significant principles underlying compensation decisions in their CD&A. We believe that the link between the performance of the company's share price and executive compensation reported under the Proposed Form over a five-year period is meaningful in most cases.</p> <p>Though we have decided not to impose a requirement to do so, we have added comment 1 to section 2.2 of the Proposed Form to clarify that a company may also include other relevant performance measures in its CD&A. If the company also believes that such other relevant measures of performances are more meaningful than the link with share price, the company may also explain why.</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • Narrative disclosure based on one measure, such as TSR, would be misleading and insufficient. • Moving the share performance graph to the CD&A and requiring the comparison to executive compensation gives too much prominence to one measure of success that will have widely varying relevance to companies based on how well established they are and where they are in their current growth cycle. • The performance graph should not be moved to the CD&A. The existing practice of requiring the graph under "Report of Executive Compensation" is appropriate. If additional commentary is necessary, it should be in narrative form and should discuss the links between a number of short-term and long-term components of the company's performance, of which share price is one aspect. • Moving the graph to the CDA or anywhere in the compensation section would suggest that the performance of the company's stock compared to the stock market does not have any meaning broader than in reference to remuneration and that the primary factor in measuring executive's remuneration can only be the stock performance. • Share price may be sensitive to factors unrelated to corporate performance, e.g. interest rates or currency fluctuations. • While it is important to align pay and performance, recent stock price performance is only one measure and is affected by factors that are unrelated to a company's overall performance. 	
3.16	<p>Section 2.2 (March Notice version of Proposed Form)(which issuers must prepare a performance graph) Two commenters request that we clarify which issuers must include a performance graph in their CD&A. Specifically:</p> <ul style="list-style-type: none"> • We should clarify that a performance graph is not required unless the 	<p>In response to these comments, we added subparagraphs 2.2(a)(ii) and (iii) of the Proposed Form to clarify that: (a) a company, including any predecessor company, that has not been a reporting issuer in a jurisdiction in Canada for at least 12 calendar months before the date of</p>

Item	Summary of comments	CSA response
	<p>issuer has been a reporting issuer for more than one full calendar year.</p> <ul style="list-style-type: none"> We should clarify whether a “debt-only” issuer must prepare a performance chart. <p>The comparison should be limited to the CEO’s compensation.</p>	<p>the Proposed Form; or (b) a company that has distributed only debt securities to the public, is not required to provide a performance graph:</p>
3.17	<p>Section 2.2 (March Notice version of Proposed Form)(including additional factors)</p> <p>Nine commenters believe that additional disclosure is needed. Five of these nine suggest including additional or substituted factors against which executive compensation could be compared. Specifically, they believe that we should require issuers to:</p> <ul style="list-style-type: none"> Include a comparison of the total cumulative return of an index of the issuer’s peer companies in this performance graph. Show how executive compensation relates to issuer, division and individual performance. Use the metric in the performance graph that the company predominantly uses in awarding compensation. Use the metric that is sector- or geography- based. <p>Four of these nine commenters recommend that additional disclosure accompany the stock performance graph in order to enhance its usefulness. Specifically:</p> <ul style="list-style-type: none"> The requirement for providing a link between performance and compensation should go beyond the placement of the stock performance graph and include specifics such as how actual compensation was linked with the issuer’s performance and if the compensation is linked to factors other than TSR, then the issuer 	<p>We have decided not to require the disclosure of additional or substituted factors in the performance graph because such factors may not be useful in every case. If the company also believes that such other relevant measures of performances are more meaningful than the link with share price, we believe that the company <u>should</u> disclose these other measures and explain why they are more relevant. If such other relevant measures of performance are necessary to provide insight into a key aspect of a company’s overall stewardship and governance or help investors understand how decisions about executive compensation are made, we believe the company <u>must</u> provide such disclosure.</p>

Item	Summary of comments	CSA response
	<p>should be required to include a discussion of such performance measures.</p> <ul style="list-style-type: none"> • The CD&A should contain a more complete discussion of the other elements or measures of performance used by the compensation committee and how these various performance measures are linked to all elements of pay over both the short and long term. • To the extent that recent stock performance influences these policies and decisions, an issuer should discuss this relationship in the context of other factors that influence compensation decisions. • It should be clarified that where there is no relationship between pay and performance, issuers should be able to state that they do not believe there is a relationship. <p>One commenter believes an analysis based on 5 years may not be appropriate for all compensation e.g. stock options with a 10-year life-term.</p>	
Commentary		
3.18	<p>One commenter notes that the Commentary currently found after Section 2.3 appears to only relate to Section 2.1, and that if this is the case it should be inserted directly after Section 2.1. The commenter also notes that the first bullet under part (iii) of the Commentary refers to “amounts disclosed for the current year” and assumes that this should mean “amounts disclosed for the most recently completed financial year.”</p> <p>Additionally, reference is made to “future periods” and it is assumed that this should mean “current or future periods.”</p> <p>One commenter believes that the discussion of why certain companies</p>	<p>We have made the suggested changes.</p> <p>Our reference to future periods is intended to be in contrast to the most recently completed financial year and would therefore include the current period. We believe this is clear and have not made the suggested change.</p> <p>In response to this comment, we added subsection 2.1(3) of the</p>

Item	Summary of comments	CSA response
	<p>were excluded from the peer group sample does not add value. Any discussion should focus on why companies were added and why the peer group actually selected was chosen.</p>	<p>Proposed Form.</p>
<p>3.19</p>	<p>Requirement for narrative disclosure One commenter is concerned that requiring narrative disclosure under various sections is unduly repetitive, confusing and inefficient. The commenter recommends that all narrative disclosure requirements be consolidated into one section or in the alternative that we closely review all sections discussing narrative disclosure to remove any overlapping requirements.</p> <p>One commenter requests clarification as to how the narrative disclosure required under section 2.3 of the proposed form differs from that required under CD&A.</p>	<p>The purpose of the CD&A is to provide a narrative overview at the beginning of the Proposed Form that will put into perspective the disclosure that follows. Additional narrative is still needed in other parts of the Proposed Form as it covers a range of discrete topics.</p> <p>Section 2.3 of the Proposed Form only requires companies to discuss the process they use to grant options. The CD&A is intended to discuss the overall significant policies underlying compensation decisions.</p>
<p>3.20</p>	<p>Commentary (iii) to Item 2 (March Notice version of Proposed Form) (benchmarking) Disclosure of benchmarking data used in determining compensation, including the peer group used and how companies were included or excluded is a concern. Fear is expressed that this could lead to a considerable competitive disadvantage. The commenter suggests that disclosure be required to indicate whether benchmarking is done and on what basis companies are included or excluded in the benchmark, without divulging the specific companies used.</p> <p>Where benchmarking is obtained through a confidential survey or exercise, it should be able to be excluded in order to ensure that these surveys and exercises continue to take place.</p>	<p>We have not made the suggested change. We believe that disclosure of benchmarking data generally would not seriously prejudice the company's interests and should be disclosed.</p>
<p>ITEM 3 – SUMMARY COMPENSATION TABLE</p>		
<p>Question 3: Should information be provided for up to five people individually, or should the information be provided separately for the CEO and CFO, then on an aggregate basis for the remaining three named executive officers?</p>		

Item	Summary of comments	CSA response
4.1	<p>Individual basis Twenty-one commenters believe that information should be provided for the top five executives individually. Specifically:</p> <ul style="list-style-type: none"> • It would reduce the quality of disclosure if information is provided on an aggregate basis. • Aggregating information would be confusing and would decrease transparency. 	<p>We agree with these comments and believe that individualized disclosure for each NEO provides the most meaningful disclosure of compensation policies and decisions.</p>
4.2	<p>Aggregate basis Three commenters do not believe that information should be provided for the top five executives individually as they believe that information should be provided for NEOs on an aggregate basis other than the CEO and CFO. Specifically:</p> <ul style="list-style-type: none"> • The list of top five executive positions varies greatly such that comparison across even the same business or industry sector does not exist due to the particular nature of each issuer's business operations. Accordingly, aggregation of the remaining three will not detract from the comparability of issuer compensation practices. • Investors are principally interested in CEO compensation, and accordingly aggregation could strike a balance between the desire to disclose the compensation applicable to the senior executive team while better protecting the privacy interests of such executives. • Investors are interested in executive totals. 	<p>We decided against requiring disclosure of the information on an aggregate basis because we believe aggregating information would reduce the quality of disclosure and would decrease transparency.</p>
4.3	<p>Other matters One commenter believes there should be clarification that a non-executive chair is not considered an officer simply because the by-laws state that the position of Chairman of the Board is an officer position.</p>	<p>Companies must provide compensation disclosure for any individual who is an executive officer, as defined in section 1.1 of NI 51-102, and who is otherwise an NEO, as defined in the Proposed Form. The definition of "executive officer" in section 1.1 of NI 51-102 includes an individual who is a chair or vice-chair of the company.</p>

Item	Summary of comments	CSA response
<p>Question 7: Should the summary compensation table continue to require companies to disclose compensation for each of the company's last three fiscal years, or is a shorter period sufficient?</p>		
<p>4.4</p>	<p>Section 3.1 (March Notice version of Proposed Form)(number of years of disclosure) Three commenters suggest that we limit the disclosure of NEO compensation in the SCT to two years as it is consistent with the reporting of other financial information in annual disclosure documents.</p> <p>Eighteen commenters believe that the SCT should show three years of NEO compensation.</p> <p>Three commenters believe that a five year period would be more appropriate than a three year period because it would be consistent with the period disclosed in the CD&A. Specifically, the disclosure in the SCT would be consistent with:</p> <ul style="list-style-type: none"> • The five-year performance graph and would be a more useful tool to enable this pay-for-performance assessment. • The CD&A discussion of the five year trend in NEO compensation. • The CD&A discussion of pay vs. shareholder return over a minimum five year period. 	<p>We have not made the suggested change. We believe that requiring three years of disclosure is sufficient to provide a clear display of any trends in compensation policies, and that this length of time is not unduly onerous for companies.</p>
<p>4.5</p>	<p>Section 3.1 (March Notice version of Proposed Form)(need to phase in implementation) Twenty-three commenters believe that the rule should include a transition period. In general, the commenters support a phased implementation over a three year period. Of the twenty-three, thirteen commenters have the following specific comments.</p> <ul style="list-style-type: none"> • Clarify if the disclosure requirements will be phased in over a three-year period. 	<p>We have added a transition provision to subsection 3.1(1) of the Proposed Form. SCT disclosure will be phased in over a three year period. We believe that this addresses any concerns related to the lack of adequate records for previous years and retroactive application.</p> <p>The disclosure for NEOs is limited to the individuals identified as NEOs for the most recently completed financial year and three years of</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • Clarify the introductory sentence to section 3.1 as it is not clear whether issuers must disclose three years of compensation for every individual who has served as an NEO for any portion of those past three fiscal years or whether issuers are required to disclose compensation only for those periods over the past three years in which an individual qualified as an NEO. • Phasing in over three years will significantly ease the burden of compliance by small and mid-sized issuers in calculating the value of LTI awards and pension liabilities associated with previous years. • For the full three years of disclosure that is required in the SCT for a company's first filing for financial years ending on or after December 31, 2007, if the disclosure requirements are not phased in over a three-year transition period, it may raise issues for companies where an accounting expense was not recorded for certain equity awards granted prior to the requirement to expense equity awards. • There should be a transition period so that issuers do not need to restate compensation previously disclosed in accordance with old form requirements. Such a transition rule exists under the SEC rule. Under the SEC approach in the first year, only one year of compensation data would be provided, in the second year, two years etc. • One commenter is concerned with the retroactive application of the new rules. 	<p>disclosure is required for those individuals. To clarify this requirement, subsection 3.1(1) of the Proposed Form now provides that "For each NEO in the most recently completed financial year, complete this table for each of the company's three most recently completed financial years".</p>
Section 3.1 Summary Compensation Table (March Notice version of Proposed Form)		
4.6	<p>Section 3.1 (March Notice version of Proposed Form)(treatment of transition years) One commenter suggests that provision needs to be made for situations where the most recently completed financial year is a transition year and</p>	<p>We have not made the suggested change. We do not believe that an additional year of disclosure is required where a transition year has</p>

Item	Summary of comments	CSA response
	<p>that transition year is less than a designated number of months in length. The commenter believes that we should consider adding a provision that “where a financial year is less than nine months in length, disclosure for a fourth completed financial year must be provided.”</p>	<p>occurred. The existence of a transition year for accounting purposes will be a one-time occurrence, and the adverse effect of not requiring a fourth year of disclosure will not generally be significant. However, if disclosure for additional financial years is necessary to satisfy the objective of executive compensation disclosure as set out in section 1.1 of the Proposed Form, we believe companies must provide that disclosure.</p>
4.7	<p>Subsection 3.1(1) (March Notice version of Proposed Form)(salary or bonus) One commenter recommends that the words “earned during the year” be revised to read “earned during, for or in respect of” the year.</p> <p>Two commenters express concerns relating to the valuation and disclosure relating to stocks, options or other forms of non-cash compensation that is received in lieu of a salary or bonus. One of the commenters recommends that we replace the phrase “receipt of any form of non-cash compensation instead of salary or bonus” in Subsection 3.1(1)(ii) with the phrase “substitution of any form of non-cash compensation for salary or bonus.” The commenter notes that the term “receipt” could be read to preclude the use of accrual accounting.</p>	<p>We have not made the suggested change. We believe that this subsection indicates that companies are expected to include the amount for the year in which it was earned even if the amount wasn’t determined or paid during that period.</p> <p>The requirement is to disclose amounts earned rather than received. To clarify this requirement, we changed paragraph 3.1(2)(b) of the Proposed Form from “instead of salary or bonus” to “substituted for salary or other compensation earned”.</p>
4.8	<p>Subsections 3.1(2) & (3) (March Notice version of Proposed Form)(stock and option awards) One commenter believes that there are instances where stock and option awards will not be recognized in the same year as the performance to which they relate. The commenter suggests that footnoting may be required explaining what year’s performance the award is in recognition of.</p>	<p>We have not made the suggested change. Under subsection 3.1(3) of the Proposed Form, companies must use grant date fair value to reflect the value of awards. Therefore, this issue is no longer a concern.</p>
4.9	<p>Subsection 3.1(4) (March Notice version of Proposed Form)(disclosure of forfeitures) One commenter requests that we clarify for which individuals it is necessary to provide disclosure of forfeitures. The commenter presumes that this section applies to NEOs as set forth in the SCT.</p>	<p>We have deleted this requirement. Under subsection 3.1(3) of the Proposed Form, companies must use grant date fair value to reflect the value of awards. Therefore, this issue is no longer a concern.</p>

Item	Summary of comments	CSA response
	<p>One commenter suggests that for the purposes of disclosing stock and option awards we disregard the estimate of forfeitures related to service-based vesting conditions.</p>	
<p>4.10</p>	<p>Subsection 3.1(5) (March Notice version of Proposed Form)(non-equity plan compensation) One commenter requests that we clarify the meaning of “earnings on any outstanding awards”. This appears to refer to items already captured by column (i) of the SCT. It is unclear whether this phrase was designed to relate to situations where criteria have now been met with respect to prior year’s awards.</p>	<p>The two references are not duplicative. The first reference to earnings in subsection 3.1(5) of the version of the Proposed Form published with the March Notice was meant to capture any earnings on non-equity incentive plan awards or bonus amounts. The second reference in paragraph 3.1(7)(vi) of the version of the Proposed Form published with the March Notice relates to earnings on outstanding equity awards that were not factored into the grant date fair value of these awards. The phrase does not relate to situations where criteria have now been met with respect to prior years awards.</p>
<p>4.11</p>	<p>Subsection 3.1(5)(i) and (ii) (March Notice version of Proposed Form)(amounts earned) Two commenters believe that we should clarify the meaning of “amounts earned” in item 3.1(5). For example, does it relate only to amounts that have no risk of forfeiture. One commenter suggests replacing the word “earned” with “unconditionally earned” in item 3.1(5).</p> <p>One commenter disagrees with the requirement imposed by Subsection 3.1(5)(i) as this appears to require the quantification and description of incentives that have already been quantified in the table and should be described in the CD&A or elsewhere. The commenter proposes the following changes:</p> <ul style="list-style-type: none"> • Add the word “earned” to the table heading. • Retain the lead-in wording of Section 3.1 Part 5, but delete sub (i) and sub (ii) of Part 5. • Delete the last sentence of Section 3.1 Part 1(ii). 	<p>Paragraphs 3.1(5)(i) and (ii) of the version of the Proposed Form published with the March Notice have been moved to paragraphs 3.1(8)(a) and (b) of the Proposed Form. We have not changed “earned” to “unconditionally earned” in subsection 3.1(8) of the Proposed Form. Conditional grants under non-equity incentive plans and all earnings on any outstanding awards and bonus amounts for services performed during the covered financial year must be disclosed in column (f) of the SCT.</p> <p>In response to these comments, we changed the order of paragraphs 3.1(8)(a) and (b) of the Proposed Form and, in paragraph 3.1(2)(b) of the Proposed Form, we replaced “instead of salary or bonus” with “substituted for salary or other compensation earned”. We have not made the deletions suggested by the commenter nor have we added the suggested language to paragraphs 3.1(8)(a) and (b) of the Proposed Form because we do not believe these paragraphs are repetitive. Also, we have not added the suggested language to subsection 3.1(8) of the Proposed Form because the suggested clarification merely restates a consequence of the requirement and is unnecessary.</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> Add into Section 3.1 Part 5: "The period in which the expense is recorded, potentially as an estimate, may be different to the period in which the award is ultimately confirmed, granted and therefore reported." 	
4.12	<p>Subsection 3.1(6) (March Notice version of Proposed Form)(change in pension value) One commenter recommends that the words "each plan" in the final paragraph be replaced with the words "all plans" in order to be consistent with the opening paragraph of that same point.</p> <p>One commenter noted that if the change in pension value column is not adjusted to include only compensatory changes to a defined benefit plan, negative changes in pension value should still be included in the SCT (and not merely in a footnote). A negative value in effect indicates that defined benefit compensation values in previous years were overstated, and this should be reflected with a negative value.</p>	<p>In subsection 3.1(9) of the Proposed Form, we replaced "each plan" with "all plans". Column (g) of the SCT includes only compensatory amounts. Therefore, there will not be any negative amounts.</p>
4.13	<p>Subsection 3.1(7)(iii) (March Notice version of Proposed Form)(all other compensation, Termination) One commenter requests that we clarify the meaning of the term "a change that materially affects control," and requests that we provide examples. Additionally, the commenter suggests that we change the sentence to read "a change that materially affects control <u>of the issuer.</u>"</p>	<p>In response to this comment, we changed paragraph 3.1(10)(d) of the Proposed Form to reference the termination and change of control scenarios listed in section 6.1 of the Proposed Form.</p>
4.14	<p>Subsection 3.1(7)(v) (March Notice version of Proposed Form)(estate as beneficiary) One commenter suggests that Point 7(v) of Section 3.1 be reworded so as to read "the dollar value of any insurance premiums paid by, or on behalf of, the company during the fiscal year for personal insurance for an NEO <u>where the estate of the NEO is the beneficiary.</u>"</p>	<p>We made the suggested change to paragraph 3.1(10)(e) of the Proposed Form.</p>
4.15	<p>Subsection 3.1(7)(vi) (March Notice version of Proposed Form)(all other compensation, Dividends or other earnings) One commenter suggests including the words "or unless reported as earnings under any other column" in order to avoid any confusion with the opening wording in Subsection 3.1(5).</p>	<p>We have not made the suggested change. Subsection 3.1(10) of the Proposed Form states that the disclosure is required for items that cannot be properly reported in columns (c) through (g) of the SCT.</p>

Item	Summary of comments	CSA response
4.16	<p>Subsection 3.1(7)(viii) (March Notice version of Proposed Form)(all other compensation, above-market or preferential earnings) One commenter is concerned about including compensation amounts in the Summary Compensation Table related to deferred compensation plans based on mutual fund or market index returns since it is possible to have negative returns in down-market years and the sponsoring company does not have control over the amount of earnings derived by the participant. However, the commenter believes that to the extent that the sponsoring company credits above-market earnings to deferred compensation accounts, the above-market portion should be treated as compensation. Another commenter similarly commented that above market earnings on non-registered deferred compensation should be reported as all other compensation.</p> <p>One commenter recommends that we replace the term “nonqualified” in Subsection 3.1(7)(viii) with the term “non-registered,” in order to be consistent with Income Tax Act terminology.</p>	<p>The requirement captures only above-market earnings on deferred compensation plans and we believe that these should be disclosed regardless of whether the earnings are based on an index or calculated in another manner.</p> <p>We have removed the reference to “non-qualified” as part of our revisions to the Pension section. Therefore, this issue is no longer a concern.</p>
4.17	<p>Subsection 3.1(8) (March Notice version of Proposed Form)(total compensation) One commenter believes that the total compensation figure does not allow for “apples to apples” comparison. The commenter believes that the only way this can be accomplished is to include base pay, bonus and stock awards only. Further to this, the commenter recommends splitting the summary compensation table into two tables, with one relating to total compensation actually earned and another relating to total compensation potential.</p>	<p>We believe that providing one number for total compensation provides meaningful and beneficial disclosure of a company’s compensation policies and provides readers with an informative figure for each NEO.</p>
4.18	<p>Compensation for directors who are also NEOs One commenter requests that we clarify in which column to disclose amounts received by an officer as consideration for their duties as a director. Specifically, the commenter would like to know whether these amounts should be included under “Salary” or “Other Compensation.”</p>	<p>The director compensation table required by subsection 7.1(1) is substantially similar to the SCT except that column (b) (“Fees earned”) replaces columns (c) (“Salary”) and (f) (“Non-equity incentive plan compensation”) of the SCT. Consequently the types of compensation paid to directors would be disclosed in the director compensation table or in the SCT in the same columns except that compensation that would be included in column (b) of the director compensation table would be</p>

Item	Summary of comments	CSA response
		included in column (c) of the SCT with explanatory footnotes.
<p>Question 8: Do you agree with the way bonuses and non-equity incentive plans will be disclosed in the summary compensation table?</p>		
<p>4.19</p>	<p>Bonuses</p> <p>Eight commenters agree with the way bonuses and non-equity incentive plans will be disclosed in the SCT. Three commenters make the following additional comments.</p> <ul style="list-style-type: none"> • Replace the term “bonus” with the term “discretionary cash amounts”. • Creating a column for non-equity incentive plan compensation highlights that “bonuses” of NEOs should be tied to performance and based on performance goals. • Clarify what types of compensation will now go into the Bonus column. <p>Thirteen commenters disagree with the way bonuses will be disclosed in the SCT. The commenters make the following specific recommendations.</p> <ul style="list-style-type: none"> • The terms “bonus” and “incentive plan” should be more clearly defined as the definition is inconsistent with how many companies currently view bonuses. Possible options are to replace the term “bonus” with the term “discretionary payments” or replace the term “bonus” with the term “discretionary awards” and “non-equity incentive category” to “non-discretionary awards”. • The proposed definition of bonus moves away from the generally accepted definition of the term bonus as understood in the marketplace. Use the Bonus column to represent the value of annual incentive provided to each NEO based on the past year’s performance, in the same manner as has been used by Canadian 	<p>In light of these comments, we have decided that the distinction between bonuses and non-equity incentive plans could lead to potentially misleading or confusing disclosure. Accordingly, we have removed column (d) of the SCT from the version of the Proposed Form published with the March Notice. All non-equity incentive plan compensation, including bonuses, must be disclosed in column (f) of the SCT.</p> <p>This is the case whether the <u>amount</u> of non-equity incentive plan compensation was determined in accordance with a predetermined formula, or was a purely discretionary decision made by an issuer. Note that compensation that is discretionary in <u>amount</u> may otherwise be within the definition of “incentive plan”. For example, an arrangement, under which a company establishes an annual bonus pool but the <u>amount</u> paid to an individual NEO out of the pool is discretionary, is an incentive plan under the Proposed Form if NEOs generally expect to be paid a share of that bonus pool. Accordingly, annual payments out of that bonus pool must be disclosed as “non-equity incentive plan compensation” from an “annual incentive plan” under column (f1) of the SCT. Only payments of a <u>nature</u> (and not just of an <u>amount</u>) that are truly unexpected (akin to a windfall) would be reported as “all other compensation” under column (h) of the SCT.</p>

Item	Summary of comments	CSA response
	<p>issuers in the past. Any additional discretionary bonus payments are much less frequent and should be included and footnoted under the All Other Compensation column.</p> <ul style="list-style-type: none"> • The proposed changes to the Bonus column in the SCT will lead to less disclosure under this heading which may lead to some confusion and/or inconsistency in the determination of who to report if the threshold is based solely on salary and bonus. • In many cases, the Bonus column may be eliminated as very few compensation payments will be truly discretionary and not based in some manner on pre-approved metrics. • The term "non-equity incentive plan" is defined only in the negative as "an incentive plan or portion of an incentive plan that is not an equity incentive plan." The term "equity incentive plan" is defined as "an incentive plan or portion of an incentive plan under which awards are granted that fall within the scope of Section 3870 of the [CICA] Handbook." Incentive plans should include plan-based awards and should be distinguished from discretionary awards, which are not plan-based awards. • The proposed rules should clarify what constitutes discretion. By basing the distinction between bonus and non-equity incentive plan on whether or not the payment is "discretionary," it is necessary for a company to understand exactly what is meant by "discretion". This issue would arise frequently given that most incentive plans have a discretionary aspect to them and few plans are based strictly on a formula. For example, it is unclear if a board's decision to reduce an executive's incentive payment that would otherwise be determined according to a formula would make the payment "discretionary". Many incentives may be based not only upon performance thresholds communicated in advance, but may also contain elements of discretion. • The CSA should provide guidance as to whether both 	

Item	Summary of comments	CSA response
	<p>“guaranteed” incentive compensation and discretionary cash awards should appear in the Bonus column, in accordance with the SEC rules. If this were true, the definition of “bonus” should include such guarantees, otherwise it appears that these guaranteed incentives would then fall under “All Other Compensation.”</p> <ul style="list-style-type: none"> • The proposed form will result in the combination of annual and medium-term non-equity incentives (other than those that are purely discretionary) into one column. • Continue using a single Bonus column and include all annual or short term non-equity awards in the same column, including discretionary amounts. One of the commenters recommends that the Non-Equity Incentive Plan column would then be renamed “Multi-Year Non-Equity Incentive Plans” and would be used to show the intended grant date fair value of any multi-year cash award based on pre-determined objectives, payable in future years. This would then result in multi-year cash incentive plans being treated in the same way as stock-based plans for the purposes of valuing compensation earned by an NEO in a given year. • Annual incentives should continue to be reported separately from other cash incentives with terms longer than one year. • Differentiating between awards based on the level of discretionary judgment applied may not be meaningful to the average securities reader. • Split the Bonus column into two columns and require issuers to disclose bonus awards that are tied to predetermined performance goals separately from those that are discretionary. • Long-term cash awards are not included in the SCT (until earned, at which time they would be disclosed in the Non-Equity Incentive 	

Item	Summary of comments	CSA response
	<p>Plan Compensation column as currently proposed), and would only appear at the date of award. There should not be a difference in treatment of this and equity awards and recommend that the award of such grants be displayed in the SCT.</p> <p>Of these thirteen commenters who disagree with the way bonuses are disclosed, eight believe the Bonus column should be divided into current year and multi-year:</p> <ul style="list-style-type: none"> • Provide separate columns for reporting annual incentive payouts and non-annual non-equity incentive plans. • Annual incentives are shown in the Bonus column and long-term equity and non-equity incentives should be separately disclosed under long-term compensation. • Replace the Bonus column with other columns such as short/mid-term compensation awards, other annual compensation, long-term compensation awards and LTIP payouts. • Suggests another alternative is for the non-equity compensation column to be divided into annual awards and long-term awards. • Investors are primarily interested in seeing an annual incentive compensation figure reported separately from long term cash compensation. The commenter recommends that discretionary or guaranteed payments of a long-term nature could be disclosed by footnotes in a separate table or alternatively in the "All Other Compensation" column. <p>Of the thirteen commenters, three commenters suggest that information be provided in a footnote instead of in the main table and provide the following specific comments.</p> <ul style="list-style-type: none"> • It would be sufficient to identify in a footnote the portion of the bonus that was not based on pre-determined performance criteria. 	<p>We have further divided non-equity incentive plan compensation into column (f1) of the SCT in respect of annual incentive plans and column (f2) of the SCT in respect of long-term incentive plans. Paragraph 3.1(8)(e) of the Proposed Form provides column (f1) includes annual non-equity incentive plan compensation, such as bonuses and discretionary amounts, and column (f2) includes all non-equity incentive plan compensation related to a period longer than one year.</p> <p>We have decided not to specifically require the footnote disclosure suggested by the commenters. If necessary to satisfy the objective of executive compensation disclosure set out in section 1.1 of the Proposed Form, a company must provide footnote disclosure of whether the amount of a bonus was based on pre-determined criteria or was discretionary .</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> It is rare that a purely formulaic approach is taken, which is implied by the wording in s. 3.1.1(iii) that non-equity incentive plan awards are “based on pre-determined performance criteria that were communicated to an NEO”. The commenter recommends discretionary and/or guaranteed payments be disclosed by footnotes or in a special table. The Bonus column is now limited to gratuitous payments and windfall payments. If this is not the intended result, then clarification is needed. The commenter recommends the CSA consider amalgamating as “non-equity incentive plan and bonus” and requiring footnote disclosure as to the portion of the amount that relates solely to bonus. <p>One commenter suggests the column after salary should include only incentives that are ultimately “cash-based” so that the other category includes only “stock-based” incentive awards.</p>	<p>We have decided to group disclosure by major forms of compensation rather than cash versus non-cash.</p>
<p>Question 9: Do you agree with the proposed disclosure of equity and non-equity awards? Are the distinctions between the types of awards and how they will be presented clearly explained?</p>		
<p>4.20</p>	<p>Disclosure of awards Eight commenters agree with the proposed disclosure of equity and non-equity awards with one noting that it is an improvement.</p> <p>One commenter asks the CSA to clarify whether a short-term incentive plan that has a portion of its award based on individual objectives but the remainder on corporate performance objectives would constitute an equity-based award or not.</p> <p>Three commenters disagree with the proposed disclosure. Two commenters provided the following reasons:</p> <ul style="list-style-type: none"> The timing of the disclosure of certain pay elements is not consistent. i.e. inconsistent treatment of long-term cash awards, which are 	<p>We acknowledge these comments.</p> <p>See our response in item 2.4, above.</p> <p>We have considered the inconsistent treatment of long-term cash awards but have decided against making any changes to the Proposed Form. Subsection 3.1(8) of the Proposed Form provides that column (f) of the SCT includes the dollar value of all amounts earned for services performed during the covered financial year that are related to awards</p>

Item	Summary of comments	CSA response
	<p>disclosed only at payout, and equity awards, which are disclosed at grant. This inconsistent treatment might result in anomalous disclosure. For example, the disclosure of performance share units (PSUs) and long-term cash awards that are based on the same performance measure and are both ultimately settled in cash would be different even though they are essentially equivalent from a compensation standpoint. This would make it more difficult for investors to factor the grant of long-term cash awards into total compensation.</p> <ul style="list-style-type: none"> • Long-term cash plans should be disclosed on the same basis as equity plans rather than appearing in the SCT once they are earned. The commenter suggests that an estimate of long-term cash awards should be in the SCT at the time of grant and the ultimate payouts should appear in a “value realized” table when earned. • One commenter disagrees with the splitting of stock options into two categories (columns (e) and (f)) in the Summary Compensation Table. The commenter believes that the distinction between the two is confusing to the average reader. <p>One commenter disagrees with mixing purely cash-based SARs or RSUs with stock options in the summary compensation table. The commenter proposes to include in one category any stock based plans that require different GAAP treatment and all other plans that are cash-based such as SARs in a second category.</p>	<p>under non-equity incentive plans and all earnings on any outstanding awards and bonus amounts. Paragraph 3.1(8)(a) of the Proposed Form provides that if the relevant performance measure was satisfied during a covered financial year (including for a single year in a plan with a multi-year performance measure), companies must report the earnings for that financial year, even if they are payable at a later date. In addition, the actual payout eventually received by an NEO must be disclosed under section 4.2 of the Proposed Form, which has been revised to include non-equity incentive plan awards. Also, see our response in item 2.4, above.</p> <p>Equity-based awards will be disclosed in the SCT at grant date fair value. Therefore, categorizing awards based on GAAP treatment is less relevant.</p>
4.21	<p>Equity vs. non-equity Six commenters believe the distinctions are clear.</p> <p>Eleven commenters do not think the distinctions are clear. Nine of the commenters express the following concerns.</p> <ul style="list-style-type: none"> • Presenting equity awards in the SCT based on accounting expense is not appropriate. 	<p>We acknowledge these comments.</p> <p>Non-equity incentive plan compensation refers to cash payments based on satisfying specific criteria whereas share awards refers to awards such as shares, RSU, and DSU, which may be settled in shares or in cash. Share awards will be disclosed in the SCT using grant date fair value. This applies to all share awards including those granted in lieu of salary or bonus under paragraph 3.1(2)(b) of the Proposed Form. We</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • On the one hand, for options, stock compensation expense is recognized evenly over the vesting period and does not change over the life of an option (fixed accounting). On the other hand, for RSUs, stock compensation expense is recognized evenly over the vesting period and changes over the vesting period, as it is revalued at each reporting date (variable accounting). • The instructions and column headings for the option awards table should clarify that disclosure is required for awards/grants made in the most recently completed year only. • Column (g) should not require disclosure of unvested stock awards. The commenter believes that the information circular is a core document for the purposes of secondary market civil liability so only information that is factually verifiable should be mandated disclosure (compliance with column (g) disclosure requires an issuer to calculate amounts based on assumptions relating to a hypothetical situation). • One commenter notes that it is unclear how DSUs awarded in lieu of all or a portion of annual bonus payouts would be disclosed. It is unclear to the commenter where any change in value or accumulated dividends would be disclosed. This commenter would like clarification on whether these items would be in the "Other Compensation" column. • Further clarification should be provided to explain the differences between equity and non-equity awards by referring to the fundamental nature of each of those awards. Referring to the CICA Handbook in the definition of equity incentive plan and throughout the proposed rule makes it difficult for readers without accounting backgrounds to understand. • The Proposed Rules are not clear about how certain equity awards should be disclosed. For example, it is not clear if it is necessary to disclose in the Grants of Equity Awards table when an NEO voluntarily defers compensation into an equity-based 	<p>acknowledge that the amount disclosed may differ from the amount actually received on payout or reported as earned under paragraph 3.1(8)(a) of the Proposed Form. Using grant date fair value eliminates some of the concerns raised by the commenters such as the inconsistent recognition of compensation expense for different types of share awards.</p>

Item	Summary of comments	CSA response
	<p>vehicle, such as deferred share units (DSUs) or restricted share units (RSUs). Under such circumstances, requiring disclosure of the DSUs and RSUs in this table may result in double-counting. The commenter recommends that the CSA clarify that such equity awards would not be included in the Grants of Equity Awards table but that an NEO's decision to voluntarily defer compensation into these equity vehicles should instead be disclosed in a footnote to the SCT.</p>	
4.22	<p>General comments One commenter suggests that we consolidate the tables set out in sections 3.2, 4.1 and 4.2 into one table.</p>	<p>We believe that consolidating the three tables would make it difficult to understand the information provided. Therefore, we continue to require separate tables for incentive plans. We have deleted section 3.2 of the version of the Proposed Form published with the March Notice.</p>
<p>Question 10: Is it appropriate to present stock and option awards based on the compensation cost of the awards over the service period? If no, how should these awards be valued?</p>		
4.23	<p>Twenty-four commenters support including grant date fair value of stock and option based awards in the SCT. Some commenters made the following comments:</p> <ul style="list-style-type: none"> • The compensation cost of such awards should be disclosed elsewhere in the same document to provide more context for total pay evaluation. Accounting values should be disclosed in a table other than the SCT if the CSA is interested in this information. • Compensation cost is not appropriate in the SCT because the SCT should be focused on the total intended value of annual compensation provided to an NEO. The cost of the compensation awards in a given financial year would be unclear as prior years' grants would be included with this information. 	<p>We have considered the comments provided and believe that disclosure based upon grant date fair value better reflects the intended value of compensation provided to NEOs by a company. Additionally, such an approach appropriately reflects the full value of any awards given to an NEO in a given year. We also believe that requiring the disclosure of grant date fair value addresses many other concerns raised by commenters such as:</p> <ul style="list-style-type: none"> • The possibility of negative compensation values in a given year arising from necessary adjustments based on the use of accounting values. • The adjustment of prior year grants until ultimate settlement, and the unclear effect of these adjustments on a given financial year.

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • Awards should not be recalculated after the initial grant date. The initial award value and explaining the range of potential values is more relevant. • Provide supplementary disclosure of the value of awards that have vested during the year. This would enable investors to understand the value of annual compensation awarded by the board of directors in a given year as well as the amount that actually vests that year that was granted in prior years. The performance disclosure in the CD&A can then address the rationale for the grant date fair value as well as the actual performance (versus target) that resulted in the value that has vested. • Support grant date fair value if we cannot use the existing practice of disclosing the value based on current share prices. • Supports the use of grant date compensation fair value which is the full value of an award that is intended to be granted to a recipient. • Using accounting methodology may result in different individuals being disclosed as the vesting of options is accelerated when individuals are eligible for retirement. • The use of accounting values for long-term incentives and pension values will result in misleading information and make comparisons across companies difficult. Using financial statement values will result in significant volatility related to the timing of expense recognition, share price fluctuations and valuation assumption changes. • Reporting the compensation cost of the awards using the accounting standards will create some distortion as the disclosed amount will include the value of multi year awards. The accounting rules provide for early expensing when an executive reaches the retirement age. • Disclosing compensation cost does not reflect the fair value of the compensation decision at the time the decision is made nor does it communicate that compensation tables of future years will include compensation expense relating to compensation decisions that have already been made as of the date of the disclosure presented. It is difficult for an investor to understand the presentation provided unless 	<ul style="list-style-type: none"> • The difficulty in understanding the values generated by the accounting approach unless readers have a firm understanding of the accounting methods underlying the disclosure.

Item	Summary of comments	CSA response
	<p>that investor was fully informed of the accounting requirements underlying the disclosure requirements.</p> <ul style="list-style-type: none"> • Since the SCT will reflect the portion of current and prior years' awards, investors may not understand that the amounts in the SCT reflects the cost of multiple years' award and may have trouble comparing compensation to company performance for the year. • Accounting guidelines do not measure the value of compensation consistently. For example, an option with a performance feature will have a different value than a SAR based on the same performance feature due to the accounting required for each. • Full grant date fair value of equity based awards is disclosed in the Grants of Equity Awards Table, but this would not impact the total compensation figure in the SCT. Thus, the grant date fair value would have to be added manually by investors to the total compensation figure in the SCT to produce a value for total compensation granted in a given year. • The information is not meaningful in the SCT if negative numbers are possible. • Due to tax concerns unique to Canada, most equity compensation programs are structured as "liability structures" for the purposes of Section 3870 of the CICA Handbook, which means that these awards are revalued at year end (variable accounting). This can result in negative amounts. • Many Canadian issuers are subject to accounting rule EIC 162 (equivalent to FAS 123R) which requires equity expensing to be accelerated in the years leading up to an employee's normal retirement age, whether or not the employee actually retires at that time. This would have a further effect of distorting the compensation disclosure for NEOs since the accelerated elements would not accurately reflect the intended compensation of that individual in the 	

Item	Summary of comments	CSA response
	<p>applicable year.</p> <p>Three commenters believe it is appropriate to reflect the cost of stock and option awards over the service period.</p>	
<p>Question 11: Should the change in the actuarial value of defined benefit pension plans be attributed to executives as part of the summary compensation table?</p> <p>Question 12: Should we include the service cost to the company in the summary compensation table instead of the change in actuarial value or in addition to it?</p>		
4.24	<p>Change in actuarial value (DB plans)</p> <p>Six commenters support the use of change in actuarial value of DB pension plans in the SCT. The commenters make the following points:</p> <ul style="list-style-type: none"> • The change in actuarial values best reflects the company liability. • The change in actuarial value should be reported net of the executives' contributions. • Include an explanatory footnote to help investors understand the impact of both compensatory and non-compensatory elements on the total change in actuarial value. • In addition to disclosing actuarial value in the SCT, service cost should be disclosed in the retirement plan section. <p>Fifteen commenters do not support the use of change in actuarial value of DB pensions plans in the SCT for the following reasons:</p> <ul style="list-style-type: none"> • The change in actuarial value includes amounts that are not related to compensation and is therefore not readily comparable among companies. 	<p>We have considered these comments and confirm that the change in actuarial value includes non-compensatory items related to an NEO's pension obligations. We have revised the SCT so that only those elements of a change in pension value that are compensatory in nature must be disclosed. Item 5 of the Proposed Form has also been revised to provide a disclosure of the total change in pension value, broken out to clearly illustrate the effect of compensatory and non-compensatory factors.</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • The amount disclosed should include the increase in the pension value due to another year of service accrual including the value of the executive's own contributions, the impact of compensation increases on the value of previously accrued pension benefits and, the impact of any plan changes during the year. • The change in actuarial value is of interest to investors and should be disclosed in a note to the SCT. • It may be more useful to apply a present value calculation to determining the pension benefit. • If non-compensatory changes are considered compensation, then negative amounts (related to pension changes) should be in the SCT and be included in calculating total compensation. • Change in Pension Value would be better addressed as part of more detailed disclosure in the Retirement Plan Benefits section in proposed Item 6, such as that typically emerging under voluntary best practices. In addition, the change should be split into compensatory and non-compensatory elements. • Reconciliation of the total change in the actuarial value can be shown in an expanded version of the new Retirement Plan Benefits table to provide full transparency. Under this approach the liability disclosed in the Retirement Plan Benefits table will be based on similar methods as under the US Rules, however only the compensatory amounts of the change in the liability will be disclosed in the SCT. <p>Six of these 15 commenters support the use of service cost.</p> <p>Twelve commenters support the use of service cost in the SCT instead of the total change in actuarial value. Eight of these twelve commenters also do not support the use of change in actuarial value in the SCT. Two commenters provide the following reasons:</p>	

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> The inclusion of service cost would allow DB and DC plan disclosure to be included in a combined column which would help to provide more consistent treatment of the two types of plans and greater ability to compare pension benefits across companies. This service cost could be calculated using the same assumptions used to prepare financial statements (including earnings projections and assumed retirement ages). This service cost would be similar to that voluntarily disclosed by many large Canadian employers in current proxy statements. 	
4.25	<p>Alternative disclosure Three commenters believe an alternative approach would be to include the employer-provided value of the following three compensatory items in the SCT:</p> <ul style="list-style-type: none"> the increase in the pension value due to another year of service accrual; the impact of compensation increases on the value of accrued pension benefits; and the impact of any plan changes during the year. <p>One commenter suggests that the change in actuarial value that results from interest and the non-compensatory factors could be reported separately in a year-over-year pension benefit obligation table.</p>	<p>In response to these comments, we have changed the requirement in subsection 3.1(9) of the Proposed Form to only require disclosure of compensatory elements in the pension column in the SCT. This value will be comprised of the service cost and other compensatory amounts.</p>
4.26	<p>Should pension value be included in determining NEOs? Three commenters believe that modifying the measure for determining NEOs is necessary to more accurately reflect the impact of pension earnings on executive compensation. The following specific comments were made.</p> <ul style="list-style-type: none"> Include some form of pension costs in the determination of NEOs as pension earnings or contributions are often a large part of the compensation for an executive where the issuer has a pension plan. 	<p>We do not believe that pension compensation should be included in total compensation for the purposes of determining who a company's NEOs are. Requiring companies to calculate the pension value for purposes of identifying the NEOs would put a burden on companies that we believe is disproportionate to the benefit. Accordingly, we did not change the provision that permits pension compensation to be excluded from total compensation for the purpose of identifying a company's NEOs.</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> Disclosing only compensatory amounts in the SCT would eliminate concerns about a negative amount and the pension value could be included in total compensation for the purpose of identifying the NEOs to be disclosed (although it still may be preferable to exclude it for consistency with the SEC approach and to make it easier for companies to identify the NEOs). 	
4.27	<p>Inconsistent treatment of Defined Benefit (DB) and Defined Contribution (DC) plans Thirteen commenters suggest that we should treat DB and DC plans consistently in the SCT. Some commenters note that:</p> <ul style="list-style-type: none"> DC pension disclosures should be included with DB pension disclosures in one column So long as only compensatory elements are included in the SCT for DB plans, they should be reported in the same column as DC plans. DC plans will continue to increase and the difference in disclosure requirements for the two types of pension plans has the potential to impact the selection of NEOs for disclosure purposes. Therefore, both DB and DC plans should be subject to the same disclosure requirements in order to reduce the potentially distorting effects. <p>One commenter recommends that column H be re-titled "Pension Compensation" and should include the annual compensation value of whichever type(s) of plan(s) are used by the issuer, broken out by plan in a footnote if required.</p> <p>Four commenters believe that if DC plans are to be reported in the SCT, it should be included in the pension column instead of the "All Other Compensation" column.</p> <p>One commenter disagrees with the creation of a separate column for defined benefit plans and proposes that DB plans (like DC plans) be</p>	<p>While we acknowledge that the risk profile and characteristics of each type of plan are quite different in some respects, we agree that they should be treated consistently in the SCT. We have relocated the disclosure of defined contribution pension obligations from column (i) ("All Other Compensation") of the SCT of the version of the Proposed Form published with the March Notice, and now require companies to disclose all pension-related obligations in column (g) ("Pension value") of the SCT. Consequently, disclosure about both DB and DC plans will be included in column (g) of the SCT.</p>

Item	Summary of comments	CSA response
	included in the "other" column.	
4.28	<p>General comments</p> <p>One commenter suggests that issuers be required to indicate whether the defined benefit and actuarial plans noted in the SCT are funded or unfunded.</p> <p>One commenter suggests that shareholders should have access to information regarding what an executive's deferred pension is worth in a lump sum as of reporting date.</p>	<p>We have not made the suggested change. Funding status must generally be disclosed as a note to the financial statements under generally accepted accounting principles and we believe repeating that disclosure in the Proposed Form is unnecessary.</p> <p>In response to this comment, we have changed Item 5 of the Proposed Form to require disclosure of the benefit payable and accumulated obligation.</p>
<p>Question 13. Have we retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the bonus column of the summary compensation table?</p>		
4.29	<p>Subsection 3.1(7)(i) (March Notice version of Proposed Form)(appropriate threshold for determining perquisites)</p> <p>Ten commenters believe that we have retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the Bonus column of the summary compensation table. Commenters noted that:</p> <ul style="list-style-type: none"> • Meaningful information is not provided by disclosing each perquisite exceeding 25% of the total perquisites and other personal benefits. <p>One commenter believes using percentage of salary and bonus as a threshold will create unfair distortions between companies, where companies that offer purely discretionary incentives will be advantaged and have less disclosure requirements. Therefore, the commenter recommends using the \$50,000 threshold and removing references to salary and bonus in the threshold definition.</p> <p>Thirteen commenters do not believe that we have retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the Bonus column of the summary</p>	<p>We have eliminated the column (d) ("Bonus") of the SCT in the version of the Proposed Form published with the March Notice. The concept of discretionary bonus must be reported in column (f) ("Non-equity incentive plan") of the SCT. Perquisites will be calculated based only on a percentage of salary. We believe the threshold of 10% of salary or \$50,000 will not result in a significant increase of items required to be reported as a perquisite. Given these changes, the threshold associated with the requirement to disclose perquisites has been revised such that only the amount disclosed as a company's salary will be relied upon for the sake of comparing the value of the perquisites.</p> <p>We acknowledge these comments, however, we believe the revised thresholds are appropriate.</p>

Item	Summary of comments	CSA response
	<p>compensation table. The commenters make the following specific comments:</p> <ul style="list-style-type: none"> • In light of the proposed definition of "bonus", which has effectively reduced the perquisite threshold, we should change the threshold to a percentage of salary only (e.g., 10% of salary or \$50,000), or reconsider the definition of "bonus" and "non-equity compensation" as they relate to calculating the perquisite threshold. The threshold of less than \$50,000 and less than 10% of the NEO's total salary and annual bonus is appropriate, where bonus is understood as a variable cash payment that is considered annually for award which may or may not be based on pre-determined performance criteria. • The disclosure of perquisites should apply to forms of other remuneration. For example, insurance premiums of \$8,000/year are no more relevant than a parking allowance of a similar amount. • The lower threshold established by the SEC is appropriate, for example, at and above a total of \$10,000. • If the proposed concept of "bonus" is adopted, this will result in the decrease of the actual dollar value of bonus disclosed and therefore, suggest a threshold of 15% of the annual salary only. <p>Of the thirteen commenters, four believe the threshold should be increased for the following reasons:</p> <ul style="list-style-type: none"> • \$50,000 was the amount set in 1994 and we should reflect inflation. • The threshold should be increased from \$50,000 to \$75,000. • The threshold may be too low, depending on whether "incremental cost" is appropriate to value all perquisites. For example, the use of a corporate condo for personal use, the 	

Item	Summary of comments	CSA response
	<p>incremental cost may be minimal but the “value” might be considerable.</p>	
<p>4.30</p>	<p>Subsection 3.1(7)(i) (March Notice version of Proposed Form)(incremental cost of perquisites) Many issuers do not keep records in such a way as to be able to readily ascertain the “incremental costs” of perquisites to the company and its subsidiaries as required by Subsection 3.1(7)(i). More flexibility should be provided to issuers in this regard, provided they describe the methodology used to determine the amounts.</p> <p>One commenter expresses concern with the wording of the second paragraph of Subsection 3.1(7)(i) and its apparent requirement for issuers to analyze whether a given item is one of “perquisites, property or other personal benefits.” Clarify that the 25% threshold relates to the total of perquisites, property or other personal benefits, and not just perquisites.</p>	<p>We believe that since companies are already required to calculate the incremental costs of perquisites for financial reporting purposes, compliance with this requirement should not pose any difficulties for companies.</p> <p>The word “including” has been added to paragraph 3.1(10)(a) of the Proposed Form to address the potential confusion caused by the initial language.</p>
<p>4.31</p>	<p>General One commenter recommends that the total of all “other” compensation be subject to the same absolute limits as currently proposed for perquisites alone and any of the listed items for inclusion should be footnoted with explanation when exceeding the limit on its own.</p> <p>One commenter notes that:</p> <ul style="list-style-type: none"> Including the incremental cost to the corporation of perquisites rather than their costs if the executive paid for them directly is acceptable because what shareholders are concerned about is the cost the corporation will bear. <p>One commenter requests clarification as to whether the \$50,000 perquisite</p>	<p>We have not made the suggested change. Under existing Form 51-102F6 <i>Statement of Executive Compensation</i>, other compensation is not subject to any limits similar to those proposed for perquisites. We believe that there is no policy reason to adopt a limit since we have not historically noted any problems with disclosure provided under the existing form. We also note that the footnote disclosure suggested by the commenter must be provided, irrespective of the absence of any absolute limits, if such disclosure is necessary to satisfy the objective of executive compensation disclosure set out in section 1.1 of the Proposed Form..</p> <p>We acknowledge this comment.</p> <p>References to “\$” or “dollar” in the Proposed Form are to the Canadian</p>

Item	Summary of comments	CSA response
	disclosure threshold is intended to be in Canadian dollars or in the currency used in the financial statements.	dollar unless otherwise stated. Companies must translate payments made in a currency other than the Canadian dollar, including payments in the currency of the financial statements of the issuer, into Canadian dollars for the purposes of the \$50,000 threshold for requisite disclosure.
Question 14: Should we provide additional guidance on how to identify perquisites?		
4.32	<p>Additional guidance</p> <p>Twelve commenters believe that sufficient guidance is provided on how to identify perquisites. One of these commenters suggests there should be an exclusion of items based on a <i>de minimus</i> rule (e.g. ad hoc basis items such as one-time parking or theatre tickets to all employees should not be included).</p> <p>Eleven commenters believe additional guidance is needed. They comment on the following topics:</p> <p>Using the word “integrally” in the proposed test for a perquisite. They suggest that we:</p> <ul style="list-style-type: none"> • Remove the word “integrally”. If something is directly related to a person’s job, that is a high enough standard to meet even if it is not “required” and “necessary” for their job (e.g. wireless device is not required and necessary and therefore is not integral and would be a perquisite). • Not remove the word “integrally”. Even items that are integrally and directly related to the performance of an executive officer’s duties may still be perquisites. Specifically, while the base level of an item may be directly related, the top level of an item may contain an element of perquisite. • Specify that all travel for business purposes is “integrally and directly related to the performance of an executive officer’s or, if appropriate, a director’s job.” 	<p>We acknowledge these comments.</p> <p>We have not provided additional guidance in the Proposed Form. Companies should use their judgement to determine what should be disclosed or considered “integrally” with reference to the objective set out in section 1.1 of the Proposed Form. Whether the wireless device in the example provided by the commenter is a perquisite depends not only on whether the wireless device is “integrally” and “directly” related to the NEO’s employment duties but also on whether disclosure of the company’s provision of the wireless device will provide insight into a key aspect of a company’s overall stewardship and governance or will help investors understand how decisions about executive compensation are made.</p> <p>We believe that non-disclosure based on the availability of a perquisite to other</p>

Item	Summary of comments	CSA response
	<p>Providing a carve out for items generally available to all employees. They suggest that we:</p> <ul style="list-style-type: none"> • Remove the word “all” as a benefit being generally available to “all” employees is too high a standard. • Qualify the carve out by providing that the items are generally available to all employees working in the same location as the NEO. • Amend the carve out so that it applies to all “salaried employees” or possibly all “management employees” (The commenter also notes that this comment is relevant in point (ii) of the Commentary to this Item, where reference is again made to “all employees”). • Clarify whether the exemption for discounts for securities purchase plans for broadly based employee plans available to all employees on the same terms will be retained. This is consistent with the exclusions provided in the definition of the word “plan” but is not expressly exempted. <p>Providing a bright line test: They suggest that we:</p> <ul style="list-style-type: none"> • Establish a simple bright line test so that all perquisites exceeding \$50,000 are disclosed and explained. <p>One commenter requests that we clarify point (ii) of the Commentary, which states that “this concept is narrowly defined.” It is unclear as to whether the concept being referred to is the concept of “being a perquisite” or the concept of “not being a perquisite.”</p>	<p>employees should be a high threshold. In response to these comments, however, we have changed the requirement in paragraph 3.1(10)(a) of the Proposed Form by adding the term “generally” before “available to all employees”. Accordingly, a company must only disclose perquisites that are not generally available to all employees, and that in aggregate are \$50,000 or more, or are 10% or more of an NEO’s total salary for the financial year.</p> <p>This exemption is set out in paragraph 28 of section 3870 of the Handbook. It applies to discounts for securities purchase plans for broadly based employee plans available to all employees on the same terms.</p> <p>We have not made the suggested change. We believe that a bright line test is not appropriate in all cases because, in some cases, perquisites in excess of \$50,000 may not need to be individually disclosed and explained in order to satisfy the objective of communicating what the board of directors intended to pay or award certain executive officers and directors for the financial year. However, if necessary to provide insight into a key aspect of a company’s overall stewardship and governance or help investors understand how decisions about executive compensation are made, we believe any individual perquisite, irrespective of its dollar amount, must be disclosed and explained.</p> <p>The concept referred to is the concept of “not being a perquisite”. We believe that this is clear in the commentary and have not made any changes.</p>

Item	Summary of comments	CSA response
4.33	<p>Specific examples One commenter recommends that we consider exempting items related to personal security from being classified as perquisites.</p> <p>One commenter suggests that we consider whether to split up the reference to “corporate aircraft or personal travel financed by the company” in item (ii) of the Commentary. The commenter wants clarification as to whether the use of a “corporate aircraft for corporate business” could still be a perquisite, or whether the concept just relates to personal travel whether by corporate jet or commercial flight.</p>	<p>We believe it is inappropriate to provide guidance on specific examples of possible perquisites without the relevant context being provided. Companies should use their judgement to determine what should be disclosed with reference to the objective set out in section 1.1 of the Proposed Form.</p>
<p>Question 15: Will a total compensation number calculated as proposed provide investors with meaningful information about compensation?</p>		
4.34	<p>Two commenters believe that the total compensation number (as proposed) will provide meaningful information. One commenter believes that a single figure for total compensation makes it easy to calculate total pay and may be useful to the corporation’s directors, particularly those on the compensation committee.</p> <p>Twenty-five commenters believe that the total compensation number (as proposed) will not provide meaningful information for the following reasons:</p> <ul style="list-style-type: none"> • The information will not be meaningful if the change in pension value and/or the current concept of equity valuation, the accounting method, are retained. • Total compensation will be of no value as it contains quantifications of awards that bear no resemblance to compensation value, or the value ultimately realized by an executive. 	<p>We acknowledge these comments.</p> <p>Most commenters believe that the total compensation number would not be meaningful if the value of share awards and option awards is based on the accounting method and the value of pension plans is based on the change in actuarial value. In response to these two concerns, we have changed these requirements in the proposed form. See our response in item 2.1, above.</p> <p>We have made changes that have made the information more meaningful, such as using grant date fair value to reflect share awards and option awards. However, we acknowledge that this may not be the actual payments realized by an NEO.</p> <p>DSU awards will not be reflected in column (h) (“All other compensation”)</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> Column (i) "All Other Compensation" will include the value of DSU awards payable to an executive upon termination. This will result in double-counting as these awards have been reflected as compensation already. The blend of compensation opportunity (potential value that is expected) and realized compensation (value actually delivered) is not properly addressed. For example, equity awards are shown on an annual opportunity value basis, while the non-equity payouts are shown on a realized cumulative basis. The SCT should be adjusted to reflect best practices in this area. For non-annual non-equity awards, target pay-out value should be disclosed at the time of grant, instead of actual amount upon payout. The total compensation value in the SCT is based on individual values which are not calculated consistently (between columns) and reflect the combination of current, historical and future compensation. 	<p>of the SCT unless related to termination. In this case, the DSUs would not have been captured in the SCT.</p> <p>We acknowledge the total compensation value is a mixture of items with different determinations. We believe that by requiring companies to value different types of awards, companies will be required to disclose one meaningful number.</p>
Section 3.2 Grants of Equity Awards (March Notice version of Proposed Form)		
4.35	<p>Subsection 3.2(2) (March Notice version of Proposed Form)(incremental fair value)</p> <p>One commenter requests that we clarify the meaning of the requirement to "disclose the incremental fair value". Specifically, whether to disclose incremental fair value in the table or in a footnote and, if in the table in a separate line or blended.</p>	<p>We have deleted section 3.2 of the version of the Proposed Form published with the March Notice. Under subsections 3.1(6) and (7) of the Proposed Form, the incremental fair value of equity based awards must be disclosed in the SCT.</p>
<p>Question 16. Will the disclosure of the grant date fair value of stock and option awards, along with the disclosure provided in the summary compensation table, provide a complete picture of executive compensation?</p>		
4.36	<p>Seventeen commenters do not believe that the disclosure provides a complete picture for the following reasons:</p>	<p>In response to these comments, we have decided to:</p> <ul style="list-style-type: none"> require disclosure of the grant date fair value of equity based awards

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> • The use of accounting to value equity based awards in the SCT. • The disclosure regarding the grant date fair value of stock and option awards does not provide any link to the SCT. The SCT provides no information as to how much any of the numbers relate to current year compensation decisions or how much relate to specified prior years compensation decisions. • Separating disclosure into several tables is confusing. • SCT should provide grant date fair value and compensation cost of stock and options awards should be disclosed elsewhere. • It is confusing to provide both a grant date fair value as well as the associated accounting expense. • The Grants of Equity Awards table should also reflect the number of options and stock award units granted. <p>Four commenters agree that the disclosure provides a complete picture but one commenter believes the valuation at grant date is the most appropriate number and the valuation for accounting purposes is of secondary importance.</p> <p>One commenter notes that grant date fair value is in line with the methodology used by boards to assess compensation. There should be clarification on how DSU are disclosed or whether DSUs should be disclosed at all under Item 4. The requirement to disclose stock awards under column (g) is confusing. It would be more appropriate to disclose target payouts.</p>	<p>in the SCT, and</p> <ul style="list-style-type: none"> • delete section 3.2 of the version of the Proposed Form published with the March Notice. <p>In addition, certain underlying details of equity-based awards must be disclosed under Item 4 of the Proposed Form.</p> <p>We consider a DSU to be an equity-based award and should accordingly be included by companies in the SCT in the year of grant. We note that, at termination, the incremental fair value of any DSU that were previously granted must also be disclosed.</p>
ITEM 4 – EQUITY-BASED AWARDS (March Notice version of Proposed Form)		
5.1	Number of tables for outstanding equity-based awards	

Item	Summary of comments	CSA response
	<p>One commenter notes that if the grant date approach is used for the SCT, there will be no need for a separate grant of equity awards table.</p> <p>Three commenters suggest that we replace the table currently found in the proposed form with an alternatively structured table: They recommend that we</p> <ul style="list-style-type: none"> • combine the two tables in Item 4 with the table in Section 3.2. • include three columns in the table: (i) grants, (ii) exercises, and (iii) outstanding. <p>One of these three commenters suggests that we create an alternate form of table to disclose changes in equity positions. The proposed table would be split into "Employment Share Units", "Restricted Share Units" and "Options/SARs In-The-Money" and would provide a year-by-year breakdown of the opening and closing balances, along with any payouts that occurred during the year for each NEO. Latitude should be given to issuers to amend the table where they believe that such amendment would provide more complete and/or clearer information to shareholders.</p>	<p>We have deleted section 3.2 of the version of the Proposed Form published with the March Notice in keeping with our decision to require the disclosure of grant date fair value in the SCT. We believe that the remaining tables are required to provide disclosure that is meaningful and understandable.</p> <p>We have considered the alternatives, and still believe that the two tables required by sections 4.1 and 4.2 of the Proposed Form are required. We have made some modifications to the table required under section 4.2.</p>
5.2	<p>Subsection 4.1(1) (March Notice version of Proposed Form)(disclose number of securities underlying unexercised options)</p> <p>One commenter expresses concern regarding the meaning of the term "been transferred other than for value". The commenter requests that we clarify to whom these gratuitous transfers would be made.</p>	<p>In response to this comment, we have deleted the term "including awards that have been transferred other than for value" from subsection 4.1(1) of the Proposed Form.</p>
5.3	<p>Equity ownership</p> <p>One commenter notes that the requirement to disclose equity holdings should apply not only to those NEOs that are members of the board of directors, but to all NEOs. This is especially true given the current Canadian governance model where few, if any, executive officers other than the CEO would be on the board.</p>	<p>We believe that SEDI does provide this information in accessible form, and that readers may consider this disclosure when assessing whether these holdings are related to executive compensation decisions.</p>
5.4	<p>One commenter expresses concern that this table does not adequately provide investors with sufficient information relating to how much vested and non-vested upside leverage and downside risk executives have with</p>	<p>We believe that the table required by subsection 4.1(1) of the Proposed Form generally captures the significant information required for companies to provide meaningful disclosure. We note, however, that all</p>

Item	Summary of comments	CSA response
	<p>respect to changes in the stock price. Specifically, the commenter raises the following concerns:</p> <ul style="list-style-type: none"> • The table does not provide the total in-the-money value for each NEO broken down between exercisable and non-exercisable options (as was previously required) • The disclosure of outstanding stock awards applies only to non-vested awards, and not to previously vested stock units that continue to be outstanding and will be settled in a subsequent year • There appears to be an inconsistency between the detail required for each outstanding option and the aggregate information required for outstanding non-vested stock awards. Specifically, the commenter expresses concern as this has led to extremely lengthy reports in the U.S. that are frustrating to investors. <p>One commenter recommends that column (g) should not require disclosure of unvested stock awards. Calculation of this column would require issuers to make disclosure based on assumptions relating to a hypothetical situation. The commenter expresses concern about including this information as it cannot be factually verified and the classification of the information circular as a “core document” in most provinces for the purposes of secondary market civil liability.</p>	<p>of the disclosure required in the Proposed Form must be filtered through the objective set out in section 1.1 of the Proposed Form. If necessary to satisfy this objective, we believe companies must disclose that an NEO has substantial non-vested upside leverage or downside risk with respect to changes in the stock price.</p> <p>We do not intend that assumptions based on hypothetical scenarios will be required. We merely want to provide an indication of value related to stock awards not vested at the end of a financial year and believe this is a reasonable way to do so.</p>
5.5	<p>Section 4.2 Value realized on exercise of vesting of equity awards table (March Notice version of Proposed Form) One commenter expresses the following concerns:</p> <ul style="list-style-type: none"> • The table does not show the number of shares or units that were exercised or realized in the year, only the dollar value realized on those that vested in the year. • The table does not show the value realized from the settlement of previously vested equity-based awards, such as deferred stock units. (The commenter notes that this may arise from the adoption of this 	<p>The table required by subsection 4.2(1) of the Proposed Form requires disclosure of value rather than units because we believe that disclosure of value is more meaningful.</p> <p>We view any of this growth as an investment decision made by the NEO as opposed to a compensation-based decision. Therefore, we have not required disclosure of vested amounts.</p>

Item	Summary of comments	CSA response
	<p>table from SEC regulations, which reflect the common practice of issuing restricted shares from treasury at the beginning of the vesting period. The commenter notes that the Canadian context is different due to the extensive use of cash-settled, liability-type stock award structures under which vesting and settlement may not necessarily occur in the same year. In such a case, amounts would have to be disclosed as value realized, even though some time may have to pass before their actual settlement.)</p> <ul style="list-style-type: none"> • Deferred share units may vest immediately upon their grant or a few years thereafter, but may not be settled under termination/retirement. Reporting value realized only upon vesting would miss much subsequent potential value derived from price growth and dividends while these awards remain outstanding. • The terminology for stock awards in the table should be changed to refer to "Value realized during year on settlement." 	<p>DSUs must be disclosed at grant date fair value in the SCT in the year of grant. Dividends or price growth not factored into grant date fair value in the year of grant must be disclosed in column (h) of the SCT under paragraph 3.1(10)(f) of the Proposed Form when paid.</p> <p>We intend to capture value realized on vesting.</p>
5.6	<p>Reporting period</p> <p>One commenter requests that we clarify that disclosure in the options awards table is required for awards made in the most recently completed year only. The commenter also recommends that the table take into consideration awards that are vested compared to those that have not vested (which the commenter notes would have the effect of making the disclosure consistent with the disclosure required for stock awards).</p> <p>One commenter requests that Point 4 of Item 4 be clarified such that it is clear that the disclosure is "as at the last day of the most recently completed financial year."</p>	<p>We have revised the language of section 4.1 of the Proposed Form to indicate that disclosure is required for all awards granted on a cumulative basis and not just for awards for the most recently completed financial year. We have also revised the language to clarify that disclosure is required as at the end of the most recently completed financial year.</p>
5.7	<p>Additional disclosure</p> <p>One commenter recommends that it be required for issuers to disclose whether options are vested or unvested, and to include any option grant dates.</p>	<p>We have not made the suggested change because such disclosure may not be required in every case. We note, however, that all of the disclosure required by the Proposed Form must be filtered through the objective set out in section 1.1 of the Proposed Form. If necessary to satisfy this objective, we believe that a company must disclose the information suggested by the commenter.</p>

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ITEM 5 – PLAN-BASED AWARDS (March Notice version of Proposed Form)		
Section 5.1 Narrative disclosure for plan-based awards (March Notice version of Proposed Form)		
Question 17: Is the information a company will provide in the tables required by item 4 the most relevant information for investors? Do you agree with our decision to take a different approach to the SEC? Could material information be missed by this approach?		
6.1	<p>Twelve commenters support the decision to take a different approach than the SEC and made the following additional comment:</p> <ul style="list-style-type: none"> • Agrees with the decision to separate information regarding stock and option type compensation from incentive compensation that is not based on the value of the corporation's shares. <p>Nine commenters believe that material information is missing by using this approach.</p> <ul style="list-style-type: none"> • Do not support disclosure on an award-by-award basis in the "Outstanding equity-based awards table" column (c) should report the lowest and highest option exercise price for the unexercised grant and column (d) should include the range of applicable option expiry dates. • Disclosure of options should be split between vested and unvested options as is currently required. The split is meaningful information in that it shows the value that is realizable. • Point 6 to Table 4 requires an estimate of potential value of awards based only on the prior year's fiscal performance. For grants that have a service period longer than one year, it is not appropriate to estimate the value of performance measures on 	<p>We acknowledge these comments.</p> <p>We acknowledge these comments. Though some of the information suggested by the commenters may be relevant in many cases, we have decided against explicitly adding such information to the requirements in Item 4 of the Proposed Form because such disclosure may not be required in every case. We note, however, that all of the disclosure required in the Proposed Form must be filtered through the objective set out in section 1.1 of the Proposed Form. If necessary to satisfy this objective, we believe that a company must disclose the information suggested by the commenters.</p>

Item	Summary of comments	CSA response
	<p>the value of a stock award before the end of the service period (i.e. in year 1 of 3 year period).</p> <ul style="list-style-type: none"> • The amount to be disclosed for stock awards (upon exercise or vesting) should represent the actual amount paid or the value distributed in accordance with the actual plan rules and not the market value of the share units on the vesting date. • Disclosure of grants should be split into exercisable and unexercisable as is currently done. This information is relevant as it demonstrates how vesting provisions have been used. • The grant date of individual awards should be disclosed. • Information on individual awards such as stock or units granted will not be transparent because it will be aggregated in the "Outstanding equity-based awards table" with prior grants. This commenter also believes the reference to "vested" should be clarified. The commenter further suggests the Outstanding Equity-based awards table be modified so that stock awards are detailed on an award-by-award basis in column (f). • The tables and narrative in Items 4 and 5 will enhance the complete disclosure of equity and plan-based awards, however a more complete disclosure of individual grant details should be provided and the use of tabular disclosure is suggested. • The two tables do not include stock awards that vested in a prior year and which were either outstanding at the end of the year, or were settled during the year (even though changes in the stock price and dividend equivalents on these awards would affect the SCT if the accounting approach is used). • Investors want to see how much vested and non-vested leverage and downside risk executives have with respect 	

Item	Summary of comments	CSA response
	<p>to changes in stock price. Table 4.1 does not fully provide this as in-the-value options are not broken down between exercisable and unexercisable options. Table 4.2 does not show the number of shares or units exercised or realized nor does it show the value realized from settlement of previously vested awards.</p> <ul style="list-style-type: none"> The tables required under Item 4 should be expanded to provide information as to the portion of the value of the awards that has been included in the SCT as well as the value of the awards that will be recognized in future years (if accounting is used for equity awards in the SCT). 	
ITEM 6 – RETIREMENT BENEFITS (March Notice version of Proposed Form)		
Section 6.1 Retirement plans benefits table (March Notice version of Proposed Form)		
7.1	<p>Plan-by-plan or aggregate disclosure Three commenters believe that disclosing defined benefit obligations on a plan-by-plan basis is problematic and made the following comments:</p> <ul style="list-style-type: none"> Tabular disclosure of all pension obligations in one line will be adequately supplemented by the obligation for issuers to provide narrative disclosure of each plan on an individual basis. An issuer should only be required to disclose the aggregate entitlement for each NEO. 	<p>We agree that an NEO's participation in multiple pension plans does not preclude the meaningful tabular disclosure of pension obligations in aggregate form. Companies may provide additional narrative disclosure to accompany any aggregate tabular disclosure in order to clarify the significant elements of each individual plan available to an NEO if necessary to understand the disclosure.</p>
7.2	<p>Subsection 6.1(1) (March Notice version of Proposed Form)(number of years of service) One commenter notes that the table in Item 6 requires disclosure of "Number of Years Credited Service" and suggests that we consider whether it should additionally require disclosure of "Number of Years Actual Service."</p>	<p>We believe that the requirement to disclose (in footnote and narrative form) company policies relating to the granting of extra years of credited service is sufficient to adequately discuss any issues relating to extra years of credited service. We believe that this disclosure will effectively</p>

Item	Summary of comments	CSA response
		<p>present any attempts by users to use the crediting of extra years of service as a compensatory technique.</p>
7.3	<p>Subsection 6.1(4) (March Notice version of Proposed Form)(retirement age)</p> <p>One commenter sees the use of normal retirement ages for the purpose of disclosing accrued pension obligations as problematic in that it will make comparisons across issuers difficult and may understate the values reported in the DB Pension Table and in the SCT. The commenter recommends the use of assumed retirement ages consistent with those use for financial reporting purposes in order to more accurately depict accrued pension obligations and service costs.</p> <p>One commenter notes that the SEC rules require issuers to assume normal retirement age (for disclosure purposes) even if for financial accounting purposes a less than 100% chance of retirement is contemplated. The commenter suggests that the CSA not stay silent on this matter to avoid the interpretation that any financial reporting assumptions can be relied on, and allow for an adjustment based on the likelihood of continued employment. The commenter is concerned that the departure of the CSA from the SEC approach may have been unintentional, and suggest that the CSA consider this.</p> <p>One commenter notes that using normal retirement age ("NRA") for purposes of disclosing the value of defined benefit benefits should enhance the comparability of pension benefits across different executives and issuers. However, the commenter notes that the problem with using NRA is that it does not capture the value of early retirement subsidies. The commenter notes that the use of the earliest unreduced age at which an NEO will be entitled to retire would capture early retirement subsidies, but will lead to an overstatement of the present value of accumulated benefits if the NEO continues working past this earliest unreduced age. The commenter notes that either approach has pros and cons, and does note that the commentary to Section 6.2 does address this to some degree.</p> <p>One commenter believes the vast majority of pension plans, but not all,</p>	<p>Subsection 5.1(1) of the Proposed Form permits the use of an estimated retirement age consistent with the practices relating to the estimated retirement age used for financial reporting purposes.</p> <p>We have chosen to depart from the SEC requirements. Subsection 5.1(1) of the Proposed Form permits companies to rely on the actuarially determined likely retirement age as used by companies for financial reporting purposes.</p> <p>We acknowledge this comment. The disclosure required under subsection 5.1(1) of the Proposed Form is the same number used for the financial statements. Financial statements use an average number rather than the individual date.</p> <p>In response to this comment, we changed subsection 5.1(1) of the</p>

Item	Summary of comments	CSA response
	define the normal retirement age as age 65. This is the case for pension plans that allow for unreduced or subsidized retirement at an earlier age. The commenter suggests using financial statement assumptions.	Proposed Form to allow companies to rely on the same actuarial assumptions used in the preparation of financial statements.
Section 6.3 Defined contribution/deferred compensation plans (March Notice version of Proposed Form)		
Question 18. Should we require supplemental tabular disclosure of defined contribution pension plans or other deferred compensation plans? Is a breakdown of the contributions and earnings under these plans necessary to understand the complete compensation picture?		
7.4	<p>Tabular disclosure of DC plans Eleven commenters support a requirement to disclose a defined contribution table and made the following comments:</p> <ul style="list-style-type: none"> • Information on real &/or notional contributions made to DC plans on behalf of an executive is required to understand the complete compensation picture. • Tabular disclosure should be required for non-registered DC pension plans as large liabilities can accumulate for a given NEO. • We should require disclosing DC or other deferred compensation plans in tabular form as required by the SEC rules. • We should require tabular disclosure of all pension costs and contributions supplemented by appropriate narrative. <p>Four commenters believe that there should not be supplemental disclosure of DC plans or other deferred compensation plans or a breakdown of the contributions and earnings under these plans. If this disclosure is determined to be necessary, the information should be presented in a tabular format as it is easier to understand.</p> <p>Four commenters believe that deferred compensation plans should be</p>	<p>In response to these comments, we have revised section 5.2 of the Proposed Form to include a table clearly detailing the defined contribution plans made available to an NEO. However, we believe that the details of deferred compensation plans can be provided in a narrative discussion. For example, to the extent that the value reported in the SCT needs to be explained, this can be included in the narrative provided in this section.</p> <p>We acknowledge these comments.</p> <p>We note that these amounts must be disclosed in the SCT. We have</p>

Item	Summary of comments	CSA response
	<p>disclosed with the following comments:</p> <ul style="list-style-type: none"> • We should require supplemental tabular disclosure of deferred compensation plans. • Deferred compensation may not be adequately disclosed within the proposed tables. Values disclosed at the time of grant are based on target but the payout in deferred shares may be bigger or smaller than the initially reported payout. • Deferred compensation reporting should include only the value not already reported (most of it is voluntary deferral of already reported incentive-based earnings). • Deferred compensation requirements should be clarified. For example, should the value of deferred amounts be reported or simply the increase in value? When deferred amounts are matched by the company with DSUs which vest over time, should all DSUs be reported or only the vested portion? 	<p>decided not to specifically require supplemental disclosure of deferred compensation plans because many companies do not currently have such plans. We emphasize, however, that all disclosure must be filtered through the objective set out in section 1.1 of the Proposed Form. If supplemental disclosure is necessary to satisfy this objective, a company must provide such disclosure.</p> <p>We also note that deferred compensation plans must be disclosed at grant date fair value in the SCT in the year of grant. Above-market or preferential earnings that is deferred on a basis that is not tax exempt must be disclosed in column (h) of the SCT under paragraph 3.1(10)(h) of the Proposed Form when paid. To the extent that the values reported in the SCT need to be explained, the explanation can be included in the narrative discussion in this section.</p>
7.5	<p>Relevant information for DB plans</p> <p>One commenter supports the DB table, and feels that this will provide more meaningful information than the generic table it replaces.</p> <p>Two commenters believe that several large Canadian issuers already provide more information than is proposed (i.e. breakdown of service cost and other components that comprise the change in accrued obligations).</p> <p>One commenter believes the defined benefit pension table should be expanded to include the liability at the beginning and at the end of year, together with identification of what portion of the change relates to compensatory and non-compensatory factors. This commenter suggests that if this approach is adopted, disclosure of DC plans should also be included in the same table where the value of contributions made during the year could be disclosed in the column that relates to changes in liability based on service and compensation for DB plans. This commenter also</p>	<p>We acknowledge this comment.</p> <p>In response to these comments, we have changed the tabular disclosure required under section 5.1 of the Proposed Form.</p> <p>We have revised the table in subsection 5.1(1) of the Proposed Form to include accrued obligation at start of year, change during the year and accrued obligation at end of the year. DC plans will be disclosed in the separate table required under subsection 5.2(1) of the Proposed Form in a similar manner.</p>

Item	Summary of comments	CSA response
	<p>suggests disclosing years of service accrued and projected annual pension at the normal retirement date under DB plans.</p> <p>One commenter suggests that a Retirement Benefits table with four "present value columns" would more appropriately present the compensatory and non-compensatory factors that impact defined benefit pension entitlement. The four "present value columns" would be:</p> <ul style="list-style-type: none"> • Present value of accumulated benefits at prior year-end • Change in present value due to compensatory factors (this being shown in the SCT) • Change in present value due to non-compensatory factors • Present value of accumulated benefits at current year-end <p>One commenter believes column (e) in Item 6 should be removed from the table as it will only be applicable in limited circumstances.</p> <p>Two commenters believe that tabular disclosure is only required for DB plans and that the current disclosure requirements are sufficient. One commenter notes that if additional detail is necessary, items that would be most relevant include:</p> <ul style="list-style-type: none"> • Any compensation treatment during the year which impacts the value of the accrued pension benefit • Impact on accrued value of pension resulting from another year of service • Narrative which provides relevant context for changes in NEO accrued pension value resulting from changes in the pension plan itself. 	<p>In response to this comment, we have changed the tabular disclosure of defined benefit pension plans required under subsection 5.1(1) of the Proposed Form.</p> <p>We have removed column (e) from the table required under Item 6 of the version of the Proposed Form published with the March Notice. We believe that if such payments are made, they must be disclosed in the SCT under paragraph 3.1(10)(i) of the Proposed Form.</p> <p>We acknowledge these comments.</p>

Item	Summary of comments	CSA response
7.6	<p>Relevant information on DC plans One commenter suggests that a table, along the same lines as that proposed by the commenter for DB plans, be required for DC plans. The columns would be substantially as follows:</p> <ul style="list-style-type: none"> • Value of accumulated benefits at prior year-end (the DC account accumulation at the prior year-end). • Change in present value due to compensatory factors (the amount of any employer contributions to the account plus the value of any above-market or preferential earnings on the DC account). • Change in present value due to non-compensatory factors (member contributions and market-based investment growth). • Present value of accumulated benefits at current year-end (the DC account accumulation at the current year-end). 	<p>In response to this comment, we have added the tabular disclosure for defined contribution pension plans required under subsection 5.2(1) of the Proposed Form.</p>
7.7	<p>General comments One commenter agrees a breakdown of the contributions and earnings would be necessary to understand the full compensation picture. As tabular disclosure of DB pension plans includes both registered and non-registered pension plans, consideration should be given to including both types of plans in a DC pension plan table unlike the SEC requirements where only non-registered DC pension plans are included in the tabular disclosure.</p> <p>Most relevant information will be the amounts associated with the retirement plan benefits payable upon retirement, the pension obligation and the annual service cost as is voluntarily disclosed by many companies in previous years.</p>	<p>We have made a distinction between registered and non-registered defined contribution plans under the requirements of subsections 5.2(2) and (3) of the Proposed Form.</p> <p>We acknowledge this comment.</p>
<p>ITEM 7 – TERMINATION AND CHANGE OF CONTROL BENEFITS (March Notice version of Proposed Form)</p>		

Item	Summary of comments	CSA response
8.1	<p>Reasons for termination and change of control benefits One commenter believes that issuers should be required, either in the CD&A or elsewhere, to explain why they decided to enter into their current termination and change of control agreements with their NEOs. The commenter points to comparable U.S. provisions that it views as more appropriately requiring an issuer to explain its decision making process.</p>	<p>In response to this comment, we have added a requirement to explain each of the items set out in paragraphs 6.1(1)(a) through (e) of the Proposed Form.</p>
8.2	<p>Disclosing benefits triggered by a change of control One commenter requests that we clarify whether Item 7 applies only to those changes of control which result in a termination of employment or also to any compensation obligations triggered by a change in control that does not result in a termination of employment.</p>	<p>We have changed section 6.1 of the Proposed Form to clarify that benefits triggered by a change of control must be disclosed whether the change of control results in termination of employment or not.</p>
8.3	<p>Clarification regarding incremental payments Ten commenters suggest that we clarify whether the disclosure contemplated by Item 7 requires the disclosure of all amounts that would be paid to an NEO on termination or change of control or only those incremental amounts that are considered enhancements triggered by the termination or the change of control event (e.g. where the vesting of stock options is accelerated as a result of a change of control).</p> <p>One of the commenters specifically believes that clarification is required regarding the following items:</p> <ul style="list-style-type: none"> • deferred share units (which by definition are redeemed upon termination of service); • equity awards that accelerate upon a change of control; and • the incremental value that accrues under an NEO's pension versus the entire lump sum or present value at retirement. 	<p>We have changed section 6.1 of the Proposed Form to clarify that only disclosure of the incremental value of the benefit provided to an NEO is required. Any benefits of an equal or lesser value that would be provided to an NEO without a triggering event having occurred do not need to be disclosed as any such benefits are required to be disclosed under other Items of the Proposed Form. With respect to the specific examples raised by the commenter, a company must disclose the amount of any benefit that accrued to the NEO that would not have otherwise been provided had a triggering event not occurred.</p>
8.4	<p>Clarification of assumptions One commenter suggests that we clarify that issuers are not expected to factor in assumptions regarding future share price appreciation when determining payments and benefits due on termination or change in control.</p>	<p>Companies are not required to factor in assumptions regarding share price appreciation under subsection 6.1(2) of the Proposed Form.</p>

Item	Summary of comments	CSA response
	<p>One commenter suggests that we specify whether we require disclosure of the annual amount of pension payable or the present value of that pension.</p>	<p>Companies must disclose the annual benefit payments payable as well as the present value of the pension under Item 5 of the Proposed Form.</p>
<p>8.5</p>	<p>Format: tabular disclosure</p> <p>Six commenters recommend tabular disclosure rather than narrative disclosure. Some commenters note that:</p> <ul style="list-style-type: none"> • If we extend the new requirement to all NEOs, these four commenters recommend disclosure in a table with appropriate footnotes. <p>One commenter suggests that we prescribe an additional table which shows as a baseline what each NEO is entitled to receive, either immediately or in the future, if they resign of their own free will and all incremental payments each NEO is entitled to receive either immediately or in the future in the event of a standard set of termination scenarios.</p> <p>One commenter recommends tabular disclosure of:</p> <ul style="list-style-type: none"> • cash payments of severance and other unvested amounts, • cash payments of previously vested amounts, • number of shares (and value) of previously unvested stock options and awards that become vested due to severance or change in control, and • the number of shares (and value) of previously vested stock options and stock awards. 	<p>Companies should present this information in the clearest manner possible. We believe that narrative disclosure is generally best suited to providing the details associated with these matters. However, companies may summarize the information required by section 6.1 of the Proposed Form in tabular format (in addition to the required narrative) if they believe that this will provide more meaningful disclosure.</p>
<p>8.6</p>	<p>Format: narrative disclosure</p> <p>Three commenters believe narrative disclosure is more appropriate than tabular disclosure. Specifically, one commenter believes that where there is no accelerated vesting or forfeiture for a particular type of termination, narrative disclosure is more appropriate than table format.</p>	<p>See our response in item 8.5, above.</p>

Item	Summary of comments	CSA response
	<p>One commenter recommends narrative disclosure of:</p> <ul style="list-style-type: none"> • Whether a retired executive is simultaneously receiving both severance and retirement payments, • Whether a severance benefit is payable on the death or disability of the executive, • Whether the issuer is permitted to cease or claw-back any retirement benefits, • Whether severance pay and other benefits continue on or after normal retirement date, and • Whether a change in control would affect any of the above. 	
8.7	<p>Format: future enhancements</p> <p>One commenter recommends that we closely monitor issuers' attempts to comply with these requirements with a view towards developing a suggested table format at a later date.</p>	<p>We have an ongoing commitment to conduct general continuous disclosure reviews. These reviews typically include consideration of a company's executive compensation disclosure. Though we do not disclose the results of individual reviews, we may publish additional guidance in the form of a staff notice if we find recurring deficiencies or themes in the disclosure that we believe will be of interest to other companies.</p>
<p>Question 19. Should we require estimates of termination payments for all NEOs or just the CEO?</p>		
8.8	<p>Support disclosure of termination payments for all NEOs</p> <p>Thirteen commenters believe issuers should be required to disclose termination payments for all NEOs.</p> <p>Four commenters believe extending new requirements to all NEOs will result in a lengthy discussion of termination payments and inflated termination payments.</p>	<p>Based on the comments received, we believe the requirement in section 7.1 of the version of the Proposed Form published with the March Notice imposes an undue burden on companies without necessarily enhancing the value of the disclosure to readers. Accordingly, we changed the requirement in section 6.1 of the Proposed Form so that it only applies to four standard scenarios – termination, resignation, change of control and retirement. To the extent that information about other termination or</p>

Item	Summary of comments	CSA response
		change of control scenarios is potentially significant to readers, such information should be disclosed if necessary to satisfy the objective set out in section 1.1 of the Proposed Form.
8.9	<p>Support disclosure of termination payments only for CEO Eleven commenters believe issuers should be required to disclose termination payments only for the CEO.</p> <ul style="list-style-type: none"> • One commenter recommends a standard template for the disclosure of termination arrangements such as resignation, retirement, termination without cause and change of control for the CEO. • Detailed tables of assumptions as to unit prices and salary amounts in tabular form is not appropriate disclosure. • Estimates of such termination payments may provide misleading disclosure. • Termination arrangements should be disclosed in general terms for NEOs other than the CEO, including a general narrative in the CD&A. <p>One commenter recommends that we require disclosure on a general and aggregate basis for all NEOs of the range of payments that may be required to be made for a prescribed set of change of control scenarios.</p> <p>One commenter recommends that disclosure should only be required for those individuals and circumstances in which a payment is expected over the ensuing 12 month period. If there is a requirement to disclose various scenarios, none of which appear to be likely in the ensuing 12 month period, there is no value to the investor and may cause confusion as to what is really being paid in the reporting year.</p> <p>One commenter is concerned the disclosure of material conditions or</p>	<p>We do not believe that disclosure of this information for only the CEO is sufficient to allow investors to understand a company's compensation policies in this regard.</p> <p>We do not agree that a "general description" of the potential termination benefits available to NEOs would provide sufficient information for investors to understand the decisions made by the company in regards to these payments.</p> <p>We have not made this suggested change because we believe a company may not be aware of expected payments over the ensuing 12 months.</p> <p>We believe that, in most cases, the value of this disclosure to investors</p>

Item	Summary of comments	CSA response
	<p>obligations that apply to receipt of payments or benefits may require disclosure of competitively sensitive and confidential arrangements or conditions and recommends that there should be a carve-out for any disclosure that is competitively sensitive or confidential for the issuer.</p>	<p>outweighs the costs of disclosing it to the company.</p>
<p>Question 20. Will it be too difficult to provide estimates of potential payments under different termination scenarios? Should we only require an estimate for the largest potential payment to the particular NEO?</p>		
<p>8.10</p>	<p>Do not support providing estimates of potential payments under different termination scenarios Fifteen commenters do not support the disclosure of all potential termination scenarios, or at least believe that providing these estimates would be difficult. Some of the specific points raised by commenters include:</p> <ul style="list-style-type: none"> • Such estimates may not be meaningful or reflective of the amount that an NEO will receive. • This requirement may lead to manipulation by issuers. • The requirement to quantify is too broad to value. • The proposed scope of disclosure regarding termination events will be too difficult to provide and of little practical use as companies don't have specific programs, plans or documented arrangements to define all of the various types of payments and benefits that may be provided under various types of terminations or a change in control. Consequently, the amounts would in many cases be hypothetical. The commenter does however support the disclosure of vesting and payment or distribution of amounts related to equity compensation plans for various types of terminations of employment and change in control as many companies do have specific and relatively standard rules regarding these scenarios. <p>Three commenters believe that requiring the disclosure of all potential payouts associated with termination-related events is not appropriate, and</p>	<p>See our response in item 8.8, above.</p>

Item	Summary of comments	CSA response
	<p>that the disclosure required by the form should be limited to a list of standard scenarios. While the commenters differed in the precise classification of the specific scenarios they thought should be discussed, they generally recommended that disclosure be limited to the consequences associated with the following general scenarios:</p> <ul style="list-style-type: none"> • Change in control • Resignation • Retirement • Voluntary termination • Involuntary termination (including termination for cause and without cause) <p>One commenter further recommended that if any alternative scenario other than these standard scenarios could result in a higher incremental payout, this should be disclosed as well.</p>	
8.11	<p>Do support providing estimates of potential payments under different termination scenarios</p> <p>Eight commenters support disclosing the potential consequences of all scenarios relating to changes of control or termination. One commenter believes that every component of the total compensation package should be identified and discussed in detail, including all material terms of agreements regarding payments on termination or change of control.</p> <p>Three commenters believe it would not be difficult to provide estimates of potential payments under different scenarios as the details should be contained in a written document and investors are entitled to this potentially significant information.</p> <p>One commenter believes it would be difficult to provide estimates of potential payments, commenter believes the vesting of securities is easy</p>	<p>We acknowledge the support for the requirement to disclose the incremental payouts due to an NEO in all termination-related scenarios. On further consideration, we believe the requirement in section 7.1 of the version of the Proposed Form published with the March Notice imposes an undue burden on companies without necessarily enhancing the value of the disclosure to readers. Accordingly, we changed the requirement in section 6.1 of the Proposed Form so that it only applies to four standard scenarios – termination, resignation, change of control and retirement. To the extent that information about other termination or change of control scenarios is potentially significant to readers, such information should be disclosed if necessary to satisfy the objective set out in section 1.1 of the Proposed Form.</p>

Item	Summary of comments	CSA response
	to provide.	
8.12	<p>Largest potential payout only Two commenters support requiring only estimates for the largest potential payment to NEOs.</p> <p>Six commenters do not support estimates of the largest potential payment as such disclosure might grossly overstate an NEO's potential severance benefits under other scenarios and might result in an escalation of severance benefits across companies.</p> <p>One commenter recommends that the value of outstanding or deferred compensation forfeited should be included in order to provide a balanced perspective.</p>	<p>See our response in item 8.8, above.</p> <p>See our response in item 8.8, above.</p> <p>Paragraph 6.1(1)(b) of the Proposed Form only requires the estimated incremental payments and benefits that are provided in each scenario be disclosed. Section 6.1 of the Proposed Form does not explicitly preclude companies from disclosing the estimated value of outstanding or deferred compensation forfeited in each of the four scenarios. In fact, if this disclosure is necessary to satisfy the objective set out in section 1.1 of the Proposed Form, we believe it must be disclosed.</p>
8.13	<p>Legal impact of estimating value of termination payments Three commenters are concerned with potential adverse legal implications as a result of estimated termination disclosure. The commenters raised the following issues:</p> <ul style="list-style-type: none"> • Reporting estimated or hypothetical values may have adverse legal implications for the company in the event of a wrongful dismissal suit. • The requisite calculations should not inadvertently expose companies to legal actions. • This disclosure may cause employers to limit their liability related to executive termination benefits by formalization of these benefits, which the commenter believes would not be beneficial. <p>One commenter believes that the current wording could be interpreted as requiring an estimate of the amounts that would be required in lieu of any</p>	<p>While we acknowledge these comments, we do not intend that the disclosure required under section 6.1 of the Proposed Form will have the effect of exposing companies to undue legal liability. Specifically, as this requirement is only intended to require the disclosure of contractually defined consequences, (and not consequences which may arise from the application of the common law, civil law or equitable remedies) we do not intend that any liability will be created in excess of that already in existence.</p> <p>We are in agreement with the commenter's belief that the disclosure required under section 6.1 of the Proposed Form is limited to written obligations, and not the application of general principles of employment</p>

Item	Summary of comments	CSA response
	reasonable notice of termination without cause, and indicates that this would be extremely problematic in the context of Canadian employment law. The commenter believes that this may be remedied by including the word "written" in front of the word "contract" in Section 7.1.	law under common law. We have also deleted the requirement to disclose <i>ad hoc</i> payments in section 7.1 of the version of the Proposed Form published with the March Notice.
ITEM 8 – DIRECTOR COMPENSATION (March Notice version of Proposed Form)		
9.1	<p>Trustee fees</p> <p>One commenter notes that this section should take into consideration the different types of structures for non-corporate entities and the differing capacities in which trustees may act. The commenter recommends that corporate trustees or trust companies that act as trustees but effectively delegate most duties to management or other entities should not be caught by this disclosure. The commenter further seeks clarification that disclosure is only required if the compensation has not been previously disclosed under Item 8.</p>	<p>We have added subsection 1.4(9) of the Proposed Form to clarify that any requirements in the Proposed Form that references to the term "director" in the Proposed Form includes an individual who acts in a capacity similar to a director. Accordingly, we have deleted section 8.5 of the version of the Proposed Form published with the March Notice. With this change, we believe that trustee fees paid to a trustee that is acting in the capacity of a director must be disclosed under section 7.1 of the Proposed Form. A corporate trustee or trust companies that act as trustees but effectively delegate most duties to management or other entities are not be caught by this requirement if they are not acting in the capacity of a director. In this case, however, an individual employed by the management or other entity would likely be acting in the capacity of a director of the company. In this case, the requirements in subsection 1.4(3) of the Proposed Form may also apply.</p>
9.2	<p>Conflict issues regarding non-executive directors</p> <p>One commenter is pleased with the clarification that is provided regarding compensation paid to outside directors, but recommends that the CSA require an explicit statement as to whether outside directors are entitled to participate in any compensation plans on a discretionary basis. The commenter feels that such participation could give rise to self-dealing and conflicts of interest.</p>	<p>While we acknowledge that the entitlement to participate in any such plans may give rise to some of the issues touched on by the commenter, we do not believe that it is necessary for us to require disclosure of this information. However, all of the disclosure required in the Proposed Form must be filtered through the objective set out in section 1.1 of the Proposed Form. If necessary to satisfy this objective, we believe a company must disclose that outside directors are entitled to participate in any compensation plans on a discretionary basis.</p>
9.3	<p>Former directors</p> <p>One commentator requests clarification as to whether compensation is</p>	<p>Companies must disclose any compensation paid to former directors who</p>

Item	Summary of comments	CSA response
	required to be disclosed for former directors who received compensation for part of the fiscal year and that compensation should include any consulting arrangements, according to the SEC rules.	received compensation for part of the financial year. Companies must also disclose, in accordance with paragraph 7.1(3)(c) of the Proposed Form, compensation for services provided to the company by the director in <u>any</u> capacity.
Question 21. Will expanded disclosure of director compensation provide useful information?		
9.4	<p>Expanded disclosure of director compensation Twenty-two commenters agree that the proposed director compensation table provides useful information. Individual commenters noted that:</p> <ul style="list-style-type: none"> • Director disclosure might lead to inflation of compensation, particularly given the total compensation figure, which allows directors to compare their total compensation to that of other directors. • Disclosure should cover the same three-year period as that of executives. • Disclosure should be based on the grant date fair value of stock options and the total market value of all stock grants and deferred units as of the fiscal year end as opposed to the accounting value derived for financial reporting. • Clarification of the expectations regarding the information required for identification of amounts in column (g) is necessary. • Requirements for directors should be consistent with requirements for NEOs. • The "Fees Earned" column of the proposed director compensation table should be more specifically delineated to disclose retainers 	<p>We acknowledge these comments.</p> <p>While we acknowledge this comment, we believe that the benefits of clear and meaningful disclosure of director compensation outweighs this concern.</p> <p>While we acknowledge this comment, we believe that the more limited concerns regarding director compensation, in contrast with the greater concerns regarding NEO compensation, supports our decision to only require director disclosure for the most recently completed financial year.</p> <p>Subsection 7.1(3) of the Proposed Form states that each column of the director compensation table required by subsection 7.1(1) of the Proposed Form must be completed in the same manner required for the corresponding column in the SCT, in accordance with the requirements set out in Item 3 of the Proposed Form, as supplemented by the commentary to Item 3 of the Proposed Form. Except as provided in subsection 7.1(3) of the Proposed Form, the requirements for directors are consistent with the requirements for NEOs. Specifically, we note that section 3.1 of the Proposed Form provides that, for the purposes of the SCT, options and share-based awards be disclosed using grant date fair value. Accordingly, options and share-based awards to directors must be disclosed using grant date fair value.</p> <p>We believe that both meeting fees and annual retainers must be</p>

Item	Summary of comments	CSA response
	<p>rather than meeting fees and disclose that portion of a directors' fees that was deferred or taken in the form of equity.</p> <p>Six commenters agree with the requirement to disclose director compensation on the condition that certain changes to the SCT are made in order to ensure that this requirement leads to the disclosure of meaningful information relating to director compensation. Specifically,</p> <ul style="list-style-type: none"> • Grant date fair value should be used to value equity awards and the value of pension benefits required to be disclosed should not be the total change in actuarial cost . • One commenter believes where DSUs are voluntarily elected by directors rather than receiving a cash payment, they are essentially an investment decision, where additional DSUs credited as dividend equivalents represent a return on investment rather than additional compensation. Accordingly, these DSUs and dividend equivalents should not be required to be disclosed. <p>One commenter believes disclosure should only be required if the total compensation to each director reaches a specified dollar threshold.</p>	<p>disclosed in the director compensation table required by subsection 7.1(1) of the Proposed Form. With respect to the voluntary deferral of cash compensation, we believe that paragraph 3.1(2)(b) of the Proposed Form governs the treatment of such deferrals in the case of a director as provided by subsection 7.1(3) of the Proposed Form.</p> <p>We acknowledge these comments and have made several changes to the SCT (i.e. grant date fair value) that we believe will lead to more meaningful disclosure of both NEO and director compensation. We emphasize that all of the disclosure required in the Proposed Form must be filtered through the objective set out in section 1.1 of the Proposed Form. If disclosure of any specific director compensation, regardless of its form or dollar amount, is necessary to satisfy this objective, we believe a company must disclose that compensation.</p>
GENERAL COMMENTS (March Notice version of Proposed Form)		
<p>Question 22. Do you agree that executive compensation disclosure should remain in the management information circular? Would moving it to another disclosure document provide a clearer link between pay and performance?</p>		
10.1	<p>Including disclosure of executive compensation in the management information circular</p> <p>Twenty-one commenters agree that executive compensation disclosure should remain in the management information circular.</p>	<p>We acknowledge these comments. We have decided to continue to require disclosure of executive compensation in the management</p>

Item	Summary of comments	CSA response
	<ul style="list-style-type: none"> One commenter believes that executive disclosure should logically be proximately located with the main governance disclosures of an issuer. As these are currently included in the information circular pursuant to National Instrument 58-101, the circular remains the ideal location for the proposed form. Four commenters believe that requiring executive compensation disclosure to be made in the MD&A to enforce the link between pay and performance is inappropriate as MD&A is often prepared and published in advance of the circular and compensation decisions being finalized. 	information circular.
<p>Question 23. Are there elements of compensation disclosure that are not relevant to venture issuers and that they should not be required to provide? For example, should we allow venture issuers to disclose compensation for a smaller group of executives as the SEC has done?</p>		
10.2	<p>Should venture issuers be treated differently from non-venture issuers Eight commenters believe special treatment for venture issuers may be required. The commenters suggest that we:</p> <ul style="list-style-type: none"> conduct a cost-benefit analysis prior to requiring ventures to disclose executive compensation because such venture issuers often do not have the same human resource and compensation experts as other reporting issuers. consider whether a different level of disclosure of director compensation would be appropriate for venture exchange listed companies. phase in the executive compensation requirements for venture issuers as follows: three NEOs in year one after listing, four NEOs in year two and five in year three. consider increasing limit of \$150,000 threshold for inclusion as NEO to 	<p>We acknowledge the comments suggesting that venture issuers have unique concerns relating to the disclosure contemplated by the Proposed Form. However, we believe that executive compensation disclosure should be provided by all companies. Consequently, we do not propose to make specific modifications or carve-outs for these companies other than in respect of the performance graph required under section 2.2 of the Proposed Form. However, we note that venture issuers may have simpler compensation structures and may have less than five NEOs. Consequently, many items in the Proposed Form may not apply.</p>

Item	Summary of comments	CSA response
	<p>allow venture and other issuers to exclude lower paid executives.</p> <p>With respect to the \$150,000 compensation threshold, one commenter noted that it is likely to reduce the number of NEOs that venture issuers are required to disclose.</p> <p>Nine commenters do not believe that special rules are required for venture issuers. These are the specific comments:</p> <ul style="list-style-type: none"> • Disclosure for venture issuers will be simpler because their compensation systems are typically simpler. • Disclosure becomes key to ensuring independent oversight and management of conflicts as many venture issuers do not have a separate compensation committee and commercial and other relationships between directors and the company or among directors is not uncommon. <p>While two of these commenters believe that venture issuers should be subject to the same disclosure requirements as non-venture issuers they note that:</p> <ul style="list-style-type: none"> • Venture issuers should provide a response indicating at least the non-existence of certain elements of executive compensation, for example, pension plans. • Venture issuers should be allowed to apply for discretionary relief but would have to provide reasons. 	
<p>Question 24. Are there other specific elements of the requirements that are not relevant for venture issuers?</p>		
<p>10.3</p>	<p>Companies that only issue asset backed securities The rules should not apply to venture issuers (such as issuers of asset-backed securities which are administered by the Banks) which have no officers or employees who are paid by the venture issuer. Section 11.6 of the proposed form should be clarified to this effect.</p>	<p>We acknowledge and thank the commenters for their input regarding the distinctive issues relevant to companies that issue asset-backed securities. In keeping with existing prospectus and continuous disclosure requirements for executive compensation, we continue to believe that executive compensation disclosure is relevant for all companies. As</p>

Item	Summary of comments	CSA response
		such, we do not believe that specific exemptions should be provided for these companies. We would be prepared, however, to consider the merits of applications for exemptive relief on a case by case basis.
Question 25. Would the prescription of a performance measurement tool provide useful information on the link between pay and performance?		
10.4	<p>Disagree with using single performance metric Five commenters disagree with any use of a single performance metric. Commenters raised the following specific points:</p> <ul style="list-style-type: none"> • Two commenters do not believe it is not possible to find a single performance measurement tool of how executive compensation relates to company performance. Measurements vary by industry and linking pay to performance should be relevant and meaningful and therefore specific to the company and industry. • One commenter agrees that to enhance investors' ability to assess the pay-for-performance link, the CSA rules should encourage companies to include a "robust" discussion of performance at the end of the performance period. While it would be difficult to prescribe a single performance measurement or analysis, it would be helpful if the disclosure included a requirement for the board to discuss the company's and the executives' performance versus their performance targets and versus peer company performance. • One commenter does agree with the inclusion of the stock performance graph with the CD&A (provided that issuers may discuss any discrepancies between performance and compensation) but does not believe any other form of a single prescribed performance measure is at all useful in determining the link between pay and performance. 	<p>We agree that there is not any one particular performance metric that can be applied to all companies. Therefore, apart from the requirement to include a share performance graph comparing total share performance with compensation trends, we do not require companies to use a single metric in isolation. We consider share performance to be a universal metric that can easily be applied by all companies. Companies may use any performance metric they see fit in an effort to describe and justify their compensation policies, provided that these metrics do not detract from the provision of meaningful and accessible disclosure of compensation information: Companies should disclose other performance metrics that are necessary to provide meaningful and accessible disclosure of compensation information.</p>
Question 26. Do you think the suggested timeline will give companies enough time to implement these proposed disclosure		

Item	Summary of comments	CSA response
requirements?		
10.5	<p>28 out of these 38 commenters who commented on the proposed form provided their views on the proposed effective date.</p> <p>Eight commenters believe that the proposed timeline will provide enough time for companies to implement the requirements of the proposed form. However, two commenters provided the following qualifications:</p> <ul style="list-style-type: none"> • Transition periods for issues such as those relating to external management companies (and the renegotiation of any contractual terms) may be required. • The anticipated SEC rules could still take several years to review and implement. Accordingly, the CSA should proceed as planned but leave open the possibility for amendments down the road in light of possible changes in the U.S. and the implementation experience in Canada. <p>Two commenters believe that while it is likely possible for companies to comply with the proposed timeline, the CSA should nonetheless consider delaying implementation.</p> <p>One commenter believes that if the CSA uses an accounting costs method of valuing equity awards, it should wait for the completion of the anticipated SEC review of 2007 proxy statements. The commenter appears to support the proposed timeline (depending on the timing of any re-publication and further comment) if a method other than accounting costs is used.</p> <p>Nineteen commenters believe that the timeline for implementation should be delayed until December 31, 2008, if not longer. Commenters based this conclusion on the following reasons:</p> <ul style="list-style-type: none"> • Six commenters believe the CSA needs this time to observe the 	<p>We acknowledge these comments.</p> <p>We have republished for comment and, therefore, implementation of the Proposed Form is delayed. We anticipate the effective date of the Proposed Form will be December 31, 2008.</p>

Item	Summary of comments	CSA response
	<p>results of the U.S. Rules and any SEC comments or guidance on them after the SEC completes its review of 2007 proxy statements.</p> <ul style="list-style-type: none"> • One commenter believes additional time is needed so that smaller entities can hire new staff or additional consultants. • Four commenters believe that publishing these rules in final form in December 2007 will make it extremely difficult for issuers to properly prepare for the implementation of the new rules before compensation decisions are made. Moreover, delaying implementation would have the added benefit of allowing the CSA to take into account any potential changes made by the SEC. <p>Eight of the nineteen commenters believe that compliance with the proposed form is possible only if certain deadlines (that are not practical given the proposed timeline) are met. In total, the eight commenters each believe that publication in final form after September 30, 2007 (as is currently planned) would not provide sufficient time to issuers. Specifically:</p> <ul style="list-style-type: none"> • Two commenters believe that the form must be published in final form by July 31, 2007. One of the commenters further indicated that this would only be suitable if the final form of the proposed form was in substantially the same form as the proposed version included in the March 29, 2007 Notice and Request for Comment. • Two commenters believe that the form must be published in final form by no later than mid-August. If the release date is later, the commenters recommend postponing implementation for one year. • One commenter believes that the form must be published in final form by the end of September 2007, and that there should be a transition rule (similar to that under the SEC rule) providing that issuers do not need to restate compensation previously disclosed in accordance with the old form requirements. • Two additional commenters support September 30, 2007 as a 	

Item	Summary of comments	CSA response
	<p>deadline before which the CSA should publish the proposed rule in finalized form in order for it to apply to the 2007 financial year.</p> <ul style="list-style-type: none"> • One commenter stated that so long as the proposed rule was published in final form by no later than August 1, 2007 and the CSA committed to not make any further changes to the rules for the 2008 proxy season, the proposed timeline is feasible. However, as noted below, the commenter still recommends delaying until December 31, 2008 so as to be able to take into account any SEC comments following its review of 2007 proxy disclosure. <p>One commenter recommended that the CSA review the anticipated SEC guidance, but made no recommendation as to whether the proposed rule should be delayed.</p> <p>One commenter recommended the CSA consider whether to proceed with one of three courses of action:</p> <ul style="list-style-type: none"> • proceed as planned, and only make consequential amendments when and if the SEC makes changes, • delay implementation of the proposed rule until 2009, or • make certain changes now to the proposed rule that are expected to be made by the SEC following their review of 2007 proxy disclosure. 	