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December 15, 2020

Robert Day
Senior Specialist
Business Planning
Ontario Securities Commission
rday@osc.gov.on.ca

Re: OSC Notice 11-791 – Statement of Priorities

Dear Mr. Day,

This letter represents the comments of Broadridge Investor Communications Corporation (Broadridge) in response to your request for comment on the *Ontario Securities Commission (OSC) Notice 11-791 – Statement of Priorities*.

The OSC's strategic priorities for 2021 – 2022 reflect the need to adapt to a rapidly changing capital markets landscape. The evolution of next generation technologies, changing investor demographics, concerns and behaviours, uncertainties created by the Coronavirus pandemic, globalization and the need for regulatory alignment across jurisdictions in Canada and with the U.S. will drive forward-looking transformation.

It is within this context that we consider the Commission's priorities of promoting confidence in Ontario's capital markets, reducing regulatory burden and driving financial innovation. We have participated in consultation processes and have prepared comment letters related to the Canadian Securities Administrators (CSA) Request for Comment – Reducing Regulatory Burden for Investment Fund Issuers; CSA Consultation Paper 51-405 – Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers;¹ and the Capital Markets Modernization Taskforce Consultation Report.² The comments contained in this response include more current information based on several of our ongoing research and development initiatives.

¹ Broadridge, Comment letters to the CSA re: Reducing Regulatory Burden for Investment Fund Issuers, online (pdf): OSC https://www.osc.gov.on.ca/documents/en/Securities-Category4-Comments/com_20191211_41-101_roschp.pdf

Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers, online (pdf): OSC https://www.osc.gov.on.ca/documents/en/Securities-Category5-Comments/com_20200309_51-405_roschp.pdf

² Broadridge's response to Capital Markets Modernization Taskforce Consultation Report, September 4, 2020 <https://www.broadridge.com/assets/pdf/gated/broadridge-cmm-taskforce-september-2020.pdf>



Broadridge is a global fintech leader. In the Canadian financial marketplace, we have facilitated and continuously improved the quality and cost-effectiveness of the investor communication process since 1987. Our services include delivery of investor communications and disclosure documents on behalf of corporate issuers, investment funds (including mutual funds and ETFs), banks and brokers, in compliance with industry regulations. We currently support 66 proximate intermediaries (representing 265 financial institutions) holding securities on behalf of investors in approximately 2,900 Canadian public issuers, as well as custodians and institutional investors. Broadridge’s global reach provides investors the opportunity to receive materials from and participate actively in the voting process for reporting issuers worldwide. Unique to Broadridge is our combined industry, regulatory and information technology expertise and the scope and scale of our technology infrastructure investments in support of shareholder communications. Our clients rely on us to help them efficiently and cost-effectively comply with applicable proxy and disclosure laws and regulations through the deployment of technology-based solutions.

For over 30 years, Broadridge has engaged with market participants to modernize the capital markets in Ontario, across Canada and globally. We have conducted extensive research, both prior to and during the pandemic, to understand changing investor concerns and behaviours and invested in mutualization and digitization initiatives in support of issuers, investment fund companies, intermediaries and investors. These investments in leading-edge solutions have supported regulatory change, driven efficiency, eliminated cost and improved investor engagement and protection and transformed how market participants receive information and interact with corporate issuers, mutual fund companies, banks and brokers.

We appreciate the opportunity to provide our comments regarding your strategic priorities for 2021 – 2022, and to profile some of our solutions that demonstrate our aligned commitment to delivering enhanced technology and tools to make capital markets information more accessible to investors. We will confine our comments to those areas where we have specialized insight and experience.

Goal 1 – Promote Confidence in Ontario’s Capital Markets
Promote confidence in Ontario’s capital markets among market participants and investors
<ul style="list-style-type: none">• Continue implementation of Client Focused Reforms (CFR)• Improve the retail investor experience and protection

At Broadridge, our purpose is to enable better financial lives by powering investing, governance and communications. Illustrative examples of how Broadridge is living its purpose and supporting the modernization of Ontario’s capital markets include:

Client-Focused Reform (CFR) solution that provides tools to integrate compliance rules into key processes

New regulations are coming into effect in 2021 and to support wealth management firms Broadridge built an Enterprise Compliance solution. It is a system-agnostic tool and dashboard that provides a robust framework to support CFR required compliance processes. The tool consists of a suite of services that allow firms to integrate pre-trade compliance rules into their order and portfolio management processes. It also includes a post-trade module that supports the review and approval of compliance



events using role-based dashboards and workflow rules. The solution encompasses both client and products suitability and advisor entitlement as well as event notification of key compliance events to systems which are part of the organization's ecosystem.

Technology that drives efficiency, cost-savings and improved investor engagement and participation

Broadridge has been actively driving digital adoption for more than a decade. Broadridge's investments in next-gen communication solutions have transformed retail and institutional investor experiences in Canada. As a result of these ongoing investments investor participation and engagement with these digital voting platforms continues to increase. Friction has been reduced with the introduction of QR codes and biometrics to open applications like ProxyVote.com[®]. We support an open architecture approach by providing APIs to brokers to integrate with their websites and mobile apps.

Proxy Voting

In the 2020 proxy season (July 1, 2019 to June 30, 2020), a record 98.4% of voted shares were cast electronically through our digital platforms.

ProxyVote.com is a digital voting platform that runs on mobile devices and desktops, as well as a dedicated mobile app. It enables retail investors to view, manage and vote all in one place.

In preparation for Proxy Season 2020, we further enhanced ProxyVote with the following features:

- Mobile push notifications
- Biometric log-in with thumbprint and facial recognition
- Ability to link all of an investor's financial investments to a single ProxyVote account
- A personal dashboard with the ability to vote all of their current proxies in one session
- Voting history details

ProxyEdge[®] is Broadridge's digital platform for banks, broker/dealers and investment managers. Over 4,000 institutional investors use ProxyEdge to manage, track, reconcile and report proxy voting instructions through electronic delivery of ballots, online voting, and integrated reporting and record keeping. It accounts for approximately 80% of all beneficial shares voted globally.

Please see appendix 1 for illustrations of ProxyVote.com.

Digital delivery is key to providing investors with personalized, relevant, timely, and enhanced communications

As stated in the Staff Notice, "investor protection is always a top priority for the OSC". The OSC has demonstrated this by announcing on November 27, 2020 that it was providing funding to Canadian Foundation for Advancement of Investor Rights (FAIR Canada). Delivering effective communications to investors is another mechanism to protect Canadian investors and instill confidence in Ontario's capital markets.



When it comes to migrating retail investors to digital delivery, the quality of the user experience matters. As Canadians' expectations for seamless service experiences evolve in their day-to-day lives, where content, recommendations and insights are served up to them in their preferred ecosystems and communication channels, investors also seek information specific to them, including regulatory documents, transaction information, research or marketing content.

Streamlined summary reports, personalized and delivered through channels retail investors already use, can better educate and inform investors about their investment funds. On August 5, 2020 the U.S. Securities and Exchange Commission (SEC) proposed a rule to replace long annual and semi-annual reports with three- to four-page user-friendly summary reports.³ The proposal provides added flexibility for online interactive reports that will better engage retail investors.

Broadridge examined its operational data for North American investors and issuers to see if the pandemic, in and of itself, had an impact on investors' delivery preferences for proxy materials. We found that consents to electronic delivery among existing account holders increased by just 4.8%, about the level of annual increase we've observed in recent years absent the pandemic. By contrast, when it comes to new accounts opened in the past year, 50% of them chose digital delivery. This suggests to us that existing investors are receiving materials largely by the means they prefer, while new investors are more likely to choose digital delivery over paper. We note that many new accounts are opened at self-directed brokerage firms whose business models are based on providing effective technology interfaces, including apps to engage newer generations of investors. By contrast, many of the full-service brokerage firms, covering most of the existing accounts, provide a more traditional technology interface where electronic delivery consists of an email message with a link to a pdf of lengthy proxy materials – an experience that is seen by many investors as offering little improvement over reading paper materials sent by mail.

Offering a better digital experience and “pushing” information to investors based on their preferences will drive engagement, reduce environmental impacts and support investor confidence. Illustrative examples include:

- **Notifications through multi-channels** including text message, instant message, and other means to further facilitate mobile access to regulatory communications.
- **Personal interactive communications technologies** to push information to investors and provide personalization, interactivity, and layered information in user-friendly formats on all devices, using charts, tables, videos, and key summary information.
- **Integration with mobile apps** across each investor's digital experience with their brokers, advisors and fund companies, which will provide better context for regulatory communications and ensure they are more understandable.
- **Addition of innovative new technology features (e.g. QR codes and biometrics)** that will make it easier for investors to access information and provide their consents to digital delivery.

Please see appendix 2 for illustrations of digital communication platforms.

³ SEC Tailored Shareholder Reports, Treatment of Annual Prospectus Updates for Existing Investors, and Improved Fee and Risk Disclosure for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Release Nos. 33-10814; 34-89478; IC-33963; File No. S7-09-20 (August 5, 2020), online (pdf): <<https://www.sec.gov/rules/proposed/2020/33-10814.pdf>>

Goal 2 – Reduce Regulatory Burden

Enhance access for businesses and financial service providers to Ontario’s capital markets

- Complete actions identified in the OSC Burden Reduction Plan

Balancing priorities

The focus of regulators around the world is to strike an appropriate balance between investor engagement and protection and improved efficiency and reduced costs, all for the purpose of building greater confidence in capital markets.

As a case in point, the SEC is considering proposals that will provide for a new investor-friendly disclosure framework.⁴ The policy considerations are expanding the notice-and-access approach disclosure, rather than a default document delivery. For the annual and semi-annual report delivery, the SEC is contemplating a concept very similar to *National Instrument 81-106 – Investment Fund Continuous Disclosure* (NI 81-106), permitting delivery of a notice instead of a complete report. The proposal also encourages funds to use technology to create a better online experience including the use of interactive content such as hover-overs, calculators, pop-ups, links, etc.

Any communication framework – either in practice or proposed – should leverage technology to improve efficiencies, reduce costs *and* instill greater confidence in Ontario’s capital markets. While it is being contemplated as a means to reduce regulatory burden, it is our view that an “access equals delivery” model will significantly increase the difficulty for retail and institutional investors to access information, resulting in reduced transparency with disclosure communications – an unintended consequence that will negatively impact confidence in and the competitiveness of our capital markets.

We believe that digitization and other technological innovations are key to the continuous improvement of disclosure communications and their efficient preparation and delivery. In this way, an appropriate balance between investor confidence and protection and cost reduction can be achieved in support of an attractive Ontario capital markets ecosystem.

Goal 3 – Facilitate Financial Innovation

Cultivate an environment that supports development of innovative financial business models

- Engage with FinTech and support innovation in capital markets

Ongoing investment in technological innovation will drive long-term, transformative change in Ontario’s capital markets and regulatory frameworks. It has made possible enormous efficiencies, reduced costs and improved the speed and accuracy with which market participants can communicate with investors. Broadridge is focused on the ABCDs of Innovation™ – Artificial Intelligence, Blockchain, the Cloud and Digital. We see these emerging technologies as not only essential to capital markets today but also as a platform and path to other innovative technologies in the future.

⁴ SEC Tailored Shareholder Reports, Treatment of Annual Prospectus Updates for Existing Investors, and Improved Fee and Risk Disclosure for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Release Nos. 33-10814; 34-89478; IC-33963; File No. S7-09-20 (August 5, 2020), online (pdf): <<https://www.sec.gov/rules/proposed/2020/33-10814.pdf>>



In light of the OSC's goal to facilitate financial innovation, we would like to take this opportunity to share information about some of the most recent technological innovations that are supporting changing regulatory frameworks and market participant needs. This is a high-level overview, and we will be pleased to provide greater detail at our next meeting.

Virtual Shareholder Meeting (VSM) technology is facilitating increased voter participation and engagement

In light of the challenges presented by COVID-19, regulators provided regulatory relief from certain filing and delivery requirements. In addition, the pandemic accelerated the adoption of Virtual Shareholder Meeting. After steady annual increases over the past decade, the number of VSMs in North America increased five-fold over the last season. Broadridge made significant incremental investments in systems, network capacity and cyber security. In the U.S., voting participation among companies that utilized a VSM was 71%, exceeding that of companies that did not provide a VSM (63.6%). VSMs held in Canada averaged 100 attendees per meeting, as compared to 50 attendees per meeting in the U.S.

Please see appendix 3 for illustrations of VSM.

Smart Advisor Communication Platform continues to enable advisors to efficiently share required, relevant information to investors

In advance of Point-of-Sale Stage 3 regulations, Broadridge worked with the OSC to develop a platform to support the delivery of documents prior to a trade so that investors had the necessary information to make an informed purchasing decision. This is another example of how fintech can support regulatory reform, investor protection and market efficiency.

The result of this collaboration was Smart Advisor®, a comprehensive electronic document delivery and audit/compliance tracking platform. Beyond POS Stage 3, Smart Advisor is a delivery platform for New Issue prospectuses, other regulatory documents and for targeted communication campaigns.

Smart Advisor was launched in Canada in 2016 and has transformed how brokers interact and share documents with their clients. Today, 90,000 advisors across 27 firms use the communication platform to deliver 6 million Fund Facts documents annually, with the majority being delivered digitally. In addition to Fund Facts, Smart Advisor document libraries include ETF Facts. Our clients also disseminate EU Key (Investor) Information Documents (KID) to support new European disclosure requirements for Canadian investors. Future plans include the expansion of document libraries to empower financial advisors to electronically deliver relevant documents to investors supporting compliance/regulatory communications and other communications. The industry has saved substantial print and postage costs and moved to real time delivery of disclosure documents which provides improved investor protection prior to executing a mutual fund and/or ETF trade.



Smart Advisor is currently gaining traction with U.S. bank/broker/dealers as a highly effective solution for meeting the Form CRS (Client Relationship Summary) delivery requirements for Regulation Best Interest (RegBI) which came into effect on June 30, 2020. This is one of many examples of how Broadridge's global platform enables the sharing of technology solutions and facilitates harmonization of regulatory processes.

Please see appendix 4 for illustrations of Smart Advisor.

Looking forward

We support the Commission's commitment to working to balance the objectives of ensuring investor engagement and protection with the removal of unnecessary regulatory burdens.

Evolving technologies can be leveraged to create greater efficiencies, more rigorous compliance and better investor experiences and outcomes. It is paramount that any friction between technology and regulatory frameworks is eliminated and to ensure this occurs across global markets with as much alignment as possible. Technology must seamlessly allow investors to specify the information they want and control how they receive it in order that they can make better-informed decisions about their investments. At the same time, it must support an efficient communications model for issuers and fund companies. Market frameworks must be robust and competitive in the digital age. To ensure their competitiveness, market participants and regulators will need to work collaboratively, and the role of technology solutions will become even more important.

Broadridge would like to engage more actively with representatives from the OSC to continue this important conversation on an ongoing basis. We will be pleased to share more detailed information about our research and commitment to continuing investment in technological solutions that will enhance Ontario's capital markets.

Sincerely,

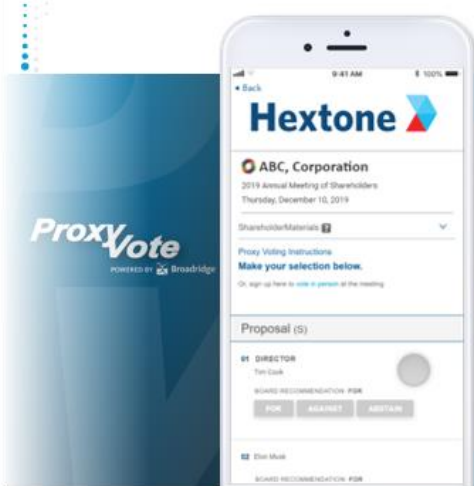
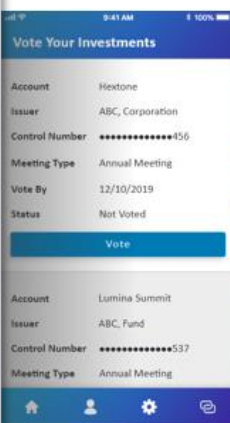

A handwritten signature in black ink, appearing to read "Patricia Rosch".

Patricia Rosch
President
Broadridge
Investor Communication Solutions, International

Appendix 1

ProxyVote™ App for the Retail Investor

PUSH NOTIFICATIONS FOR MEETINGS / MATERIALS / VOTING REMINDERS
Delivering personalized and relevant content consistently across all channels


- Biometric sign-in (thumbprint & facial recognition)
- Smartphone control number scanning
- Vote all investments in a single session/dashboard
- Mobile push notification options
- View proxy materials, voting agendas and voting history
- Supports French/English languages

App Usage
As of 6/30/20

35,981
Number of Downloads

113,129
Total Number of Votes

3.1
Average Votes per Download



Ready for Next

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Facilitation with New Digital Platforms

Offering a better digital experience and “pushing” information to investors based on their preference will drive engagement, reduce the environmental impact and support investor confidence

- Rich, branded notifications through multi-channels, including text and instant messaging, facilitates mobile access to regulatory communications and easy connectivity with issuers, brokers, funds, and advisors (with compliance links to full reports)
- Personalized, interactivity, and layered information in user-friendly formats on all devices - using charts, tables, videos, and key summary information
- Integration with mobile apps for brokers, advisors, and fund companies provides better context for regulatory communications and makes them more understandable
- Technology features (e.g. QR codes and biometric sign in) make it easier for investors to access information



Appendix 3

VSM is Optimized for all Devices

No matter where your shareholders are, or what device they use, they can easily access your meeting

- View video and listen to audio commentary
- Cast votes
- Ask questions
- Access meeting materials
- Whether on a phone, tablet, or personal computer, virtual meetings are convenient for shareholders



Appendix 4

Smart Advisor - Clear and Concise Investor Experience

Microsite for each investor presents their documents in a recipient viewer



Investor **clicks a link** in the email opening the document in a microsite **presenting all content** in a single view

Unique URL for each delivery enables tracking of content to a specific document version

Branded microsite can include advisor's name and contact information and the firm can brand communications by line of business

AODA/ADA Compliant and **mobile enabled**

