



March 30, 2007

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

Re: Release Nos. 34-55147; IC-27672; File No. S7-03-07, "Universal Internet Availability of Proxy Materials"

Dear Ms. Morris:

The Securities Industry and Financial Markets Association ("SIFMA")¹ appreciates the opportunity to comment on the above referenced proposal.

SIFMA supports the Commission's goals to reduce proxy delivery costs and to enhance shareholder participation in corporate democracy.

SIFMA is working with its members, Automatic Data Processing (ADP), the New York Stock Exchange and other interested parties to implement the final rule on Internet Availability of Proxy Materials. We would like to particularly thank the Commission and SEC staff for modifications made between the initial proposal and the final rule. These modifications were responsive to SIFMA's primary concerns.

Under current SEC/NYSE rules, brokers are reimbursed by issuers for fair and reasonable costs incurred in distributing proxy materials. Implementation of the final

¹ The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

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Rule, providing for voluntary alternative methods for issuers and other persons to furnish proxy materials to shareholders, results in additional costs to broker-dealer intermediaries and their agent (ADP). While work has begun to implement the rule in time for its July 2007 effective date, we do not have a fee schedule in place to recover these additional costs.

SIFMA recommends that a process modeled on past proxy fee-setting activities be initiated as soon as possible. In recent years, that process was facilitated by the NYSE, has included representatives from large and small issuers, broker-dealers, ADP and others and has resulted in fee recommendations that were subsequently approved for filing by the NYSE and ultimately approved by the SEC. SIFMA stands ready to participate in such an activity.

Actual experience with the voluntary alternative methods for distribution of proxy materials should be invaluable to ascertain the economics of notice and access rules to issuers and intermediaries and, just as importantly, the shareholder behavior responses to the new communications methodology.

SIFMA's experience with shareholder communications economics and behavioral responses suggests that careful analysis is required before we can understand the impacts of new rules and practices. The voluntary experience will not begin until the second half of 2007 and some of the anticipated activities may not occur until late 2007. As a result, we would recommend that the effective date for a mandatory Notice and Access rule be deferred from the currently proposed January 1, 2008 date until such time as all participants have sufficient understanding of the results of the voluntary rule.

SIFMA continues to believe that programs designed to encourage shareholders to utilize electronic delivery of proxy materials should be encouraged. We have worked with issuers and ADP to develop educational and technological solutions and will continue to do so.

We also have encouraged our members to consider implementing proportional voting for the broker discretionary vote under current NYSE Rule 452. Leading broker-dealers have already implemented proportional voting in a manner designed to eliminate "gaming" of the proportional voting pool.

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SIFMA applauds the Commission's efforts to reduce proxy delivery costs and to enhance shareholder participation in the voting process. We are working with our members and ADP to successfully implement the final rule on Internet Availability and we are encouraging our members to be pro-active in improving the shareholder communications experience for issuers, their shareholders and broker-dealer clients.

Sincerely,

Donald D. Kittell
Executive Vice President

Cc: The Honorable Christopher Cox, Chairman
The Honorable Paul S. Atkins, Commissioner
The Honorable Roel C. Campos, Commissioner
The Honorable Kathleen L. Casey, Commissioner
The Honorable Annette L. Nazareth, Commissioner

John W. White, Director, Division of Corporate Finance
Martin Dunn, Deputy Director, Division of Corporate Finance
Elizabeth Murphy, Chief, Office of Rulemaking, Division of Corporate Finance
Catherine Kinney, President and Co-Chief Operating Officer, New York Stock Exchange