

April 12, 2019

Ms. Vanessa Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: SEC Roundtable on the Proxy Process (File No. 4-725)

Dear Ms. Countryman:

Computershare welcomes the Securities & Exchange Commission's decision to re-open comments on its Concept Release on the US Proxy System ('the 2010 Concept Release'). We appreciated the opportunity to participate in the roundtable held on November 15 on the panel relating to proxy processes and rules. The roundtable was a valuable forum to reinvigorate discussion on reform of the proxy system and a useful reflection on stakeholders' evolving views on the key issues since 2010. We are also very pleased to see the announcement that Commissioner Roisman will lead on this topic and the commitment of the Commission's resources to progress it.

The issues with the current system have been extensively explored over the past 15+ years, including through the 2010 Concept Release, with detailed input from Computershare¹ and many other stakeholders during that time. Our views on the core policy issues and required reforms remain as previously articulated, however we recognize that reform has been stymied at least in part by the scale of change proposed. At this juncture, we therefore recommend that the Commission adopt an incremental approach, with a progressive set of reforms that will establish key building blocks to improve integrity, efficiency and transparency in the proxy process in the near to medium-term, while allowing longer-term consideration of certain of the foundational principles of the system. Our recommended near and medium-term steps are outlined in Appendix 1.

Reforming the system to improve its effectiveness for issuers and investors, the central stakeholders in proxy voting, will in our view take significant leadership from the Commission, through rule-making and also by facilitating new thinking about longstanding problems. We see emergent technologies, including but not limited to blockchain, offering much promise for improved integrity, efficiency and transparency in proxy voting. However, without reforming key aspects of the current intermediated communications system and associated pricing incentives, the full benefit of technologies that more directly link issuers and investors will not be delivered. Indeed, it would risk in effect 'gifting' to incumbent providers the benefits and cost efficiencies such technologies may deliver.

¹ Please refer to Appendix 2 listing Computershare's prior submissions to the Commission on proxy plumbing and reform

Confirming the right to vote and that votes are counted

It is widely accepted that there are indeed problems in the proxy system that need to be addressed. A core principle was expressed at the roundtable to the effect that ***we need to ensure that the system delivers the fundamental purpose of voting: to have your vote counted***. We wholeheartedly agree with this principle and understand that it drives investor demand for vote confirmation, which was a particular focus of discussions at the roundtable that we have addressed in more detail below.

However, any short-term rule-making action limited solely to the introduction of vote confirmation will not necessarily improve or ensure integrity in the voting process. It should be central to the concept of shareholder voting that the ability to vote is provided only to entitled investors, and that vote entitlements and vote instructions are communicated and processed accurately throughout the chains of ownership that the proxy system must support. Without additional steps to achieve this, mandating vote confirmation is just a layer of window-dressing that would risk further obscuring the underlying flaws in the system.

Addressing the impact of intermediation

The various issues that stakeholders have collectively discussed with the proxy system, and the associated level of complexity and risk of error, are driven by two foundational causes:

1. The structure of intermediated securities holdings; and
2. A regulatory environment which, in light of intermediated ownership, then further embeds a system of intermediated communications and processes for exercise of rights; and sets economic incentives for intermediaries and their service providers in handling those communications and processes.

Voting in respect of beneficial ownership of securities is made possible by the delegation of proxy authority to intermediaries under DTCC's omnibus proxy. Correspondingly, control over shareholder communications and the administration of votes for the majority of shareholders is taken out of the hands of issuers, as is the associated cost burden.

We are sympathetic to suggestions raised by some stakeholders that it is timely for the intermediated holding system to be revisited, with a view to improving the ability of all investors to directly access their shareholder rights (not only those recorded on the issuer's register) rather than via the current complex ownership chain. However, in our view, while the two issues are clearly inter-related, a review of the holding structure supporting public markets should not be tightly linked with reform of the proxy processes (albeit that any action with regard to proxy reform should ensure that it does not further embed an intermediated structure). The Commission has the opportunity to take near-term steps to reform and improve the proxy system for investors and issuers in public markets, while the intermediated holding structure is intrinsic to the clearing and settlement system underpinning US public markets and a longer-term review is merited. Reform of the public market clearance and settlement system should not be a precursor to fixing the so-called "proxy plumbing".

Proposed Progressive Reform of the Proxy System: Near to Medium Term

Appendix 1 outlines our recommendations to progressively reform components of the proxy plumbing, on the following aspects of the proxy process:

Short term actions

1. NOBO/OBO
2. Record date reconciliation
3. NOBO list and introduction of Issuer-directed NOBO communications
4. Vote confirmation
5. Rule changes to facilitate meeting participation

Medium to longer-term actions

6. Reimbursement fees
7. Data exchange
8. Associated rule changes to facilitate issuer-directed communications
9. Align privacy choice with cost burden

Our recommendations fall into three broad policy categories: Integrity & Confidence, Enhanced Transparency and Efficiency; and Competition. Other important policy items such as privacy, accountability and alignment of incentives are also referenced. These recommendations establish a progressive approach for delivering change in phases over the next 1 to 3 to 5 years. Policies and recommendations are presented as individual components, so the overall system can be reformed in an evolutionary way.

Past discussions where these concepts have been tackled as a single bundle of reforms (e.g. eliminating OBO status, delivering transparency of all shareholders and allowing direct issuer communications with such investors) have, on the one hand, been portrayed as too revolutionary, while on the other the bundle of reforms has hampered other more mechanical and administrative changes (e.g. the introduction of vote confirmation).

In Appendix 1, we also break the recommended changes down into two separate phases: elements that in our view can be introduced with appropriate rule-making from 2019/2020 and others that may require broader stakeholder discussion and negotiation for subsequent implementation from 2021 onwards.

Core elements of progressive reform

The OBO/NOBO Debate

Computershare continues to advocate the importance of transparency of all investors as a principle of good corporate governance, facilitating issuer/investor dialogue. Given the entrenched views among various investors about the importance of anonymity, we however consider that a pragmatic compromise could be reached on retaining the OBO/NOBO distinction for the near term, while in the medium-term transitioning to an environment where the choice of anonymity is balanced with the

attendant cost by applying appropriate price incentives. After implementation of these reforms due consideration can then be given to tackling the thorny conflict in the US of balancing off the underlying principles of an investor's right to privacy versus an issuer's right to know their shareholders, and a determination can be made whether continuing to allow OBO holdings acts to the long-term benefit of the US market².

Where the OBO/NOBO distinction is retained, consideration should be given to how issuers can use NOBO reports. At present, issuers cannot use information gleaned from NOBO reports to directly send proxy materials to their NOBO investors. We propose that an immediate area of reform should be to allow the use of NOBO data for proxy distribution, at the issuer's direction.

Further, while NOBO and OBO are generally understood by those of us that are well-versed in the somewhat arcane language of proxy, it does seem likely that these are no longer concepts that are commonly understood by "main street" investors or even front-office staff at some broker-dealers. The consequences of the investor choice are significant, again particularly so in a direct communications environment. It would therefore be beneficial to establish educational requirements for broker-dealer staff to adequately inform investors of the meaning of these terms and their impact on the investor's relationship with their investee companies.

There are longstanding operational concerns with the physical production of the NOBO report for issuers and the attendant cost, which impact the ability to use the list effectively. Particularly for larger issuers, the fees for the NOBO report are high and the cost can be prohibitive, yet relatively simple approaches to manage cost such as allowing issuers to receive the report electronically and/or only in respect of investors who hold more than a specified number of shares are resisted. Electronic delivery of the list is also a key factor in making disclosures usable for issuers. These concerns should also be addressed without delay.

The current system imposes costs on issuers to fund the intermediated administration of communications and voting for an investor in an account that is set up to shield their identity. This imbalance can feasibly be addressed through appropriate incentives. We propose that, after a transition period for communication of the changes, OBO investors (or their intermediaries) should bear the costs in obtaining intermediated shareholder communications and voting. After this transition period, issuers should not be required to produce physical materials for OBO investors but should make the electronic form available for dissemination to them through their intermediaries, subject to contractual arrangements between intermediaries and investors. In a direct communications environment, the use of a nominee name can similarly facilitate continuity in accessing shareholder entitlements without imposing the costs of investor choice on the issuer.

A further issue to address is the position of "managed accounts", where the investment manager should determine whether individual accounts are coded NOBO or OBO. Our understanding is that most managers retain the discretion to vote in any event, and that the proxy vote is always aggregated and rolled up and directed to the manager. Votes received from the manager of the managed account

² Issuers' right to know the identity of their beneficial owners and the importance of this for shareholder engagement and corporate governance is a long-established principle in a number of major international markets; for example, this is embedded in corporate law in the United Kingdom, France, Hong Kong and Australia. The European Union's Shareholder Rights Directive II (2017) has also recently established a right for all European issuers to require disclosure of their shareholders as a mechanism to support shareholder engagement.

program are transmitted back via the intermediary to the issuer. Regardless of whether the underlying individual account level holdings are coded NOBO or OBO, these aggregation processes, when coupled with the changes to “who pays”, will produce significant savings for issuers. We also recommend that votes be available for any holding of whole shares in a managed account, not the arbitrary limit of 5 shares set by the New York Stock Exchange (though this cut off could be retained if stakeholders prefer), since this streamlined process would make that cut-off redundant.

After the reforms outlined in Appendix 1 are implemented and bedded down, the broader policy issue of whether to dismantle the OBO system should be addressed. Separate consideration of this policy issue, after the above mechanical changes are made, will also allow it to be debated as a stand-alone policy (governance vs. privacy) issue, rather than allowing it to be a distraction to much needed reforms of the underlying plumbing. If, however the Commission determines that it is timely to remove the NOBO/OBO structure in the near-term as part of its proxy reform package, this phased approach could fall away.

Vote Entitlements & Instructions

A number of significant issues also need to be considered and addressed in the short term to ensure that an investor is allocated with the appropriate number of shares to vote based on their record date holding, and that if they elect to vote, their subsequent vote instruction is properly administered through the system and ultimately recorded. Correspondingly, the system needs to ensure that the entitlement of an investor that elects not to vote should not be capable of being voted without their direction (unless expressly permitted by rules for broker voting) or to cover votes submitted by an investor that does not have the requisite record date entitlement. Conversely, an investor should not be able to vote (or receive a vote confirmation) in respect of a share position that is not fully supported by shares in the intermediary’s account.

A. Record date positions

Integrity in voting requires that only properly entitled shareholders are able to vote. In our view, this is a very simple answer to the debate regarding reconciliation: positions must be reconciled at record date to determine eligibility to vote and voting instruction forms should only be provided to those investors thus determined to be entitled to vote.

A point was made during the round table that brokers always know where their clients’ shares are. Reconciliation is a regular task for securities administration that occurs almost constantly. In an intermediated system and where issuers have no direct visibility of their indirect shareholders, intermediaries should therefore be required to reconcile at record date and to provide voting authority only to those properly entitled investors.

There has been much discussion about the potential impact of short positions, securities lending etc., however there is unfortunately little to no independent visibility of the extent of these factors. In any event, while such factors may explain discrepancies in voted positions, the core precept that only the properly entitled investor should be able to vote should always apply. If such a requirement incidentally creates greater transparency over other uses of investors’ shares held in custody, then this can only be advantageous from an investor protection

perspective. A proxy system that enables NOBO investors to receive issuer communications directly and vote directly to the issuer will further elevate the importance of record date reconciliation, which in turn will improve transparency and overall confidence. By being coded NOBO, investors will, for voting purposes, be opting out of the omnibus record-keeping practices that pool multiple investor positions into the same “fungible mass”.

Over the medium to longer-term, it would also be beneficial to consider a reduced period between the record date and voting cut-off time. The extended period that has been in place in the US for many years creates a significant gap between the reference point for determining entitlement to vote and the actual shareholder meeting. This increases the risk of ‘empty voting’, where the party entitled to vote no longer has economic interest in the shares at the time of the meeting. It correspondingly disenfranchises new investors who purchase shares in the period between record date and meeting date.

B. “Over-voting”

So-called over-voting occurs when vote instructions received by a tabulator exceed the entitled share position i.e. the record date share position. It is critical to note that tabulators do not permit actual over-voting at the meeting: voting is reconciled prior to the meeting to ensure that no more than 100% of shares on issue is voted. However, tabulators do receive vote instructions on behalf of intermediaries that exceed that intermediary’s share position on the omnibus proxy that must be rectified. Additionally, it is feasible for individual street name investor positions to be over-voted within the intermediary’s omnibus position, so long as the total votes received from that intermediary’s clients do not exceed the total omnibus position. That is, one investor may vote more shares than they are entitled to, based on record date positions, so long as other investors do not vote their shares. This latter form of over-voting is not visible to tabulators and we are unable to quantify its occurrence. It is one of the key issues that needs to be addressed when implementing a vote confirmation system. Mandatory reconciliation of positions would fundamentally improve this position and increase overall confidence.

Where positions are reconciled at record date and voting instruction forms are only issued to those reconciled positions, over-voting is not an issue. For this reason, there is no incidence of over-voting for registered shareholders at all, as proxies are only issued with respect to record date holdings.

Overall, our experience as a tabulator, and our understanding of the broader industry experience³, shows that identifiable instances of over-voting for street name investors have reduced appreciably in the years since Broadridge implemented its Over Reporting Prevention Service (ORPS). The fact that any incidence at all remains however indicates that there is a continuing issue with voting authority being allocated to investors that lack the requisite entitlement. These arrangements need to be factored into any new rules that support vote confirmation to ensure confidence in the overall system.

³ Refer <https://www.sec.gov/comments/4-725/4725-4530590-176075.pdf>

As we understand it, ORPS creates an alert for intermediaries where Broadridge receives a vote instruction that would result in an over-vote position if it were passed through to the tabulator. The alert allows the intermediary to amend the vote position before it is released through to the tabulator. It would be useful to understand how often this service reports potential over-votes to intermediaries. Additionally, we are not aware of what protocols intermediaries observe in resolving the potential over-votes. For example, are the votes simply pro-rated to the omnibus position to prevent reporting an over-vote to the tabulator? Is there any reconciliation back to actual record date entitlements to appropriately adjust the voting entitlement of investors? In whatever way the adjustment is handled, are investors notified of the change to their voted position? What transpires if the intermediary does not or cannot adjust the vote? In our view, transparency of the handling of these issues are essential to understanding the full picture of who is voting and how their entitlement is determined, and the associated impact on the integrity of shareholder voting. These factors should be factored into any new rules that support vote confirmation to ensure confidence in the overall system.

C. DTCC Omnibus Proxy

The process of delegating DTCC's voting authority over shares immobilized through its nominee, CEDE & Co, to DTCC's participants separates voting authority from the underlying investors who hold economic interest in the securities. Medium to longer term consideration of alternative approaches, such as requiring intermediaries to directly pass that voting authority on to their clients based on reconciled record date positions, would bridge this gap and allow investors to exercise actual proxy voting authority rather than the indirect vote instruction process.

A review of the omnibus proxy should consider the cross-border impact also. Tabulators for Canadian issuers experience difficulty in obtaining the DTCC omnibus proxy for US-based holdings, which exacerbates problems with proxy processes in Canada.

Problems with the proxy plumbing are incremental: the opaque intermediated system means that issuers and their tabulators cannot identify the vote entitlement of individual beneficial investors and cannot validate votes received other than at the omnibus level. Lack of record date reconciliation exacerbates this lack of auditability of entitlement. Where record date reconciliation is not mandated, a discrepancy between who is entitled and who in fact votes is likely to remain a feature in the system. Protocols for the handling of potential over-votes identified via ORPS or actual over-votes received by tabulators should then be considered to ensure appropriate communication and reconciliation back to investors' entitlement positions.

Vote Confirmation

There has been a considerable focus on the topic of vote confirmation. Computershare is on record supporting the right of investors to obtain confirmation that their votes have been received and counted

at a shareholder meeting⁴. We are engaged in industry discussions and have participated in a range of pilot programs on this topic across several major international markets.

As noted earlier in our response, our concern remains that the introduction of vote confirmation alone will not deliver investor certainty that their votes have indeed been received and counted, without addressing the related issue of reconciliation of entitlement. Under the current system, tabulators can only confirm receipt and recording of the omnibus vote for each intermediary. We do not have visibility of underlying investors and cannot provide specific confirmations of investor votes. One of the benefits of enabling issuers to interact directly with NOBO holders and vice versa is that NOBO holders would in future also know for certain that their voting entitlement has been quarantined from the pool of OBO holders (unless the intermediary did not hold sufficient shares to enable the vote to be issued). It would also enable the issuer to provide the vote confirmation directly to the investor. In a practical sense, this process would put them in a similar position for voting purposes as if their securities were held directly on the issuer's register.

To be clear, under the current system a beneficial owner will not and cannot receive a confirmation direct from the issuer or the issuer's tabulator, based on the lack of transparency of underlying beneficial owner positions to issuers and tabulators. For investors to receive a confirmation, intermediaries or their service providers would need to be required to calculate and separately confirm down the chain to their clients. The treatment of any over-votes identified via the ORPS reports and any other adjustments to vote positions will impact the reconciliation (and further dissemination to the investor) of individual investors' votes with an omnibus vote confirmation delivered by the tabulator.

Our recommendations therefore pair vote entitlement reconciliation (record date reconciliation) with vote confirmation to improve integrity and transparency. Delivery of vote confirmation without reconciliation of record date positions risks the creation of false comfort for shareholders, regulators and the broader community of stakeholder interests.

Proxy Fees

We also propose reconsideration of the current fee environment. We appreciate that the New York Stock Exchange ('NYSE') has put considerable thought and effort over many years into the structure and rate of fees for proxy communications. The NYSE's role is unenviable; a point noted in the conclusion of the NYSE Proxy Voting Fee Committee in 2006⁵. In our view, it is unfortunate that the NYSE is placed in this position of fee-setting, and careful consideration should be given to a transition away from this fixed rate approach, as recommended in Table 1. Our proposals include providing issuer choice to implement direct communications to NOBO holders in the near term (2020-2023), in which scenario the NYSE fees would not apply for NOBOs; while establishing a transition period (to end before 2024 proxy season) after which all NOBO communications would be negotiated at market rates with the issuer's choice of provider, while OBO communications would be subject to arrangements between the intermediary and their OBO investor client. At that same juncture (by 2024), the NYSE fee setting arrangement for intermediated communications would cease.

⁴ See our [Discussion Paper – Investor Vote Confirmation](#) (2015)

⁵ See <http://www.shareholdercoalition.com/sites/default/files/NYSE%20PFAC%20Report%205-16-2012.pdf>

Technology

There has been much discussion about the potential inherent in blockchain technology to transform proxy voting. Computershare supports the exploration of blockchain and other emergent technologies as and where they add significant value to the process and sees significant potential for new technologies to be deployed in the context of proxy voting. The use of new technologies, including but not limited to hybrid and virtual meetings and blockchain recordkeeping, have the potential to fundamentally reconfigure how market stakeholders interact and communicate, and to thereby drive cost savings and process efficiencies. However, we would offer some notes of caution. Simply over-laying new technology on the current intermediated system will not deliver the mooted benefits without addressing the underlying problems in proxy voting. Many benefits relating to integrity, confidence, efficiency and competition can be implemented without having to first deploy technologies such as blockchain. Relatively simple principles such as share reconciliation and vote confirmation will go a long way to improving the integrity and confidence in the system. We suggest that the Commission continue to adopt a technology-neutral approach to regulation of proxy processes and focus attention firstly on reforming the foundational principles of proxy voting processes.

Computershare greatly appreciates the Commission's decision to re-visit the issue of proxy voting. We are committed to working with the Commission, issuers, investors and their intermediaries to jointly deliver much needed changes to ensure that investors are properly enfranchised and able to exercise their voting rights at shareholder meetings, so they can have comfort that their votes are received and counted.

Please contact Paul Conn at [REDACTED] or Claire Corney at [REDACTED] if you would like to discuss our above comments further.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Paul Conn', with a long, sweeping flourish extending upwards and to the right.

Paul Conn
President, Global Capital Markets
Computershare Limited

Cc: Securities and Exchange Commission:

Honorable Jay Clayton, Chairman
Honorable Hester Peirce, Commissioner
Honorable Elad Roisman, Commissioner
Honorable Robert Jackson, Commissioner

Appendix 1: Progressive reform of the Proxy System – Near to Medium Term

#	Key Issues and Proposed Action	Policy Category	Rationale	Timing
	Short Term Actions			2019 – 2020
1.	<p>NOBO/OBO No change to current distinction for NOBO/OBO in the short to mid-term. Investors should however be encouraged to adopt NOBO, using continuation of reimbursement fees as a short-term incentive (ref. #6).</p>	Enhance Transparency & Efficiency; and privacy and accountability incentives	Erasure of NOBO/OBO has often been positioned as a pre-condition to reform. While the eventual removal of this distinction would be even more beneficial, it should not prevent interim action to create near-term benefit.	Preserve status quo; begin education in 2019/2020.
2.	<p>Record Date Reconciliation Require reconciliation of broker/custodian position with underlying beneficial owner accounts to establish beneficial owner record date voting entitlements. This should include disclosure to clients if their entitlement positions are scaled back at any point, including where ‘over-reporting’ processes are triggered.</p>	Integrity & Confidence	<p>This is necessary to ensure that properly entitled investors are put in the position of being able to vote and to remove any residual chance of over-voting occurring.</p> <p>Importantly, this is also a key step to delivery of an effective vote confirmation system that delivers confidence and integrity.</p>	For 2020 proxy season, via Commission rule-making.
3.	<p>NOBO List & Introduce Issuer-Directed NOBO Communications At the issuer’s election, require provision of an electronic record date list of NOBOs and a list of nominee OBOs to the issuer’s nominated agent, to include email addresses where available, and allow direct proxy distribution by issuer (or issuer’s agent) to NOBO investors. NYSE to address price barriers for issuers to access the list.</p>	Enhanced Transparency & Efficiency; & Integrity & Confidence	<p>This would improve transparency to issuers (transparency would improve as more investors elected to be NOBO).</p> <p>This step would also modernize data transfer and replace the existing sharing of data via highly inefficient paper reports. Paper is no longer an effective medium.</p> <p>Data from intermediaries will be accessed through agreed protocols and</p>	<p>For 2020 proxy season, via Commission rule-making to permit inclusion of email addresses and use of NOBO data for communications by issuer to NOBO investors. NYSE to reconsider pricing to facilitate effective issuer access.</p> <p>NOBO communications to commence as determined</p>

	<p>Transition to a system that enables issuers to determine their material distribution and vote tabulation agent for their registered shareholder and NOBO investor communications and votes, and to conduct hybrid or virtual meetings. Issuer pays.</p> <p>Ensure issuers' entitlement to use beneficial owners' email addresses for delivery of proxy materials.</p>		<p>processes (to be added into NYSE Rules, Commission rules or equivalent).</p>	<p>by issuers or an agreed implementation plan.</p>
4.	<p>Vote Confirmation Require issuers to:</p> <p>A. Provide an automatic and positive vote confirmation (electronically) for votes lodged electronically, by registered holders. For street name, provide confirmation back to lodging party (e.g. Broadridge), with industry protocols to be agreed for handling of any subsequent issues such as over-voting that impact ability to accept votes;</p> <p>B. Provide post-meeting confirmation on request, if request received within 3 months of the meeting. For street name investors, this will require cooperation from their intermediary.</p>	<p>Enhanced Transparency & Efficiency; Integrity & Confidence</p>	<p>When coupled with the reconciliation point at #2, this process will instill confidence in the voting process.</p>	<p>For 2020 proxy season, via Commission rule-making.</p>
5.	<p>Rule changes to facilitate meeting participation Ensure that any entitled investor, whether registered or disclosed on the record date NOBO list, can participate in any physical, hybrid or virtual meeting.</p>	<p>Access, Accountability and Privacy</p>	<p>Provide clarity regarding entitlement to participate in a meeting (whether physical, hybrid or fully virtual).</p>	<p>For 2020 proxy season, via rule-making.</p>

	Medium to Longer Term Actions			2020-2023
6.	<p>Reimbursement Fees Phase out NYSE reimbursement rules over an agreed period, for example 3 years (i.e. effective by 2024).</p> <p>(Some residual fee control for provision of the NOBO list may be necessary, dependent on whether technological solutions can neutralize the imposition of cost burdens in generating and transmitting the list (refer #7))</p>	Accountability; and Competition	<p>This policy is intended to remove the NYSE from the central role of having to set (and periodically re-set) the complex fee / rate card, which determines what issuers must pay to reimburse intermediaries for proxy distribution. It will drive competition for the provision of material distribution and vote tabulation services for NOBOs and OBOs.</p> <p>In interim (2020-2023), issuers may elect to direct their NOBO-related communications, at market negotiated fees. Issuers may also continue to use existing market processes for communications, via intermediaries and their services providers, at the NYSE-prescribed fees. Issuers would continue to pay for OBO communications at prescribed rates.</p> <p>After the agreed interim period, NYSE reimbursement fees for NOBO & OBO communications would cease to apply. All issuers would thereafter negotiate market rates for their NOBO communications</p> <p>After the transition period, all intermediaries would also negotiate market price for the provision of issuer communications to OBOs.</p>	Commence progressive implementation: 2021-2023, with full elimination of NYSE fees by the 2024 season), compared to current rates.

			Intermediaries and investors will bear their own costs, as an outcome of choosing privacy arrangements. (See #9 below) Note: the cost burden will shift to issuers where an OBO in future chooses to be a NOBO, facilitating transparency, direct communications and vote confirmation directly by the issuer.	
7.	<p>Data exchange</p> <p>Introduce a standard for exchanging data, to facilitate move to issuer-directed communications. This does not need to be a standalone entity. Various technical options are available, including but not limited to blockchain (see note 1). Stakeholders to consider who the logical entities to manage this are.</p>	Enhanced Transparency & Efficiency; & Competition	<p>This will facilitate the transfer of data from intermediaries to issuer agents. Discussion will be required to confirm the governance of this operation and whether or not it needs to be operated by regulated entity.</p> <p><i>Note 1: as a technology, blockchain offers the opportunity to reimagine how markets might operate for the benefit of a wide range of stakeholders. The Commission needs to be careful not to allow the deployment of blockchain by a single organization to simply modernize an existing monopoly.</i></p>	2021
8.	<p>Associated rule changes to facilitate issuer-directed communications</p> <p>Ensure that issuers can “poll” intermediaries electronically to collect that data for investor communications. (OBO can be passed as a block nominee; broker takes responsibility for communication and cost)</p>	Enhanced Transparency & Efficiency; and Competition	The data will enable issuers to mail proxy and meeting materials (including by electronic means) through competitive arrangements with a regulated agent, such as their transfer agent, or other qualified and regulated party, e.g. Broadridge, Mediant etc. (to be regulated for this purpose in future).	2020

9.	<p>Align privacy choice with cost burden Amend rules such that issuers are not required to provide physical materials for individual OBO investors. Issuers will make an electronic communication available for intermediaries to disseminate to OBO investors. The intermediary (DTC participant) will bear the cost (and can contractually agree final cost allocation with investor clients). Intermediaries will communicate electronically with their OBO investor clients.</p>	Incentives; and Competition	This will align privacy choice with the cost burden, stimulate the move to electronic communications, and will drive competition in the market for intermediary services.	Progressively from 2021.
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Other Key Policy Considerations

1. Ensure the data exchange standard is efficient enough to enable an official record date to be struck just before the meeting (not 45 days before the meeting). (Future efficiency)
2. Consider a “do not call or solicit by phone” data field for investors in their account administration process. (Privacy)
3. If the OBO investor pays issue is a stumbling block, limit disclosure for the meeting qualification purposes only. (Privacy for investment throughout the year, with transparency only for voting purposes)

Appendix 2: Computershare submissions to the Commission on proxy plumbing and reform

1. SR-NYSE-2001-53
February 2002 Computershare submission
[File Number SR-NYSE-2001-53 Proposed Amendments to New York Stock Exchange Rules 451 & 465](#)
2. S7-10-05l
February 2006 Computershare response
[File Number S7-10-05, Release Number 34-52926: Internet Availability of Proxy Materials](#)
3. S7-10-05
October 2006 Computershare response
[File number S7-10-05, Release Number 34-52926: Internet Availability of Proxy Materials](#)
4. S7-03-07
April 2007 Computershare response
[File Number S7-03-07, Release Number 34-55147: Universal Internet Availability of Proxy Materials](#)
5. S7-10-09
August 2009 Computershare response
[Facilitating Shareholder Director Nominations, File No. S7-10-09](#)
6. S7-22-09
November 2009 Computershare response
[File Number S7-22-09, Amendments to Rules Requiring Internet Availability of Proxy Material](#)
7. September 2010 Computershare Whitepaper
[Proxy mechanics: It's time to modernize the 'plumbing'!](#)
8. S7-14-10
October 2010 Computershare response
[Concept Release on the U.S. Proxy System, File No. S7-14-10](#)
9. S7-14-10
October 2010 Computershare Fund Services response
[File Number S7-14-10](#)
10. S7-14-10
November 2010 Computershare response/Data Hub
[Concept Release on the U.S. Proxy System, File No. S7-14-10](#)
11. S7-14-10
January 2011 Computershare further comments
[File No. S7-14-10, Concept Release on the U.S. Proxy System](#)
12. S7-27-15
April 2016 Computershare Response
[Securities and Exchange Commission Release No. 34-76743 File Number S7-27-15, Advance Notice of Proposed Rulemaking, Concept Release and Request for Comment on Transfer Agent Regulations](#)