

Important NI 54-101 Amendments - Effective February 2005

The following amendments are expected to come into force on February 9th, 2005:

- Legal form of Proxy has been enhanced to mean a voting power of attorney granted to either a beneficial owner or to a person designated by the beneficial owner.
- Definition of routine business is repealed.
- The concepts of “special resolution” and “special meeting” are introduced and have the same meaning as that given under corporate law.
- New transitional rules for the treatment of accounts opened since September 1st, 2004.
- A transition provision—a reporting issuer that has filed a notice of meeting and record date before February 9th, 2005, with respect to that meeting, is exempt from the amendments if the reporting issuer complies with the provisions of the Instrument as unamended.
- Proximate intermediaries do not have to deliver material for a person or company that is not a reporting issuer unless reasonable assurance of payment is received.
- 3rd parties can only send materials indirectly to beneficial owners: to influence voting; under an offer to acquire securities of the reporting issuer; or any other matter relating to the affairs of the reporting issuer.
- 3 options are now available to beneficial owners for receipt of securityholder materials:
 1. receive all securityholder materials sent to beneficial owners
 2. decline to receive ALL securityholder materials sent to beneficial owners
 3. receive only proxy-related materials sent in connection with a special meeting

For more information, please contact Bob Mackenzie, VP, External Mandates, at robert.mackenzie@computershare.com or 416-263-9204.

Late Breaking Filing News – SEDAR & TSX

Changes in charges and less filing required.

SEDAR – filing charge changes

Effective January 1st, 2005 the SEDAR annual filing service charges for mutual fund issuers will be reduced. Mutual fund issuers will be charged a SEDAR annual filing service charge of \$529.65, payable at the time they file their annual financial statements.

There is no change to the total SEDAR annual filing service charge other issuers pay. However, there is a change in the allocation of the fee between SEDAR and SEDI—a larger portion (of the annual fee) will be allocated to SEDI to compensate for a much larger than anticipated number of SEDI filers.

TSX – filing requirements

Effective November 15th, 2004 issuers no longer file documents with the TSX through SEDAR. While the TSX still requires issuers to file interim and annual financial statements and other security commission documents with the TSX, this obligation is satisfied when these documents are posted on SEDAR.

This change doesn't affect TSX Venture listed issuers. Issuers can still use SEDAR to file their documents with the TSX Venture. TSX specific filings can be filed on the TSX SecureFile, a secure site.

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STAC Takes DRS Forward

Need to keep Canada competitive in the global capital markets.

With the Canadian Capital Markets Association (CCMA) turning its sole focus to matching on T+1, and later on T (trade date), the Direct Registration Systems (DRS) initiative will be carried forward by the Security Transfer Association of Canada (STAC).

In October 2004, the CCMA announced their new direction—basically, a focus purely on Institutional Trade Matching (ITM) on T+1, and by December 31, 2006, on T. This made public what CCMA participants had already come to know through their work in CCMA committees and working groups.

Capco

A study of Canadian capital market straight-through processing (STP) progress and T+1 settlement readiness was commissioned by the CCMA and performed by Capco. The study highlighted ITM as the area in which Canada most lagged the US in what is a prerequisite to settlement on T+1. The results of the Capco study were made public at the same time and are available at [CCMA](#).

The CCMA's [October Newsletter](#) provides a snapshot of the CCMA new direction, the status of its various past initiatives and the disposition of continuing initiatives with industry organizations like STAC.

DRS White Paper

With DRS well-defined by a White Paper, Addendum to the White Paper, and DRS Best Practices and Standards, the next steps are largely communication and execution. These fall naturally to STAC and its member transfer agents. Computershare will commence DRS operation in Canada in 2005, as will most Canadian transfer agents.

Custodial Direct Registration Systems (CDRSs) were recently proposed in a document broadly circulated to securities industry participants. CDRS would create an electronic holding facility for financial intermediaries who now hold certificates in custody for their clients that are registered in the clients' name. This is primarily the case where the security bears a restrictive legend or where the client chooses to be a direct, registered holder.

Exchange directly on issuer's registry

CDRS would enable the custodian to exchange the certificates for book-entry positions directly on the registers of issuers. This is much like DRS, except that control over the positions would rest with the depositing custodian rather than the registered holder, the latter being the case in DRS.

The implementation of CDRS will depend on demand evidenced in responses to circulation of the document and on business cases, so CDRS is not a certainty at this time. CDRS requires the development of electronic confirmation and reconciliation data flows in addition to tracking the depositing custodian. Business cases will vary from transfer agent to transfer agent, so implementation of a CDRS would not be industry-wide.

With DRS a central plank in the US platform for STP, and Networking for Equities now in pilot (which provides the same service to custodians as the proposed Canadian CDRS), it is critical that the Canadian environment be as full-featured in support of STP. This will keep Canada competitive in global capital markets.

For more information, please contact Terry Martinuk, VP, Service Delivery, at terry.martinuk@computershare.com or 416-263-9302.

Regulatory Changes: NI 54-101 & NI 51-102

Issuers like you now have a choice—with real cost savings. But 3rd party problems persist.

Since the implementation of Stage 2 of NI 54-101, the marketplace has changed due to competition. Computershare has begun to handle mailings of proxy-related materials directly to NOBOs—14 issuers (with more than 130,000 NOBOs) to date.

In addition, we are in discussions with issuers across Canada about mailings that are planned for the near future and some that are 6 months away.

How does it work?

Many issuers are now looking at the continuous disclosure rules under NI 51-102 and are taking advantage of the provisions regarding delivery of Annual Reports to beneficial owners on request only.

With NI 54-101 and NI 51-102 you can choose Computershare to conduct the following:

Annual Report card questionnaire mailing

We'll mail an Annual Report request card to your NOBOs (then create the mail list from responses). This could significantly reduce your costs by producing fewer Annual Reports. Note that card mailing must be completed annually.

Annual Report/Proxy mailings

1. Annual Report mailing (to NOBO list noted above)
2. Annual Report and proxy to registered holders
3. Proxy material to NOBOs

This new streamlined process could significantly reduce your costs through fewer Annual Reports and associated postage costs, since the beneficial owner base is so large in many cases compared to the registered holder base.

Client example - \$2 million saved

One client, with about 400,000 beneficial owners, is reducing its Annual Report and postage costs by more than \$2 million next spring—and that is after the cost of mailing the request card. Not every issuer maintains these high volumes, but the potential exists on a relative basis for each issuer.

Progress delayed – 3 issues

Issues are impeding progress.

1st issue - timing

If issuers wish to manage the NOBO delivery themselves, they need to take note that the intermediary community—via its agent, ADP Investor Communications (ADP-IC)—requires 3 days just to deliver the NOBO file to Computershare. Computershare then loads the file to our application, creates the NOBO database, produces the Voting Instruction Form (VIF) and mails along with the other material. Unfortunately, in many cases there is simply not enough time to complete this process and meet the mailing deadline.

2nd issue – fees

ADP-IC's revised prices (effective October 1st, 2004) for obtaining NOBO data has made it difficult for smaller issuers and their transfer agents to effectively provide a competitive product.

These new fees from ADP-IC—which only apply if the issuer manages its own NOBO delivery—consist of a separate new search fee with a base charge of:

- 16¢ per name for all OBOs and NOBOs
- plus a broker access fee of \$7.50 per name for the names of the brokers in the file

Then another fee for the NOBO file itself starting at:

- 20¢ per name for files under 10,000 names
- 18¢ per name for files between 10,000 and 100,000 names
- 17¢ per name for files over 100,000 names

Finally, another \$7.50 broker access fee per name.

Example – small issuer

Fees for a small issuer mailing directly to NOBOs with 2000 (1500 NOBOs and 500 OBOs) beneficial owners held by 35 dealers:

1. search fees of \$320 (16¢ x 2000 names) plus \$262.50 for broker access fees = \$582.50
2. NOBO lists costs of \$300 (20¢ x 1500 names) plus \$262.50 for broker access = \$562.50

This small issuer has paid the above \$1145.00 to search and obtain a NOBO file with 1500 names, an average cost of 76.3¢ per name.

In addition, the issuer will pay ADP-IC at least another \$500 to process the delivery of the 500 OBO packages and another charge to its transfer agent to deliver the NOBO packages.

If we assume that the transfer agent charges are similar to the ADP-IC charges, this could result in the issuer paying \$3145 to deliver to beneficial owners. Under the previous arrangements, with only ADP-IC carrying out all beneficial owner mailings, the charges would have been \$2000. This represents an increase of 57.25%.

For even smaller issuers ADP-IC's pricing becomes more onerous—a smaller issuer with 1000 NOBOs and OBOs (750 and 250 respectively) held by only 25 dealers will see a price increase of 68.5% using the same assumptions as above.

3rd issue - prepayment

The final issue that has developed recently is the ADP-IC policy not to release NOBO files until they are paid for.

For more information, please contact Bob Mackenzie, VP, External Mandates, at robert.mackenzie@computershare.com or 416-263-9204.

No Paper? Then We Need Paperless Transfers

Moving Canada along the path.

With the growth of Direct Registration Systems (DRS's) in the US, plans to create the same in Canada and the move to straight-through processing (STP) everywhere in the world, the paper that accompanies some certificates in the transfer process has to go.

This "paper" evidences the authority of the party signing the certificate where the registered holder is not an individual signing in their personal capacity. The most common examples are securities registered to corporations, nominees, trusts, etc. and estate transfers.

A first for Canada

On October 1, 2004 a CDS guarantee went into effect for all securities deposited by CDS participants through their CDSX system into the nominee name of CDS. With the bulk of transfer transactions in Canada flowing through CDSX, this was a major step forward.

Canada was first in North America to implement a guarantee program that replaces this "paper" and the need for medallion or other stamps of guarantee with a depository (CDS) guarantee. The CDS guarantee is contractual, granted to transfer agents by the CDS Transfer Agent Agreement that governs CDSX system transactions between transfer agents, CDS and its participants. Participant agreements and rules give CDS the contractual basis on which it can extend the guarantee to transfer agents.

US next

The US was only days behind, commencing their Paperless Legals pilot project on October 12, 2004. Because the US Paperless Legals process is based on sureties (medallion guarantee programs), it still requires financial intermediaries to affix stamps of guarantee and transfer agents to validate those stamps. However, it will apply to all medallion guarantee programs on a North America-wide basis and thus be more universally available than the Canadian CDS guarantee on CDSX deposits. The US Paperless Legals pilot is planned to move to industry-wide implementation in January 2005.

The combination of the two initiatives will move Canada well along the path to eliminating the paper that flows with certificates and before rather than after DRS, which will eliminate the certificate itself.

For more information, please contact Terry Martinuk, VP, Service Delivery, at terry.martinuk@computershare.com or 416-263-9302.

Proxy Protocol Being Updated

Need to review in light of developments since 1991.

Issuers may not be aware, but in 1991 the Security Transfer Association of Canada (STAC)—in response to a number of situations that highlighted some significant differences in how some organizations validated proxies—created an industry standard for this process.

Protocol regarding Validity of Proxies

The result was the “Protocol regarding Validity of Proxies” document. Prepared with assistance from some of Canada’s leading corporate lawyers, it remains in full effect today and is considered *the* source for proxy validation. It addresses issues such as signatures on proxies, instructions to proxy holders, forms of proxy, dating conventions, how to deal with missing information, revocations, over-voting and more.

Changes to come

Much of the Protocol is perfectly valid today. However, the many developments since 1991 require us to take another look. What needs to be examined? The development and implementation of NI 54-101 (with all of its requirements), updated corporate statutes, the use of IVR and web applications for voting purposes, e-delivery, the use of a legal form of proxy, etc.

A working team of STAC members hopes to evaluate the required changes by year end. The goal is to have a fully revised document ready in time for next spring’s annual meeting season.

[“Protocol regarding Validity of Proxies”](#)

For more information, please contact Bob Mackenzie, VP, External Mandates, at robert.mackenzie@computershare.com or 416-263-9204.

Georgeson Shareholder Delivers Executive Shake-Up At Dimethaid

Dissident shareholder group win the day with majority support.

At the Annual General Meeting of Dimethaid Research Inc. in Toronto on September 21, 2004, a new board of directors was elected. Dimethaid was forced to withdraw its directors after proxies showed the dissident group had won shareholder support.

Background

In May 2004, a dissident shareholder group contacted Georgeson Shareholder about the group's plan for change at Dimethaid. They chose Georgeson based on Georgeson's successful track record in proxy solicitation.

Dimethaid Research Inc. (TSX: DMX) is a fully integrated pharmaceutical company headquartered in Markham, Ontario with subsidiaries in Europe, Asia and the Caribbean. Incorporated in 1983 as Clark Pharmaceutical Laboratories Ltd, the company rebranded in 1990 as Dimethaid Research Inc. The company went public, raising more than \$30 million and listing on the Toronto Stock Exchange in 1997.

The dissident shareholder group's plan for change was based on the falling share price and overall dissatisfaction in how Dimethaid was being run. (Shares traded in the \$12.00 range in 2000 and 39¢ the week before the September 2004 Annual General Meeting.)

In May 2004 talks broke down between Dimethaid and the dissident shareholder group and demands from the group were dismissed by the company. The group filed a "requisition of meeting of shareholders", forcing Dimethaid to call a meeting. The company then moved up the date for its Annual General Meeting, which had been anticipated for late October 2004. On June 9, 2004 Dimethaid announced their Annual General Meeting would take place on September 21, 2004.

Nothing happened until late August, when the dissident shareholder group retained Georgeson Shareholder and Dimethaid retained a competitor solicitation firm.

Georgeson's key role

Throughout the process leading up to the Annual General Meeting, senior staff at Georgeson provided daily updates to their client and advised them on what would be happening next. Georgeson's New York and London offices also provided assistance. The Georgeson team in Toronto worked closely with the law firm Goodmans as well as with National Investor Relations.

The experts at Georgeson analyzed the data and came up with a strategic plan involving the dissident working group and other various parties. Timing was extremely tight and the dissident

group had to move or risk missing the window of opportunity—with only two weeks remaining for solicitation efforts.

Dimethaid sent a blue “For Management” voting form and Georgeson countered—working non-stop over the Labour Day weekend—with a yellow “For” form of their own, complete with a full slate of directors. Web sites were also utilized to facilitate internet voting. It is worth noting that this was the first time Internet and telephone voting were allowed in a dissident situation.

Dimethaid announced in a news release that Fairvest, one of Canada’s leading independent proxy advisory firms, recommended that shareholders vote for management’s slate of directors. Many shareholders and financial industry veterans followed the unfolding drama through coverage in the national media and in web logs (blogs) and online chat rooms. Analysts and media portrayed this as a classic David and Goliath battle—with Georgeson representing “the little guy.”

Georgeson designed and mailed proxies. The forms were mailed, leaving only four days to solicit, and with many holders overseas the language issue had to be dealt with. About 90% of the holder base was retail.

On September 21, 2004, a new Dimethaid board of directors was elected. The dissident group triumphed with the expert assistance of Georgeson—despite the challenge of a very short time period and road blocks such as language, logistics and approvals. In fact, Georgeson has since developed a useful ‘checklist’ for this very kind of situation.

Daniel H. Chicoine, newly-elected Chairman of Dimethaid’s board of directors said of Georgeson, “Thank you for your excellent work in this proxy fight...we made history together.”

For more information, please contact Glenn Keeling, President and CEO, Georgeson Shareholder, at 416-862-8088 or glenn.keeling@computershare.com.

Computershare Document Services (CDS)

Royal & SunAlliance

CDS began working with Royal & SunAlliance in 2003. Royal & SunAlliance has recently launched new billing and policy statements into the market. Using unique “charter” methodology, CDS has structured a prototype solution covering all branding, design, product variation, promotional messaging and business rules.

Charter methodology provides for this unique document architecture, which forms the foundation for the scalability of the solution and the infrastructure for the variable promotional messaging. The new format provides the opportunity to add value to Royal & SunAlliance's market presence with improved visual branding and by utilizing the flexibility to add content that reinforces their brand promise—and that can more personally communicate with their customer base.

Please see the “before” and “after” Royal & SunAlliance samples below.

New CDS web site

Access our innovative products and services [English](#) or [French](#).

For more information on how Computershare Document Services can assist you, please contact Mark Jacobs, Director of Sales, at 905-771-4391 or mark.jacobs@computershare.com.

Complete Document Re-Design

DOCUMENT SERVICES



Mailer Page

Bill

Declaration Page

First Coverage Page

Before

© COMPUTER SHARE

Complete Document Re-Design

DOCUMENT SERVICES

Broker Sample Name
1234 SAMPLE ROAD
SAMPLETOWN ON A1A 2B2

000576

JOHN SAMPLE
123 MAIN STREET
ANYTOWN ON A1A 2B2

Your New Automobile Insurance

Dear Policyholder,

14 September 2004

We are pleased to provide you with your new Automobile Insurance. We recommend you review this document carefully to ensure the details are correct and the coverage provided meets your needs.

Please refer to the payment schedule below and Important Messages on the reverse. Sufficient funds must be available in your account in time for the withdrawal dates.

Together with your broker, we thank you for your business.

The risk of a crash is four times higher when using a cell phone while driving, hands-free or not. If you must call, park first.

Payment Summary

Premium Total	\$1,842.92
Total Payable	\$1,842.92

Premium summary shown on reverse.

As a major insurance group, we are committed to the highest standards of integrity in our relationships with our customers, staff and business partners. We expect to be judged on our success in meeting these standards at all times and under all circumstances.

Remittance Slip - One Pay

See reverse for details on how to pay.

Policy Number
PER 123456789

ROYAL & SUNALLIANCE

Please pay amount due by due date

Due Date 6 Nov 04

Amount Due \$1,842.92

1234567890 00000000000000000000 20041231 00992999

Mail Page and Bill Combined

ROYAL & SUNALLIANCE

Certificate of Automobile Insurance (Ontario)
New Policy

Policy Number PER 123456789 Print Date 14 Sep 2004

Your Insurer
ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA

Your Broker
BROKER SAMPLE NAME
1234 SAMPLE ROAD
SAMPLETOWN ON A1A 2B2
416 123 4567

Name and Address of Insured or Lessee
JOHN SAMPLE
123 MAIN STREET
ANYTOWN ON A1A 2B2

Policy Period
Policy Effective Date 10 Sep 2004
Policy Expiry Date 10 Sep 2005 at 12:01 a.m.
All times are local times at the named insured's postal address shown on this Certificate.

Method of Payment
We make a monthly withdrawal from your bank account.

AUTOMOBILE 1

Described Automobiles
1999 PLYMOUTH NEON 4DR
Serial Number 12345678901234567

Insurance Coverages

Coverage	Premium (\$)
Liability Limit per incident - \$2,000,000 Bodily Injury Property Damage	304 7
Accident Benefits (Basic Benefits) Limit - As stated in Section 4 of Policy	284
Optional Increased Accident Benefits Income Replacement Limit - up to: per week Caretaker and Dependent Care** Medical, Rehabilitation & Attendant Care** Death & Funeral** Insurrection Benefit** *Limit - As stated in Section 4 of Policy	
Uninsured Automobile Limit - As stated in Section 5 of Policy	15
Direct Compensation - Property Damage* *This policy contains a partial payment of recovery clause for property damage. If a deductible is specified for direct compensation - property damage. Deductible - Nil	170
Loss or Damage** **This policy contains a partial payment of loss clause. A deductible applies for each claim except as stated in your policy. Specified Perils (including Collision or Upset). Deductible - Comprehensive (including Collision or Upset) Deductible - Collision or Upset Deductible - All Perils Deductible -	
Policy Change Forms (OPCF) CFP - Premier Plus 444 - Family Protection Coverage Limit - \$2,000,000	45 31
Automobile 1 Premium	\$856.00

Care Card

Claims:
(Call your Insurer)
1 800 319 9993

Inquiries:
(Call your Broker)
416 123 4567

JOHN SAMPLE

Automobile Policy Number PER 123456789

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Declaration Page and First Coverage Page Combined

After

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Computershare To Acquire EquiServe

In October 2004, Computershare announced that it reached a deal to acquire EquiServe from DST Systems. EquiServe is one of the US's largest providers of transfer agent and employee share plan services.

The deal will reinforce Computershare's position as one of the pre-eminent suppliers of transfer agent and employee plan services. The acquisition is planned for completion on or about January 1, 2005, depending on required regulatory approvals.

Chris Morris, CEO and President of Computershare Limited said, "This is the most momentous acquisition in Computershare's history, both in size and strategic importance. Through this deal we expect to achieve significant synergies that will benefit our customers and shareholders. With EquiServe's prodigious customer list, the opportunity to offer our full suite of services will be greatly enhanced."

EquiServe has 1,300 clients and provides services to almost 19 million shareholders. The employee plan administration business supports in excess of one million active employees. EquiServe maintains facilities in Boston, Chicago and Jersey City and Edison, NJ.

Upcoming Events

IR Awards

February 24th, 2005 - Don't miss this year's IR Magazine Canada Awards at **The Fairmont Royal York Hotel** in **Toronto**. A prestigious black-tie event attracting over 400 people every year, these awards are the largest gathering of investor relations professionals in Canada. For more information email awards@irmag.com, call 212-430-6861 or book online through www.irmagazinecanada.com.

Canadian Investor Relations Institute (CIRI)

Visit www.ciri.org for information on all the great chapter workshops and seminars offered throughout the year. CIRI Chapters are located in **Toronto**, **Montreal**, **Calgary**, and **Vancouver**.

Canadian Society of Corporate Secretaries (CSCS)

CSCS offers many events and workshops during the year. From tips on advising and assisting your company Chair run a smooth and effective meeting to learning more about what is involved in distributing shares to the public. Visit www.cscs.org for their Calendar of Events.