July 13, 2026

Jamie Selway
Director, Division of Trading and Markets
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

***Via Email*:** rule-comments@sec.gov

Re: File No. 265-28

Dear Director Selway:

Executive Summary

SIFMA[1] supports proxy modernization that reduces cost, improves investor participation, and strengthens shareholder communication, but not at the expense of investor privacy, duplicative processes, or additional operational risk without a clearly demonstrated benefit. On June 4, 2026, the SEC Investor Advisory Committee's Investor as Purchaser Subcommittee discussed draft Recommendation 3A, which would permit registered investment companies (funds) to communicate directly with objecting beneficial owners (OBOs) for proxy voting purposes.[2] While SIFMA commends the Subcommittee's work on several aspects of its broader recommendation, our support cannot extend to Recommendation 3A. SIFMA urges the Commission to decline to adopt it, as it would bypass the broker-dealers that currently serve as the regulated intermediary for these communications. Specifically, SIFMA recommends the Commission:

- Preserve the existing intermediary framework. Broker-dealers' role in shareholder communications reduces cybersecurity exposure, provides a regulated and accountable channel, and has generated significant cost savings for retail investors.
- Leave proxy processing arrangements to existing bilateral contracts between funds and broker-dealers.

---

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly one million employees, it advocates for legislation, regulation, and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. SIFMA serves as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. It also provides a forum for industry policy and professional development. With offices in New York and Washington, D.C., SIFMA is the U.S. regional member of the Global Financial Markets Association (GFMA).

[2] SEC Investor Advisory Committee to Host June 4 Meeting, Securities and Exchange Commission, Press Release No. 2026-48 (May 27, 2026), https://www.sec.gov/newsroom/press-releases/2026-48-sec-investor-advisory-committee-host-june-4-meeting.

- Address investor confusion through education, not rule changes. Better disclosure at account opening is the appropriate remedy.

This letter builds upon our previous submission on May 29, 2026,[3] and specifically addresses the inquiries raised by Commissioner Peirce regarding investor confusion and the cost-benefit case for this proposal. We note that the recommendation to permit direct communication between funds and OBOs for proxy voting purposes would circumvent the role SIFMA member firms play in servicing their client communications needs, imposing duplicative operational and compliance costs without a demonstrated offsetting benefit to investors. Notably, the process that produced this recommendation did not include the perspectives of brokers or individual investors. SIFMA separately supports the Committee's near-term recommendation on opt-in voting through standing voting instructions and will address that proposal in a forthcoming, dedicated comment letter.

I. The Non-Objecting Beneficial Owner (NOBO)/OBO Framework: Background and Purpose

The NOBO/OBO classification system was developed as part of the shareholder communications framework recommended by the SEC Advisory Committee on Shareholder Communications in the 1980s.[4] On January 1, 1986, the Commission implemented the NOBO/OBO rules by establishing SEC Rule 14a-13 and amending Rules 14b-1 and 14c-7.[5] This framework was deliberately designed to balance two legitimate interests: the interest of issuers and funds in communicating with their investors, and the interest of investors in controlling who has access to their personal and financial information.

When an investor opens an account with a broker-dealer, they entrust that institution with sensitive personal and financial data, including what securities they hold, in what quantities, and at what times. Pursuant to SEC rules,[6] the NOBO/OBO designation determines whether that information may be released to the issuers of the securities the investor holds. A NOBO preference directs the investor's intermediary to release their name, address, and share position to an issuer upon request. An OBO instructs the intermediary to keep that information private.[7] Critically, regardless of which designation an investor holds, they will continue to receive all

---

[3] SIFMA, Comment Letter on Framework for Shareholder Communications (File No. 265-28) (May 29, 2026), https://www.sec.gov/comments/265-28/26528-794860-2403288.pdf.

[4] *See* Facilitating Shareholder Communications Provisions, 48 Fed. Reg. 35,082 (Aug. 3, 1983).

[5] *See* Facilitating Shareholder Communications, Exchange Act Release No. 34-22533 (Oct. 15, 1985) (File No. S7-13-85), https://www.govinfo.gov/content/pkg/FR-1985-10-22/pdf/FR-1985-10-22.pdf; *see also* 17 CFR § 240.14a-13; 17 CFR § 240.14b-1; 17 CFR § 240.14c-7.

[6] *See* 17 CFR § 240.14a-13; 17 CFR § 240.14b-1; 17 CFR § 240.14c-7.

[7] *Id*.

required corporate communications, the sole operative difference is whether the issuer obtains knowledge of the investor's identity and holdings.

Investors are classified as NOBOs by default under the Commission's rules. An investor who wishes to protect their information must affirmatively direct their broker to assign OBO status. SIFMA strongly supports this default structure. Proposals to add additional "consent" requirements are unnecessary and counterproductive. Adding complexity at account opening risks confusing investors about what they are consenting to, making it harder, not easier, to facilitate meaningful issuer-shareholder communication. Better investor education at account opening is the right approach, not a change to the legal standard.

II. OBO Status Is a Legal Protection, Not an Administrative Preference

For the broker-dealer community, OBO status is a bright line.[8] When an investor affirmatively elects OBO designation, it means precisely what it says: their personal information is not shared with issuers or funds. This is not merely an administrative convenience. It is a legal protection reinforced by the Commission's on rules and by broader privacy law obligations that broker-dealers owe their clients, including those arising under Regulation S-P.[9]

Investors place significant value on protecting their personal and trading information and rely on their broker-dealers to safeguard it on their behalf. This concern is equally important to retail investors as it is for high net worth individuals and institutional investors, who have strong reasons to oppose any disclosure that could permit issuers or third parties to infer their trading strategies, portfolio concentrations, or investment philosophies.

The Subcommittee's recommendation attempts to carve out a "limited" exception to OBO privacy protection for purposes of proxy voting-related communications. SIFMA emphatically rejects this framing. Once an investor's identity and holdings are disclosed, even for a single "limited" purpose, anonymity is lost. There is no such thing as a limited disclosure that still preserves the investor's privacy election in any meaningful sense.

III. The Intermediary Infrastructure: Why It Works and Should Not Be Bypassed

Investors are clients of their brokerage firms, and our members insist on managing the needs of their clients. This includes wealth management, retirement planning, customer service, transaction processing, custody, margin, and a range of full-service and self-service functions including investor communications. It also includes processing and reconciling proxy voting entitlements, providing platforms to vote shares and receive confirmation, and submitting "broker votes" for shares on routine matters for which instructions are not received.

---

[8] *See* SIFMA, Protecting Investor Privacy: Why the NOBO/OBO Framework Matters, SIFMA (Mar. 26, 2026), https://www.sifma.org/news/blog/protecting-investor-privacy-why-the-nobo-obo-framework-matters.

[9] *See* Regulation S-P, 17 C.F.R. Part 248.

The current broker-dealer infrastructure for shareholder communications delivers concrete benefits that would be lost or degraded under the direct-to-OBO communication model. First, routing communications through intermediaries limits cybersecurity exposure by reducing the number of entities that hold sensitive investor data. Second, the intermediary model provides a trusted, established, and regulatorily accountable channel for communications and other shareholder actions. Third, industry investment in electronic delivery through this infrastructure has produced significant savings in issuer printing and postage costs. Proposals to bypass this system would add cost and operational complexity, not reduce them.

Further, allowing funds or issuers to distribute proxy materials directly to OBOs would create a confusing dual-track system for proxy solicitation and tabulation. Parallel distribution channels introduce the risk of duplicative voting, tabulation errors, and disputes over the validity of votes cast. These are operational realities that the current intermediary-based system was specifically designed to prevent.

It is important to emphasize that under the current framework, no investor is denied access to important corporate communications by virtue of their OBO designation. Every shareholder, OBO and NOBO alike, receives all required disclosures and proxy materials through their broker-dealer. The question before the Committee is not whether OBO investors should receive communications, but whether the privacy protection they have affirmatively elected should be overridden to give funds and issuers direct access to their identities. SIFMA's answer to that question is an unequivocal no.

IV. Directly Addressing Commission Inquiries Regarding Proposed Recommendation 3A

In advance of the June 4 Investor Advisory Committee meeting, Commissioner Hester Peirce raised pivotal questions regarding the long-term recommendation to allow funds held through intermediaries to communicate directly with shareholders on proxy voting matters.[10] We note at the outset that Commissioner Peirce's questions were not adequately answered during the June 4 session. The Committee proceeded to vote without resolving the core operational and privacy concerns she raised. This is precisely the kind of gap that the notice-and-comment process is designed to fill, and it is why SIFMA urges the Commission to treat Recommendation 3A as an open question requiring further deliberation rather than a settled basis for rulemaking. We address each of Commissioner Peirce's questions below. SIFMA welcomes these specific inquiries, as a real-world assessment of her questions underscores exactly why Recommendation 3A must be declined.

1) **"Would this change anger and confuse investors?"**

   Yes. As was explicitly noted during the Committee's discussion regarding the anger of shareholders being contacted, forcing direct outreach is not a neutral administrative shift;

[10] Hester M. Peirce, Comm'r, SEC, A Quarter for Your Thoughts: Remarks at Meeting of the SEC Investor Advisory Committee (June 4, 2026), https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-sec-investor-advisory-committee-meeting-06-04-2026-quarter-your-thoughts-remarks-meeting-sec-investor-advisory-committee

it triggers a genuinely negative investor reaction. The current framework provides investors with a clear, reliable boundary: choosing OBO status means their personal identity and asset holdings remain private. Overriding this choice to allow direct fund communication would fundamentally breach that trust. Investors do not draw legal distinctions between "limited" proxy communications and broader corporate solicitations; they expect their privacy election to be absolute. Forcing direct, unsolicited third-party fund communications onto clients who explicitly opted out will undoubtedly exacerbate the exact shareholder anger observed during the Committee's panel, trigger widespread investor confusion, and frustrate account holders who rely on their broker-dealers to safeguard their personal information.

2) **"Would objecting beneficial owners be covered?"**

The recommendation is explicitly designed to target and cover OBOs, which forms the core of SIFMA's opposition. There is no legally sound or operationally viable mechanism to cover OBOs in direct fund communications without completely dismantling the anonymity they affirmatively selected. Once an intermediary is forced to release an OBO's name, address, and share position to an external fund issuer, even for a singular, restricted purpose, that data permanently leaves the secure custody of the broker-dealer. Anonymity cannot be partially surrendered or temporarily paused; once shared, the structural legal protection of OBO status is effectively eliminated. OBOs must remain entirely excluded from direct issuer access to preserve the integrity of federal privacy frameworks.

3) **"Would this recommendation significantly reduce costs and improve voter participation?"**

No. Rather than reducing costs, bypassing the established intermediary infrastructure will introduce severe operational friction, duplicative expenses, and logistical inefficiencies. Market participants have spent decades investing in a highly optimized, centralized electronic delivery and tabulation ecosystem managed by intermediaries.

V. The June 4 Committee Vote Does Not Reflect Consensus and Glosses Over Procedural and Practical Dissent

The Investor Advisory Committee's June 4 vote to adopt the Investor as Purchaser Subcommittee's package of recommendations should not be misconstrued by the Commission as an industry consensus or a mandate for rule changes. While the recommendation passed the advisory body by simple majority, a critical review of the voting record reveals unresolved substantive objections from key regulatory and investor advocates on the Committee itself. Specifically, the recommendation failed to secure unanimous support, drawing notable abstentions from key members:

- Andrea Seidt (Ohio Securities Commissioner; North American Securities Administrators Association (NASAA) Representative; IAC Executive Committee Member and Vice

Chair), abstained due to explicit concerns that the proposed modifications could dilute rather than enhance vital shareholder rights. Commissioner Seidt further emphasized that policy reform of this nature warrants a full notice-and-comment process - a procedural safeguard that was not afforded here.

- Alvin Velazquez (Associate Professor of Law, Indiana University Maurer School of Law) abstained from the vote, explicitly citing a lack of sufficient empirical data regarding the practical impacts of the protocol changes being advanced, stating he could not support the Exxon protocol without seeing more evidence of its effects on shareholders going forward.

- Adriana Robertson (Professor of Business Law, University of Chicago Law School) similarly withheld affirmative support by abstaining.

The fact that no "nay" votes were recorded does not signal industry-wide agreement. Rather, as the concurrent panel discussions on passive index funds and retail investor behavior illuminated, it highlights an advisory body moving to a vote before resolving the core operational friction points raised by its own leadership. The explicit concerns raised by Commissioner Seidt and others regarding data gaps and investor dilution underscore exactly why the Commission must decline to act on Recommendation 3A. As we detail throughout this letter, bypassing the OBO/NOBO framework without consensus from state securities regulators and data experts is a premature step that puts investor privacy at immediate risk.

Further, the panel discussion made clear that the practical and operational consequences of bypassing the OBO/NOBO framework were not fully examined before the vote was called. Questions raised by Commissioner Peirce regarding investor confusion, data coverage, and cost-benefit realities remained unresolved at the time the Committee voted. Proceeding to a recommendation without resolving those questions is precisely the kind of premature action that the notice-and-comment process is designed to prevent. As Commissioner Seidt herself stated, policy reform of this nature warrants that full procedural safeguard, and SIFMA strongly agrees.

The fact that SIFMA supports significant portions of the June 4 recommendations makes our opposition to Recommendation 3A more pointed. The Committee voted on a package, and the passage of that package by simple majority should not be read as validating each component equally, particularly one that drew the explicit concerns of Commissioner Peirce, the NASAA representative, and multiple other Committee members.

VI. The Path Forward: Investor Education, Not Rule Changes

SIFMA supports better investor education about the NOBO/OBO designation, at account opening and throughout the client relationship.[11] Brokers can and should ensure that clients

[11] *See* SIFMA, Protecting Investor Privacy: Why the NOBO/OBO Framework Matters, SIFMA (Mar. 26, 2026), https://www.sifma.org/news/blog/protecting-investor-privacy-why-the-nobo-obo-framework-matters; *see also* SIFMA, Non-Objecting Beneficial Owners & Objecting Beneficial Owners, Explained, SIFMA (May 20, 2021), https://www.sifma.org/news/blog/non-objecting-beneficial-owners-objecting-beneficial-owners-explained.

understand the nature of the NOBO/OBO election and the consequences of their choice. This is the appropriate mechanism for improving shareholder engagement. What SIFMA does not support is using perceived gaps in investor understanding as a justification for changing the legal standard that governs investor privacy. Improving education leaves the investor in control of their own information and their own choices. Changing the rules to expand issuer or fund access to OBO data takes that control away.

SIFMA therefore respectfully urges the Commission not to move forward with any rulemaking that gives funds or issuers direct access to OBO identity or position information. The existing intermediary framework has been built and refined over decades to serve the needs of investors, firms, issuers, and agents alike. Any proposal to bypass that framework demands rigorous scrutiny, not expedited action based on a divided advisory committee vote. SIFMA's recent blog post on this subject is attached. We welcome the opportunity to discuss this further with you.

Sincerely,

Stephen Byron
Managing Director
Head of Operations, Technology, Cyber & BCP, SIFMA

Anthony Macchiarulo
Vice President, Financial Services Operations & Assistant General Counsel, SIFMA

cc: The Honorable Paul S. Atkins, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Mark T. Uyeda, Commissioner
Brian Daly, Director, Division of Investment Management
Jim Moloney, Director, Division of Corporation Finance

News / Pennsylvania + Wall

✱ PENNSYLVANIA + WALL

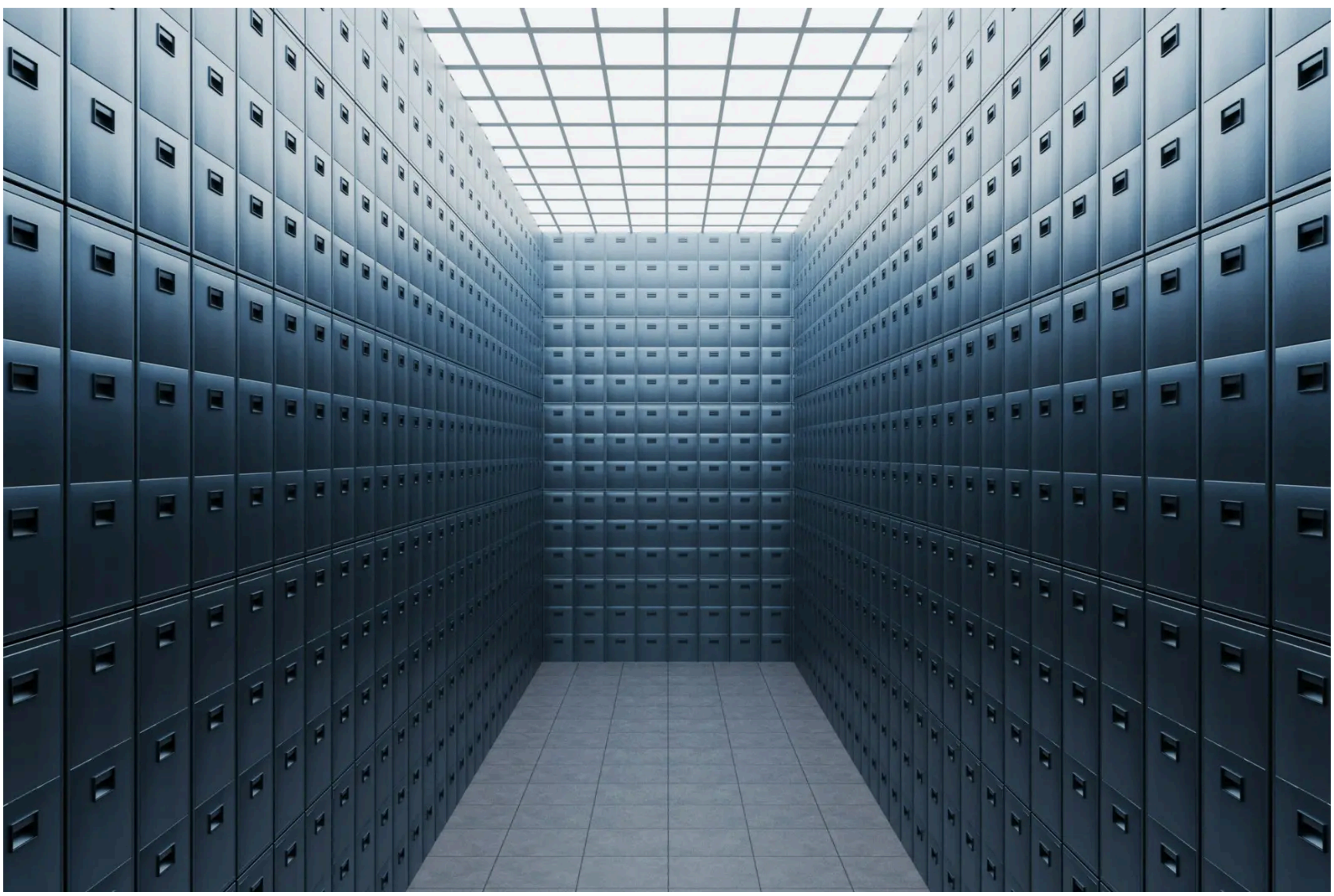
Protecting Investor Privacy: Why the NOBO/OBO Framework Matters

Part two of a series on trade ownership

March 26, 2026

By:
Stephen Byron

Issue:
Privacy & Data Protection



Details

SIFMA members have a strong interest in ensuring shareholder communications and the proxy voting system continue to operate in a reliable, efficient, and credible manner. Central to that goal is the right of investors to control their own personal information. The Non-Objecting Beneficial Owner (NOBO) and Objecting Beneficial Owner (OBO) framework [1] is designed to protect investors. SIFMA's position remains clear: investor privacy and choice must be protected. [2]

In this blog, we will explain:

- The differences between NOBO and OBO,
- Why SIFMA supports the default standard as the better option for investors, and
- The importance of investor education on this topic.

Foundation: What NOBO/OBO Means for Investors

When an investor opens an account with a broker-dealer, they entrust that institution with sensitive personal and financial information, which includes what they own, how much they own, and who they are. Pursuant to SEC rules, [3] the NOBO/OBO designation determines whether that information can be released to the issuers of the securities the investor holds.

A NOBO preference directs their intermediary to release their name, address, and share position only to the issuer upon request. An OBO instructs their intermediary to keep that information private. [4] Critically, regardless of which designation an investor holds, they will still receive all required corporate communications, the difference is simply whether the issuer learns who they are.

The Default Standard: NOBO Is the Rule, OBO Is the Choice

Investors are classified as NOBOs by default. Obtaining OBO status requires an affirmative direction to the broker. SIFMA strongly supports this default. Proposals to add additional "consent" requirements are unnecessary and counterproductive. Adding complexity at account opening risks confusing investors about what they are consenting to, making it harder, not easier, to facilitate meaningful issuer-shareholder communication. Better investor education at account opening is the right approach, not a change to the legal standard.

The Bright Line: OBO Means Private

For the broker community, OBO status is a bright line. When an investor elects OBO designation, it means exactly what it says: their information is not shared with issuers. This is not an administrative preference but rather it is a legal protection reinforced by privacy law.

Investors place a high priority on protecting their personal and trading information and rely on brokers to safeguard it. Certain high net worth and institutional investors oppose removing the OBO designation to avoid disclosures that could infer their trading strategies.

Proposals to provide OBO data for “limited” purposes, such as regulatory communications, fail to respect this. Once disclosed, anonymity is lost. There is no such thing as a limited disclosure that still preserves the investor’s privacy election.

The NOBO List: Communication Has Limits

Issuers may obtain NOBO lists and use them to send annual reports directly to those investors. Furthermore, issuers may use details from the NOBO list to identify additional publicly available information, enabling them to contact investors for purposes such as meeting-related reminders. Proxy materials, however, must go through the broker for voting entitlement. SIFMA supports this boundary. Allowing direct proxy distribution to NOBOs would create a confusing dual-track system, introduce tabulation errors, and increase overall cost and complexity. It is important to note that regardless of the designation, the shareholder will be provided with the important information from the issuer.

The Infrastructure: Why the Intermediary System Works

The current broker-dealer infrastructure delivers real benefits. It limits cybersecurity exposure by reducing the number of entities holding sensitive investor data and provides a trusted source for communications and other shareholder actions. It has also produced significant savings: industry investment in e-delivery has reduced issuer printing and postage costs significantly. Proposals to bypass this system would add cost and complexity, not reduce them.

The Path Forward: Education

SIFMA supports better investor education about NOBO/OBO choices, at account opening and throughout the client relationship. That is different from changing rules to expand issuer access to shareholder data. The framework exists because Congress and the SEC recognized that investors have a legitimate interest in controlling their personal financial information, and that brokers have a legal and ethical obligation to protect it.

Author

Stephen Byron

MANAGING DIRECTOR, HEAD OF TECHNOLOGY, OPERATIONS AND BUSINESS CONTINUITY, SIFMA

Related Resource

Non-Objecting Beneficial Owners & Objecting Beneficial Owners, Explained

Read more

1. *See* 17 CFR § 240.14a-13; 17 CFR § 240.14b-1; and 17 CFR § 240.14c-7.
↩
2. Non-Objecting Beneficial Owners & Objecting Beneficial Owners, Explained, SIFMA (May 20, 2021), *https://www.sifma.org/news/blog/non-objecting-beneficial-owners-objecting-beneficial-owners-explained*.
↩
3. *See* 17 CFR § 240.14a-13; 17 CFR § 240.14b-1; and 17 CFR § 240.14c-7.
↩
4. *Id.*
↩