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Richard J. Daly
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March 30, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-03-07

Dear Ms. Morris:

We appreciate the opportunity to comment on the Securities and Exchange Commission (“SEC” or “Commission”) proposed rule, *Universal Internet Availability of Proxy Materials* (the “Proposed Rule”). We support the SEC’s goals of utilizing technology to enhance investor participation in accessing proxy materials and to assist investors in making informed voting decisions. We also support the goals of reducing the costs of proxy solicitations to issuers and to other participants in the proxy process.

We long have worked with the SEC and industry participants to achieve advances in shareholder communications and proxy voting. In 2006, we processed over 12,800 shareholder meetings, involving approximately 90 million investors and over 600 billion shares. Through ADP technologies and processing, over 80% of U.S. public companies participated in electronic delivery of proxy materials and, of the votes we processed, over 87% were cast by electronic voting methods.

We are currently working with industry participants to develop the systems, processes, infrastructure, education programs, and new services necessary to support issuers who choose to furnish proxy materials under the rules of the Voluntary “Notice & Access” model, beginning July 1, 2007. We are committed to implementing the rules as effectively as possible for all participants.

In this role, we are uniquely situated to provide the SEC and other interested parties with objective and accurate measurement of the Voluntary Notice & Access model. We believe the Commission should refrain from determining a compliance date for the Universal Notice & Access model for at least one full year. This would provide time for the SEC to assess the early impact of the Voluntary model.

The Universal Proposing Release Requests Information on the Voluntary Model in Determining an Appropriate Compliance Date for the Universal Model

The Universal Proposing Release requests information on the experience of issuers with Voluntary Notice & Access, implementation costs and complexities, and the impact of the rules on investor participation. The Commission seeks this information to help it set an appropriate compliance date for the Universal model and, if necessary, make corrective changes in the proposal itself.

We support the SEC's effort to measure and assess the impact of the Voluntary model before adopting the Universal model. The comments by ADP, AARP and others, regarding the Voluntary Proposing Release, included a significant body of research on the potential impact of the proposed rules. That research generally indicated that the Voluntary model could unintentionally reduce participation by individual investors in proxy solicitations. The Universal Proposed Rules seek to address this and other related questions raised in comments to the Voluntary Proposing Release.

One of the questions in the Universal Proposing Release solicits empirical data relating to the impact of the Voluntary Notice & Access model. We have discussed with representatives of the Office of Economic Analysis and the Division of Corporation Finance the empirical data we will be able to provide once issuers and investors begin using the Voluntary model. The suggested measurement efforts can provide data and operational statistics on, among other items, the elements listed below.

In collecting data as described below, please note that our focus will be on beneficial shareholder communication and proxy voting. We will include information on registered shareholders for meetings in which we process registered shares. At this time, we do not anticipate gathering information on such items as the costs to investors of accessing materials or their relative satisfaction with the Notice & Access model. We welcome further suggestions for providing constructive measurements of the Voluntary model.

Availability of Representative Samples under the Voluntary Notice & Access Model for: Issuers; Soliciting Persons Other than Issuers; and, Investors

Issuers and soliciting persons other than issuers may furnish proxy materials using the Voluntary model beginning July 1, 2007. In turn, the proposed effective date for the Universal model is January 1, 2008, for large accelerated filers. The proximity of these dates makes it unlikely that there will be sufficient time to generate representative samples of solicitations under the Voluntary model.

In any given year, issuers that hold their meetings during the *second half* of the year exhibit different characteristics from issuers that conduct meetings during the *first half* of the year, which includes the "proxy season" (February 15 to May 1) and meetings for most of the largest issuers. Presently, we are aware of only a few issuers who have committed to relying on the Voluntary model. Therefore, we cannot determine a date by which a statistically representative

sample of issuers will become available. It is unclear whether issuers who initially choose to furnish proxy materials under the Voluntary rules will be representative of all issuers. Regarding solicitations for persons other than issuers, in any given year the number by comparison to all solicitations is relatively small. In recent years, contested solicitations have numbered thirty to forty per year.

We also believe there should be sufficient time to assess the voting participation of investors who access proxy materials via the Voluntary model. Investor behavior could exhibit differences between initial introduction and ongoing, regular usage of the Notice & Access model.

Measurement and Comparison of the Voluntary Notice & Access Model

Characteristics of Users and Usage: We will identify the characteristics of those who are using the Voluntary model, including: issuers, soliciting persons other than issuers, and investors. We will measure these adopting groups against control populations, including prior meetings and years. We will measure and compare the following data, among other elements, and we will also seek to identify the potential “drivers” of adoption and use.

- The number and percent of issuers relying on the Voluntary model
- The size, average and range, of issuers that use the model vs. the size of those that do not. (“Size” will include the number of shares outstanding as well as the number of investors.)
- The relationship between the nature of proposals on the agenda and usage (e.g., whether an issuer is more likely to use the model if it only is conducting a routine solicitation)
- The relationship between how shares are held and usage (i.e., retail shareholders compared to institutional shareholders)
- The relationship between the number of investors that issuers solicit under the Voluntary model and such issuers’ usage (i.e., whether issuers are more likely to use the model to conduct limited solicitations)
- Whether usage is related to the current level of “suppressions.” (On average, in the 2006 proxy season, issuers realized print and postage savings associated with the elimination of 45% of the mailings we processed. This number is expected to increase to approximately 50% in the 2007 proxy season.)
- Whether usage is related to the number and percentage of e-delivery and hardcopy recipients
- Whether issuers and other soliciting persons are furnishing one or two Notice mailings or sending Notices together with a full package of proxy materials
- Whether issuers and other soliciting persons are utilizing hybrid distribution strategies (e.g., mailing full packages only to: (i) institutional investors; (ii) foreign shareholders; (iii) investors who voted in a previous year; (iv) investors who own certain share amounts; and/or (v) investors in certain geographic areas)

Cost Savings to Issuers and Soliciting Persons Other than Issuers: We will measure the impact on costs for print and postage, including, for example:

- The relative savings of users vs. non-users, including changes vs. the prior year's meetings (total and average unit savings)
- The impact on costs as a result of investor demand for hardcopy materials (on-demand fulfillment)
- Note: at this time, we do not anticipate measuring the cost impact to investors, e.g., of printing materials at home, or the total solicitation cost impact to issuers, e.g., of hiring solicitors.

Impact on Voting: We will measure the impact of the Voluntary model on investor participation. We will do this on an issuer-specific basis as well as across all issuers and investors. The following are examples of what we anticipate measuring:

- The impact on voting participation on a company-specific basis (i.e., voting participation rates at a company's meeting when it used the Voluntary model compared to its participation rates at the prior year's meeting when it did not use the model)
- Voting participation rates, in total, for users vs. non-users
- Voting participation rates by specific investor groups (i.e., institutional investors and individual investors). Within each segment, we will compare the voting participation rates under the Voluntary model to prior years, when the Voluntary model was not provided.
- Voting participation rates by method of access to materials (e.g., mail, e-mail, Notice process) vs. the method of voting (mail, e-mail, Notice process). For example, we will look at the voting rates of investors who receive a set of proxy materials by mail and compare them to the voting rates of investors who receive Notices by mail. We will also look at rates of e-voting under various methods of furnishing materials.
- The impact of the Voluntary model on voting choices (e.g., whether there is a higher or lower vote for management proposals at routine meetings). This will include the impact of votes cast under NYSE Rule 452, the so-called "Broker Vote."

Findings: Based on the above, we will provide observations and draw inferences where these can be supported by the data. Potential areas include:

- The impact of the rules on costs
- Whether actual savings accrue disproportionately to certain types of issuers
- The impact of the rules on the participation of individual investors
- Whether there is a relationship between cost savings and individual investor participation
- Whether the rules result in differential treatment of certain classes of investors
- Whether the rules result in a higher or lower number of votes for management proposals, including the impact on the Broker Vote

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Summary

The Universal Proposing Release requests data on the impact of the Voluntary Notice & Access model in determining an appropriate compliance date and, if necessary, in making corrective changes in the proposal itself. Given the proximity of the effective date of the Voluntary model to the proposed effective date of the Universal model, it is unlikely that there will be sufficient time for effective measurement. ADP is uniquely situated to provide the SEC and other interested parties with objective data and statistics as adoption of the Voluntary model takes place. We believe the Commission should refrain from determining a compliance date for the Universal model for at least one full year.

In closing, we wish to commend the Commission for encouraging greater use of technology for reducing proxy delivery costs and for enhancing shareholder participation in the voting process.

We thank you for the opportunity to comment on the Proposed Rules.

Sincerely,



Richard J. Daly
Group Co-President
ADP Brokerage Services Group

cc: The Honorable Christopher Cox
The Honorable Paul S. Atkins
The Honorable Roel C. Campos
The Honorable Kathleen L. Casey
The Honorable Annette L. Nazareth
John W. White, Director, Division of Corporation Finance
Martin Dunn, Deputy Director, Division of Corporation Finance
Elizabeth Murphy, Chief, Office of Rulemaking, Division of Corporation Finance
Raymond Be, Special Counsel, Office of Rulemaking, Division of Corporation Finance
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