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Submitted Electronically

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Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: Release Nos. 34-93169; IC-34389; File No. S7-11-21, RIN 3235-AK67

Proposed Rule: Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers

Ladies and Gentlemen:

Morningstar welcomes the opportunity to comment on the Securities and Exchange Commission's, SEC or Commission, Proposed Rule on Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers, or Proposed Rule.¹ Morningstar's mission is to empower investor success. Because we offer an extensive line of products for individual investors, professional financial advisors, and institutional clients, we have a broad view on the Proposed Rule and its possible effect on the disclosures that investors will receive. Specifically, relevant to the Proposed Rule and its impact on the reporting framework of proxy votes by registered investment companies, as required by the Investment Company Act of 1940, and institutional investment managers, or Managers, we collect data from the Form N-PX to provide our clients with insight into the voting impact of their investments and to support ongoing research covering investment fiduciaries' execution of their stewardship responsibilities.

This letter contains: 1) a summary of our views and 2) detailed answers to selected questions posed in the Proposed Rule, attached as Appendix A.

Executive Summary

Morningstar appreciates and agrees with the Commission's intention to require more substantive disclosures from funds and Managers, thus providing more consistent, comparable, and decision-useful information to investors. To facilitate the Commission's goal, we recommend the following:

- Establishing structured Extensible Markup Language, or XML, filings for Form N-PX with maximum file sizes to support browser viewing and automated processing.

¹ SEC. 2021. Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers. <https://www.federalregister.gov/documents/2021/10/15/2021-21549/enhanced-reporting-of-proxy-votes-by-registered-management-investment-companies-reporting-of> (Proposed Rule).

- Mandating that funds disclose votes quarterly within two weeks to one month of the close of the reporting period.
- Requiring Form N-PX proxy voting records from equity unit investment trusts.
- Using classification models to enhance disclosures on Form N-PX using standardized categories and subcategories proposed, as well as adopting the ballot item numbering, description, and sequencing from the issuer’s form of proxy.
- Facilitating the connection of the vote to the voting entity by:
 - Modifying the definition of Managers’ exercise of voting power to require funds to indicate, per ballot, how many votes were cast, along with associated share classes voted.
 - Using the Central Registration Depository, or CRD, number or legal entity identifier, or LEI, to identify advisors and subadvisors, when responsible for voting.
 - Requiring that a fund report its vote on Form N-PX each time the fund is entitled to vote its shares, and to indicate, per ballot, how many shares were on loan as of the record date.
 - Requiring disclosure by both the lender, or fund’s manager, and the borrower of the shares held, lent, or borrowed, respectively, and voted.
- Using at least one standard security identifier, the International Securities Identification Number, or ISIN, in Form N-PX disclosures and a unique identifier for all ballot items.

I. We support the Commission’s Proposal to Require Structured Data.

We support the Commission’s proposal for Form N-PX filings to be filed in a custom XML structured data language. As the Commission has recognized, current Form N-PX filings come in a variety of formats. We think that the use of XML will further assist the Commission’s goal of making “it easier for reporting persons to prepare and submit the information required by Form N- PX accurately, and would make the submitted information more useful.”² Using structured data language will allow investors to search, aggregate, and analyze the reported data more easily.

Additionally, we recommend that the Commission set a maximum file size limit for Form N-PX filings as they are often very large files that cannot be opened in browsers with typical computer memory constraints and are therefore not accessible to the vast majority of retail investors. Setting maximum file sizes will facilitate browser viewing and support automated processing, which is consistent with the SEC’s objective of making the data more accessible to all users.

II. We recommend requiring equity unit investment trusts to report their proxy votes on Form N-PX.

The Commission asks whether it should continue to require all registered management investment companies, other than small-business investment companies registered on Form N-5, to report on Form N-PX.³ Additionally, the Commission asks if there are other types of registered investment companies that should report their proxy votes on Form N-PX.

² Proposed Rule, P. 57485.

³ See Proposed Rule, P. 57481, Q. 1.

Morningstar supports the Commission’s proposal to continue requiring all registered investment management companies, other than small-business investment companies registered on Form N-5, to report on Form N-PX. We recommend that the Commission require equity unit investment trusts, or UITs, which total approximately \$81 billion,⁴ to report their proxy votes on Form N-PX.

III. We recommend a quarterly filing frequency for Form N-PX to avoid long delays in reporting.

The Commission has left untouched the existing annual filing requirement for Form N-PX and asks whether it should “require more frequent or timely disclosure of proxy voting information” for certain types of funds.⁵

In response to the Commission’s query, we strongly urge requiring both more frequent and more timely disclosures for all funds. We suggest that the Commission increase the frequency of reporting proxy voting records by mandating disclosure of fund proxy votes quarterly, based on a calendar year.

Currently, funds file Form N-PX reports annually, with a two-month delay after close of the reporting period. This means that portions of a funds’ voting record pertain to meetings held up to 14 months prior to being disclosed in N-PX filings. Exhibit 1 below lists company meetings held in July 2020, at which a significant proportion of shareholders voted against corporate management on the issues shown. The votes cast by funds at these meetings were reported more than a year later, at the end of August 2021.

Exhibit 1: Delayed Voting Report From Voting Date: Votes Reported in August 2021 for Meetings Held in July 2020

Issue and Company	Meeting Date
Say on Pay:	
Rite Aid Corp	2020-07-08
Ennis Inc	2020-07-16
Gulfport Energy Corp	2020-07-16
Willis Lease Finance Corp	2020-07-21
Marvell Technology Group Ltd	2020-07-23
Gyrodyne LLC	2020-07-22
Star Equity Holdings Inc	2020-07-31
Chembio Diagnostics Inc	2020-07-28
Lobbying Disclosure:	
McKesson Corp	2020-07-29
Human Rights and Worker Treatment:	
Tesla Inc	2020-07-07
Tesla Inc	2020-07-07

We recommend that Form N-PX be filed within two weeks to one month of the close of the relevant reporting period. As a result, there would be multiple, and more timely, reporting deadlines in a year. We strongly urge the Commission not to pass up the opportunity to make this enhancement given the heightened value of timely disclosures to investors, markets, and

⁴ Investment Company Institute. 2021. “Monthly UIT Deposits October 2021.” https://www.ici.org/research/stats/uit/uits_10_21 (Monthly UIT Deposits October 2021).

⁵ See Proposed Rule, P. 57497-57498, Q. 79.

the public. We believe that more frequent and timely Form N-PX filings will support the Commission’s goal of providing investors and the public with the appropriate information to effectively monitor funds’ voting practices and strengthen funds’ accountability for portfolio company governance.

IV. The Commission Should Further Improve Standardization of N-PX Disclosures.

Presently, it is difficult to map multiple funds’ vote records back to specific company proxies and ballot items due to the lack of uniformity in referring to the proposal, either through its string or proposal number, or through being able to rely on the ballot item order, as demonstrated by Exhibit 2 below for actual references made to a single ballot item in N-PX vote records.

Exhibit 2: Lack of Uniform Reference to Each Ballot Item Across Funds’ Vote Records

Company Name	Proposal Number	Proposal
Exxon Mobil Corporation	12	Advisory Vote on Executive Compensation
EXXON MOBIL CORPORATION	3	Advisory Vote to Approve Executive Compensation (page 30)
EXXON MOBIL CORPORATION	3	Advisory Vote to Ratify Named Executive Officers Compensation
EXXON MOBIL CORPORATION	3	Advisory Vote to Ratify Named Executive Officers' Compensation
EXXON MOBIL CORP	3	Advisory vote on exec compensation
Exxon Mobil Corporation		Advisory Vote on Executive Compensation
Exxon Mobil Corporation		Advisory Vote to Ratify Named Executive Officers Compensation
EXXON MOBIL CORPORATION		Advisory Vote to Approve Executive Compensation (page 30)
EXXON MOBIL CORP	12	Advisory Vote on Executive Compensation

a. We support categorizing proxy votes to help investors identify votes of interest.

Morningstar supports the Commission’s proposal to require reporting persons to categorize their votes⁶ as one measure to support their searchability, thereby making disclosures more accessible to investors.

However, a potential challenge to this approach is the likely longevity of the Commission’s proposed categorization system. Environmental, Social, and Corporate Governance, or ESG, issues, as a subgroup within the taxonomy, are evolving rapidly. Consequently, we are concerned about how effectively the Commission can maintain its subcategorizations and definitions in the long term. The Commission’s proposal of including an “Other” field might be overused year after year. Furthermore, funds may apply the categories differently, resulting in inconsistently classified ballot items across multiple fund records. An industry advisory group may be needed for the maintenance and development of classification models to promote effective disclosures over time.

We believe that requiring reporting persons to choose from one or more standardized categories and subcategories will facilitate the Commission’s goal of helping investors understand how funds and Managers are voting by helping them readily identify votes on matters that are important to them, notwithstanding the reservations expressed above.

b. We support using a standardized order and description for each proposal and further recommend the use of a unique ballot identifier.

⁶ Proposed Rule, P. 57486-57487.

The Commission asks if it should require the information in Form N-PX reports to be disclosed in a standardized order in accordance with the issuer's form of proxy.⁷ Presently, it is difficult to map multiple funds' vote records back to a specific company proxy and ballot item due to the lack of uniformity in referring to the proposal, either through its string or proposal number. Ideally, all disclosures should use a unique approach to ballot item identification—such as using the exact ballot item numbers reflected on the proxy card distributed with the DEF 14a, or definitive proxy statement. Requiring that N-PX disclosures follow the same ballot item order as the original proxy form facilitates mapping of ballot items to vote records and, by extension, accurate cross-referencing of multiple funds' vote records with respect to individual ballot items.

Morningstar recommends requiring a unique ballot identifier. Using both a standardized order and unique identifier will reduce the opportunity for error in recording voting results and increase administrative efficiency. Without a unique identifier, a second method of verification is absent, presenting challenges in connecting a voting entity to the actual vote with minimal possibility of error. As explained below, there are numerous ways for ballot information to be recorded. Where ballot item sequence is used to map vote records to the proxy ballot, any disagreement in the number of votes recorded and the number of items on the original ballot would make it impossible to complete the vote mapping.

We believe that funds should be required to indicate, per ballot, how many shares were voted, along with associated share classes voted. In some cases, companies offer multiple share classes with different voting rights. Typically, share classes held by mutual funds and other outside, minority shareholders carry one share per vote. Where this is not the case, however, share class identifiers will help to connect shares voted to the vote outcome.

Unique identifiers for all ballot items will facilitate the analysis of partial amendments. Through the unique identifier, the public and third parties would be able to find and replace the amended values within the original Form N-PX filing. Without unique identifiers, filers would need to restate all the information in the original filing for a specific fund in order for the Form to accurately reflect the amendments. Fully restating the information contained in the original Form offers filers an option to report late.

Unique identifiers for ballot items are key to improving the amendment process. In 2020, Morningstar estimates there were approximately 50 amendments to Form N-PX filings and in 2021 there were 25. Over the past 10 years, this number has ranged between 25 and 90. Typically, amendments are made to metadata, which contains basic tagged fund and class identifiers. These are easy enough to identify. However, some amendments are made for specific parts of the original disclosure or to update missing parts of a vote record. Because there is no easy method to identify changes to the vote record, amendments present transparency challenges for investors.

c. We recommend additional changes to the proposed voting record so that investors may better connect votes to those exercising voting control.

⁷ See Proposed Rule, P. 57491, Q. 41.

1. We support the proposed definition of voting power or exercise of voting power but recommend more clarity where subadvisors exercise voting control.

In response to the Commission’s query on whether the proposed definitions of voting power or exercise of voting power⁸ should be modified to mean the actual use of voting power to influence a decision,⁹ Morningstar answers in the affirmative.

As it stands, there is a lack of transparency in the circumstances of delegation to a subadvisor, because there is no reliable way of mapping votes reported by funds in Form N-PX filings to the number of shares cast on a ballot, nor is there a single approach to indicating which advisor or subadvisor held the voting authority.

Separate vote records are sometimes provided for each fund subadvisor, but without an indication of the number of shares voted by each subadvisor, investors would not be able to discern how a fund’s votes were cast in aggregate. Consider Exhibit 3, where Microsoft, GlaxoSmithKline, Royal Dutch Ahold, and several other companies were voted by more than one subadvisor listed in Exhibit 3. With this disclosure, an investor cannot ascertain which shares were voted which way in their fund holding.

Exhibit 3: Separate Vote Records for Subadvisors With no Indication of the Number of Shares Voted by Each Subadvisor

SeriesName	SeriesId	Fund Name and Sub-Advisor with Voting Authority (provided in body of N-PX)
Northern Engage360 Fund	S000059649	Northern Engage360 - ARK Investments Management LLC
Northern Engage360 Fund	S000059649	Northern Engage360 - Mar Vista Investment Partners, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Ariel Investments, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Aristotle Capital Management, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - EARNEST Partners, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Segall Bryant & Hamill, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Strategic Global Advisors, LLC

Where subadvisors exercise voting control, votes should be broken down by subadvisor to increase transparency. We believe that a focus on the exercise, rather than mere possession, of voting power can help remedy both the current lack of transparency in the circumstances of a multimanager fund or delegation to a subadvisor, and lack of reliability in mapping votes reported by funds in N-PX filings to the number of shares cast on a ballot.

Further, a uniform approach to indicating which advisor or subadvisor held the authority is presently lacking. We therefore recommend using a unique identifier, the CRD number, to identify subadvisors. Another identifier, the LEI, could also be used. Using a unique identifier for subadvisors, coupled with requiring funds to indicate how many votes were cast and the associated share class voted, will increase transparency by connecting the vote to the voting entity in instances of multimanager funds or delegation to a subadvisor. This enhanced disclosure will also highlight discrepancies when fund Managers vote independently of the house view and improve the reliability of mapping votes reported by funds in N-PX filings to the number of shares cast on a ballot.

⁸ We use the Commission’s definition regarding exercise of voting power, “if the manager both has voting power and exercises that power.” Proposed Rule, P. 57482.

⁹ See Proposed Rule, P. 57484, Q. 10.

2. Even if the shares are on loan, as long as they can be voted by the fund, the burden of reporting should fall on the fund.

Morningstar agrees with the Commission's proposal to require that a fund will be entitled to vote on a matter if its portfolio shares are on loan as of the record date.¹⁰ We also support the Commission's proposal to consider a manager to exercise voting power when it has the ability to determine whether or not to vote or to recall the loaned shares.¹¹ We further agree with the Commission's proposal to require funds and Managers to report the numbers of shares voted or instructed to be cast, including when this number is zero, in cases where all shares are on loan.¹²

In supporting the Commission's proposals, Morningstar recommends requiring a fund to report its vote on Form N-PX each time the fund is entitled to vote its shares. Funds should be required to indicate, per ballot, the shares and associated votes that were on loan as of the record date, and the shares voted, even when 100% of shares were on loan. Form N-PX is valuable for users because it requires transparency regarding the voting position of fund Managers on important issues on proxy ballots. However, there is an opportunity for funds to hide votes if all shares are on loan to a borrower who is not required to report on Form N-PX. If a fund has lent all shares out as of the record date of a vote, investors using Form N-PX will not receive information regarding the fund's position on the vote. Therefore, we recommend requiring funds to disclose their position on a vote regardless of whether they lent all their shares as of the record date.

In some instances where a borrower has custody of the shares and has the right to vote them, borrowers should be required to report how many shares they borrowed and their vote position. The Commission's proposal requiring funds and Managers to report the number of shares that were loaned and not recalled¹³ will inform investors about the management, and potential mismanagement, of a fund's voting responsibility. With this information, investors will be able to determine a fund's responsibility in proportion to the vote's result, as well as the shares not under the manager's voting control or stewardship. Disclosing the number of shares voted will also allow investors to better understand how securities lending activities impact the practices of the reporting persons.

d. To enhance the usability of the data, Morningstar recommends the use of a uniform, nonproprietary identifier, specifically ISIN, to standardize reporting and tracking of votes.

We support the Commission's proposal of requiring reporting persons to use one standard security identifier on Form N-PX.¹⁴ The ideal security identifier should be nonproprietary, have international coverage, and be universally applicable. Morningstar recommends the use of ISIN.

Currently on Form N-PX, the company name is a free text field, which results in numerous variations across funds' voting disclosures as demonstrated in Exhibit 4 below. Further, there is

¹⁰ Proposed Rule, P. 57481.

¹¹ Proposed Rule, P. 57482.

¹² Proposed Rule, P. 57487-57488.

¹³ Proposed Rule, P. 57488.

¹⁴ Proposed Rule, P. 57490.

no standard use of issuer identifiers, although the Committee on Uniform Securities Identification Procedures, or CUSIP, is most often used. This means there is no standard method to reconcile votes reported by one fund against those reported by another with respect to a particular issuer's proxy or of tracking votes reported in Form N-PX filings back to an issuer's proxy card. We recommend that all disclosures use ISIN in order to standardize reporting and tracking of votes.

Exhibit 4 – Variation in Company Name and Security Identifier

Company Name	Security
DOWDUPONT INC.	26078J100
DUPONT DE NEMOURS, INC.	26078J100
DowDuPont Inc.	CUSIP 26078J100
DuPont de Nemours, Inc.	CUSIP 26078J100
DOWDUPONT INC.	26078J
DUPONT	26078J
DUPONT DE NEMOURS, INC.	26614N102

Morningstar prefers using ISIN, as CUSIP is already embedded within the ISIN for U.S. and Canadian securities. Additionally, we recommend that the Commission require reporting of the Central Index Key, or CIK, when relevant to a specific issuer, to enable referencing within the Commission's publicly available data set. Presently, investors must find a security reference table to establish a CIK mapping to CUSIP or ISIN, and there are additional S&P licensing issues with CUSIP that do not apply to CIK references.

Conclusion

In summary, we support the Commission's intention to make Form N-PX filings more accessible and informative. We have offered a number of suggestions, particularly regarding standardization and uniformity, to make Form N-PX more useful to investors. Regarding the format, we recommend using structured data language with maximum file sizes to improve machine readability. We also recommend that the Commission require quarterly filings, submitted within two weeks to one month of the reporting deadline, so that all investors receive identical and up-to-date information. Furthermore, we urge the Commission to strengthen data collection and comparability by enabling more structured data and tagged elements, such as the use of ISIN and unique ballot identifiers. Connecting votes to the voting entity, which can be achieved using unique identifiers and disclosure of loaned shares, will greatly enhance investors' utility of N-PX filings. We have summarized these views above and answer some specific questions in Appendix A.

We thank the SEC for the opportunity to comment on the Proposed Rule. Should you wish to discuss any of the comments in this letter, please do not hesitate to contact any of us as indicated below:

Aron Szapiro at [REDACTED]
Jasmin Sethi at [REDACTED]
Jackie Cook at [REDACTED]
Sagar Patel at [REDACTED]

Sincerely,

Aron Szapiro
Head of Retirement Studies and Public Policy, Morningstar, Inc./Morningstar Investment
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Appendix A

Answers to Selected Questions From the Proposed Rule

We request comment on the proposed amendments to the scope of funds' reporting obligations on Form N-PX, including the following:

1. Should we continue to require all registered management investment companies, other than small-business investment companies registered on Form N-5, to report on Form N-PX? Are there other types of registered investment companies, such as unit investment trusts, that we should require to report their proxy votes on Form N-PX? If we do so, would these other types of investment companies face unique challenges in reporting their proxy votes? If we extended Form N-PX reporting requirements to unit investment trusts, should we exclude unit investment trusts that invest exclusively in mutual funds, such as those that offer variable annuities and variable life insurance, since the underlying mutual funds would be covered?

We support the Commission's proposal to continue requiring all registered management investment companies to report on Form N-PX. We recommend that the Commission require equity UITs, which total approximately \$81 billion,¹⁵ to report their proxy votes on Form N-PX. In general, more comprehensive data regarding the voting of shares would serve the Commission's mission of ensuring that a fund's filings on Form N-PX reflect its effects through its proxy voting.

2. As proposed, should we amend Form N-PX to provide that a fund will be entitled to vote on a matter if its portfolio securities are on loan as of the record date? If not, why should the form not consider a fund to be entitled to vote loaned securities where the fund could recall the securities in order to vote them?

We agree with the Commission's proposal that whenever a fund is entitled to vote its shares, it should have to report its vote on Form N-PX. Even if the shares are on loan, as long as they can be voted by the fund, the burden of reporting should fall on the fund. In some cases, it may be that the borrower has custody of the shares and has the right to vote them. Funds should be required to indicate, per ballot, how many shares were on loan as of the record date. Assuming the fund would have voted its lent shares in the same way as its held shares, the fund manager should be required to report what their vote is and the number of shares that are on loan versus the shares that were voted.

We recommend that both parties, the lender and borrower, report what is lent or borrowed, respectively, and voted. We recommend requiring funds to disclose their position on a vote regardless of whether they lent all their shares at the record date and did not participate in the vote. Requiring an advisor or subadvisor to disclose its CRD number, along with the Series ID, will connect the manager and its vote to the fund. Form N-PX is valuable for users because it discloses the position of fund Managers on important issues on proxy ballots. If a fund has lent all of their shares out as of the record date of a vote, investors using Form N-PX will not receive information regarding the fund's position on the vote. If the Commission recognizes circumstances where the use of the Series ID and CRD is not sufficient, additional identifiers should be included to cover the gap.

¹⁵ Monthly UIT Deposits October 2021.

We request comment on the class of managers who would be required to file reports on Form N-PX and the types of votes they would be required to report under the proposal:

3. Is the proposed scope of managers that would be required to report say-on-pay votes on Form N-PX appropriate? Does it sufficiently capture all managers? Does it capture managers that should not be covered? Why or why not?

We believe the Commission’s proposed scope of Managers required to report say-on-pay votes on Form N-PX is appropriate. We support making the scope broad to allow for comprehensiveness in reporting.

We request comment on the proposed approach of requiring managers to report say-on-pay votes when they exercise voting power over the security, and in particular, on the following issues:

10. Should we modify the proposed definitions of voting power or exercise of voting power? For example, instead of considering a manager to exercise voting power when it uses voting power to influence a voting decision, should we use a different standard, such as using voting power to “significantly” influence a voting decision or to “primarily” make a voting decision? If so, what factors would be relevant for determining if a manager’s role in a voting decision meets the revised standard?

Currently, there is a lack of transparency in the circumstances of a multimanager fund or delegation to a subadvisor and no reliable way of mapping votes reported by funds in N-PX filings to the number of shares cast on a ballot. A uniform approach to indicating which advisor or subadvisor held the authority is also lacking. We recommend that the Commission require funds to indicate, per ballot, how many votes were cast, along with associated share classes voted.

Where subadvisors exercise voting control, votes should be broken down by subadvisor in order to indicate discrepancies when fund Managers vote independently of the house view--for instance, in the case of a large asset manager. Separate vote records are sometimes provided for each fund subadvisor, but the information does not have utility if it does not indicate the number of shares voted by each subadvisor, as previously referenced and produced again below as Exhibit 3.

Exhibit 3: Separate Vote Records for Subadvisors With No Indication of the Number of Shares Voted

SeriesName	SeriesId	Fund Name and Sub-Advisor with Voting Authority (provided in body of N-PX)
Northern Engage360 Fund	S000059649	Northern Engage360 - ARK Investments Management LLC
Northern Engage360 Fund	S000059649	Northern Engage360 - Mar Vista Investment Partners, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Ariel Investments, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Aristotle Capital Management, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - EARNEST Partners, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Segall Bryant & Hamill, LLC
Northern Engage360 Fund	S000059649	Northern Engage360 Fund - Strategic Global Advisors, LLC

Regarding shares on loan, funds should have to indicate, per ballot, how many shares were on loan as of the record date as discussed in our response to question 2.

To further transparency in instances of a multimanager fund or delegation to a subadvisor, we recommend using the CRD number, a unique identifier, and SeriesID to identify subadvisors. Using a unique identifier for subadvisors, coupled with requiring funds to indicate how many votes were cast and the associated share class voted, will increase transparency by connecting the vote to the voting entity in instances of multimanager funds or delegation to a subadvisor. The CRD number is the most useful identifier as it directly links investors to alternative sources of information, specifically to an advisor or subadvisor's Form ADV. This enhanced disclosure will also highlight discrepancies when fund Managers vote independently of the house view for an asset manager and improve the reliability of mapping votes reported by funds in N-PX filings to the number of shares cast on a ballot.

11. Should we, as proposed, consider a manager to exercise voting power when it has the ability to determine not to vote or to recall loaned securities? Would this provision present challenges to managers? If so, what are those challenges, and are there changes to the reporting requirement that would address such challenges?

We agree with the Commission's proposal to consider a manager to exercise voting power when it has the ability to determine whether to vote or to recall the loaned shares. There is an opportunity for funds to hide votes if the manager loaned them out to a borrower who is not required to report on Form N-PX. To mitigate this opportunity, we recommend that the manager should be required to report what the vote is and the number of shares and associated votes that are on loan versus voted. Requiring such information creates transparency for investors to understand the view indicated by the voting record.

We request comment on the circumstances in which the proposal would require a manager to file a Form N-PX report, and, in particular, on the following issues:

14. Should we permit managers to omit votes otherwise reportable where the manager's ownership is below a specific threshold? What are the potential advantages or disadvantages if we permit a manager who holds, on the record date, fewer than 10,000 shares and less than \$200,000 aggregate fair market value to omit say-on-pay votes on such securities? Would such an exception impede investors from understanding how shares were voted? Why or why not?

We do not support permitting Managers to omit votes that are otherwise reportable where the manager's ownership is below a specific threshold. For reasoning previously discussed in our answers to questions 2 and 11, implementing a threshold will create the wrong incentives, as Managers could be encouraged to loan out shares in order to keep their ownership below the reporting threshold. Consequently, these Managers would not vote their proxies, creating a lack of transparency with respect to the vote record. Investors would be prevented from knowing how the Managers would have voted and perhaps how some borrowers voted if those borrowers are not required to report their voting record.

We request comment on the proposed requirement to identify proxy voting matters, including the following:

20. Should we require, as we are proposing, that Form N-PX use the descriptions and ordering used on an issuer's form of proxy? Are there practical considerations we should consider with respect to tying Form N-PX disclosure to forms of proxies?

We support the Commission’s requirement that Form N-PX use the descriptions and ordering on an issuer’s form of proxy. However, we note that although ordering is beneficial, there is still opportunity for error, such as spelling or punctuation mistakes in the proposal title or company name and inconsistency in the proposal number.

Presently, there is no standard method to reconcile votes reported by one fund against those reported by another or of tracking votes reported in Form N-PX filings back to the proxy ballot items as they appear on the proxy card due to the lack of uniformity in referring to the proposal, either through its string or proposal number. For example, Exhibit 2 from our summary section above, displayed again below, demonstrates the varying company names, proposal titles, and proposal numbers for a proxy used in actual N-PX vote records.

Exhibit 2: Lack of Uniform Reference to Each Ballot Item

Company Name	Proposal Number	Proposal
Exxon Mobil Corporation	12	Advisory Vote on Executive Compensation
EXXON MOBIL CORPORATION	3	Advisory Vote to Approve Executive Compensation (page 30)
EXXON MOBIL CORPORATION	3	Advisory Vote to Ratify Named Executive Officers Compensation
EXXON MOBIL CORPORATION	3	Advisory Vote to Ratify Named Executive Officers' Compensation
EXXON MOBIL CORP	3	Advisory vote on exec compensation
Exxon Mobil Corporation		Advisory Vote on Executive Compensation
Exxon Mobil Corporation		Advisory Vote to Ratify Named Executive Officers Compensation
EXXON MOBIL CORPORATION		Advisory Vote to Approve Executive Compensation (page 30)
EXXON MOBIL CORP	12	Advisory Vote on Executive Compensation

In general, strings of characters are not conducive to the maintenance of accurate, consistent data. To mitigate these challenges, we recommend that in addition to requiring Form N-PX to follow the ordering on an issuer’s form of proxy, a unique identifier with each ballot item be used for the ballot items, and that the identifier is reflected in the Form NP-X XML along with the description and ordering. Regarding a unique identifier, we recommend including the CRD number of the disclosing manager from Form ADV. In this way, the entity that votes can be connected to the actual vote with minimal possibility for error.

We request comment on the proposed requirement to categorize proxy votes reported on Form N-PX, and, in particular, on the following issues:

23. Should we require reporting persons to categorize their votes, as proposed? What are the advantages and disadvantages of this approach?

We agree with the Commission’s proposal to require reporting persons to categorize their votes, making it easier for investors to search and compare vote disclosures on matters that are important to them.

We anticipate that the task of categorizing votes will ultimately fall on voting platforms rather than on investors themselves. Since voting platforms are already applying their own vote categorizations, the advantage of this proposal would be to create a generally accepted taxonomy of ballot items and address the concern raised in question 26, about the potential for varying applications of the categorization system by reporting persons.

A disadvantage of applying categories to characterize votes or ballot items is that, increasingly, proposals put forward by shareholders straddle traditional categories--for example, human rights and deforestation, and executive compensation and equity. In many cases, judgment will be required to assign a category to a ballot item. This may impact how the item is considered under investors' proxy voting guidelines.

Another potential challenge is the longevity of the Commission's proposed categorization, especially with respect to ESG issues, which have evolved in recent years and may continue to do so in years to come. Consequently, we are concerned about how effectively the Commission can maintain its subcategorizations and definitions over time. The Commission's proposal of including an "Other" field might be overused year after year.

As a solution to both sets of concerns, an industry advisory group may be needed for the maintenance and development of classification models to promote effective disclosures over time.

We request comment on the proposed disclosure of the number of shares voted, and, in particular, on the following issues:

28. Should we, as proposed, require funds and Managers to report the number of shares voted (or instructed to be cast)? Does disclosing the number of shares voted allow investors to understand better how securities lending activities impact the voting practices of the reporting person? Why or why not?

We agree with the Commission's proposal to require funds and Managers to report the numbers of shares it voted or instructed to be cast. The Commission's proposal to include the "number of shares that were loaned and not recalled" will inform investors about the management, and potential mismanagement, of a fund's voting responsibility.¹⁶ At a minimum, we recommend requiring Managers to disclose the number of shares of an issuer they held, lent out, and voted. With this information, investors will be able to determine a fund's responsibility in proportion to the vote's result, as well as the shares not under the manager's voting control or stewardship.

In general, there is growing attention within the asset-management industry to the stewardship and governance implications of lending activities. As borrowers are typically short-sellers with differing incentives than diversified investors, securities lending undermines systemic stewardship.¹⁷ Additionally, transparency in how lending fees are retained by the advisor versus distributed to shareholders is lacking.¹⁸ Thus, there is a need for more comprehensive disclosure regarding the overall impact on general corporate vigilance and how a fund is exercising its stewardship responsibilities. The Commission has made progress regarding disclosure of securities lending data on Forms N-CEN and N-PORT. By addressing it thoroughly within Form N-PX, the public will have a better picture of funds' securities lending activities and the potential impact on their stewardship responsibilities. An argument can be made for actively recalling shares, as the revenue made from securities lending activities could

¹⁶ Proposed Rule, P. 57480.

¹⁷ Mitts, Joshua. CLS Blue Sky Blog. 2021. "The Price of Your Vote: Proxy Choice and Securities Lending." <https://clsbluesky.law.columbia.edu/2021/10/11/the-price-of-your-vote-proxy-choice-and-securities-lending/> (Proxy Choice and Securities Lending).

¹⁸ Proxy Choice and Securities Lending.

help offset the net expense ratio for shareholders. However, the repercussion of this practice, specifically the loss of voting of authority, is currently not disclosed to the public. As a result, investors and other stakeholders cannot determine what risks securities lending creates in the market.

Disclosing the number of shares voted will allow investors to better understand how securities lending activities impact the practices of the reporting persons. Regarding borrowing, investors could use Form N-PX disclosures of securities lending, together with other data, to better understand how a fund manages its voting responsibility. Form N-PORT discloses a fund's monthly securities lending activity, specifically how many outstanding shares are on loan. Form N-CEN discloses whether the fund is entitled to lend securities, as well as other details of the securities lending program, such as who is the lending agent and collateral manager. Form N-CEN also provides a data point on the net income from a fund's securities lending activities for a month, disclosing the revenue made from not recalling shares during that month. Investors and the public can marry the data between N-PORT and N-PX's disclosure of the number of shares that were voted to infer when a fund recalled loaned securities for a vote. A drawback, however, is that the disclosures on both forms represent point-in-time reporting-- such as the data as of a specific date. As a result, investors do not have a comprehensive picture of a fund's lending activity.

We request comment on the additional proposed amendments to Form N-PX, and, in particular, on the following issues:

41. Should we, as proposed, require the information in Form N-PX reports to be disclosed in a standardized order? Would this facilitate comparisons or be otherwise useful to users of this information? What costs, if any, would be associated with standardization? Should the requirement to standardize apply to managers, funds, or both? If we standardize the order of the information in Form N-PX reports, should we use the order set forth in our proposal, or would some other order of information be more appropriate?

We agree with the Commission's proposal to require the information in Form N-PX to be disclosed in a standardized order in accordance with the issuer's form of proxy. The standardization of information would facilitate comparisons for investors, improving their ability to review disclosures, and for third parties who assist investors. As previously discussed in our answer to question 20, we recommend also requiring a unique identifier. Utilizing both a standardized order and unique identifier will reduce the opportunity for error in recording voting results and increase administrative efficiency. Without a unique identifier, a second method of verification is absent, presenting challenges in connecting a voting entity to the actual vote with minimal possibility for error. As discussed previously in question 20, there are numerous ways that ballot information is recorded incorrectly. Thus, any disagreement in votes recorded and the original ballot would render the record useless if only the proposed standardized order is required.

44. We are proposing to require reporting of only one security identifier (either the CUSIP or the ISIN) on Form N-PX. Should we require reporting persons to disclose both identifiers? If so, why? Should we also require the ticker symbol in order to identify a security? Why or why not? Is there a more appropriate identifier of securities?

We support the Commission’s proposal to require reporting persons to use ISIN on Form N-PX. Currently on Form N-PX, company name is a free text field, which results in numerous variations across funds’ voting disclosures, illustrated in Exhibit 4 below, and is therefore not an ideal identifier. There is no standard approach to the reporting of security identifiers. Although CUSIP is presently the more commonly used identifier in N-PX reports, it is proprietary and is therefore of limited value to nonlicensed users.

Exhibit 4 – Company Name and Security Identifier

Company Name	Security
DOWDUPONT INC.	26078J100
DUPONT DE NEMOURS, INC.	26078J100
DowDuPont Inc.	CUSIP 26078J100
DuPont de Nemours, Inc.	CUSIP 26078J100
DOWDUPONT INC.	26078J
DUPONT	26078J
DUPONT DE NEMOURS, INC.	26614N102

We recommend that all disclosures use ISIN to standardize reporting and tracking of votes. Ideally, all disclosures should use a unique approach to ballot item identification—such as using the exact ballot item numbers reflected on the proxy card distributed with Form DEF 14a.

There are numerous trade-offs regarding the utility of currently available unique identifiers. To properly connect votes back to the voting entity, a share class identifier is needed. We prefer using the ISIN as an international, universal security identifier. For U.S. and Canadian securities, the CUSIP is already embedded within the ISIN. However, investors must find a security reference table to tie into the CUSIP or ISIN, and there are additional S&P licensing issues with the CUSIP.

As a nonproprietary entity-level identifier for issuers reporting via the SEC, we also advocate the use of the Central Index Key, or CIK. This would enable referencing within the Commission’s publicly available data set, which encourages the objective of increasing access for investors. For instance, the CIK provides a direct path to an issuer’s vote record, to corporate governance information in the proxy, and to financial information in annual and quarterly reports.

47. To what extent do filers amend Form N-PX filings? What are the typical reasons for an amendment? Should all amended Form N-PX filings be required to restate all information in the prior filing? Should we require any additional clarifying language on amendment filings?

In 2020, there were approximately 50 amendments to Form N-PX filings, a number that is representative of recent years. Typically, amendments are made to the data contained in filing heading tags regarding basic identifying information, such as a fund’s name, rather than the vote record itself. Other amendments are made for missing parts of a vote record. Because there is not an easy method to determine what types of changes have been made by the filer, amendments present transparency challenges for investors. Unique identifiers for ballot items are key to improving the amendment process.

We recommend using unique identifiers for all ballot items so filers could submit partial amendments. Through the unique identifier, the public and third parties would be able to find and replace the amended values within the original Form N-PX filing. Without unique identifiers, filers would need to restate all the information in the prior filing for the Form to accurately disclose the amendments to the public. However, fully restating the information contained in the Form incentivizes filers to report late.

We request comment on the proposal to address duplicative reporting and, in particular, on the following issues:

54. Should we, as proposed, permit a single manager to report say-on-pay votes in cases where multiple managers exercise voting power? Should we, as proposed, permit a manager to satisfy its reporting obligations by reference to the Form N-PX report of a fund that includes the manager's say-on-pay votes? Is there any reason not to permit joint reporting? For example, would joint reporting confuse investors or make Form N-PX harder to use? Would the potential for confusion or for reduced usability decline if, as proposed, Form N-PX reports were reported in a structured data language? Are there other ways to address potentially duplicative reporting that are consistent with section 14A(d) of the Exchange Act that we should consider?

We recommend requiring that each voting entity disclose how many votes they cast and in what way they were cast as opposed to single or multimanager reporting. With a vote count associated with each entity, there will be greater transparency at the level of the entity deciding the vote and no duplication.

If filing jointly on the same form is less burdensome for Managers, we do not see an issue with it, as long as we have voting information for each voting entity. Transparency needs to be present at the voting entity level. Using unique identifiers for Managers as well as subadvisors provides transparency and knowledge of votes by each voting entity.

We recommend using structured data language in Form N-PX reporting. As demonstrated by other examples, such as Forms NFP, N-CEN, and N-Port, there is significant value in using a structured data language. The information within the forms is far easier to navigate given the structure of the document and reduces the potential for confusion.

55. Should the rule and form amendments provide, as we are proposing, that two or more managers that are affiliated persons may file a joint report on a single Form N-PX notwithstanding that the managers do not exercise voting power over the same securities? Does this standard permit a level of consolidated reporting by corporate groups that is sufficient to address common arrangements? Are there other frameworks for consolidated reporting that would be more appropriate? Rather than use the Investment Company Act definition of "affiliated person," is there a different standard we should use? For example, similar to Form 13F, should we deem a manager to exercise voting power over any securities over which any person under its control exercises voting power?

As discussed in our answer to question 54, joint reporting should be permissible as long as the public has voting information for each voting entity. There should be transparency in connecting votes to voting power, which can be accomplished through unique identifiers that clearly connect votes to the voting entity.

56. Would the ability of a manager to report say-on-pay votes that another manager or a fund also reports lead to investor confusion or inappropriate double-counting? Should we prohibit a manager from reporting say-on-pay votes that another manager or a fund also reports? Should any such prohibition be qualified based on a manager's knowledge, belief, or some other standard? Should a manager be required to take any steps to determine whether another manager or fund is reporting say-on-pay votes for the same securities? Would it confuse investors if, as provided in our proposal, joint reporting of say-on-pay votes is optional?

We recommend that when a manager has funds that are subadvised, the manager should report the CRD number of the subadvisor and indicate that the subadvisor is deciding the vote. At minimum, CRD is a useful identifier to include, as it ensures that every vote record has a CRD that can be connected to the voting entity. As a result, votes can be directly attributed to their respective Managers.

We request comment on the proposed cover page of Form N-PX and, in particular, on the following issues:

58. Should we adopt the cover page of Form N-PX as proposed, or should we modify it in any way, *such as*, by adding or removing information? For example, should we require managers to include their CRD numbers and SEC file numbers, if any, as proposed? Should we also require managers to include their legal entity identifiers, or LEIs, if any? Would the proposed cover page adequately identify the reporting person and the reporting period? Would the proposed cover page sufficiently enable investors to identify a reporting person's Form N-PX report for a given period and any amendments to that report? Would the proposed cover page enable users to identify the type of reporting person?

We support the Commission's proposal regarding the Form N-PX cover page. In addition to requiring CRD numbers and SEC file numbers, we recommend requiring Managers to include their LEI. Using these identifiers and structured data within the cover page will enhance its utility for the public.

We request comment on the proposed summary page of Form N-PX and, in particular, on the following issues:

62. Should we adopt the summary page of Form N-PX, as proposed, or should we modify it in any way? For example, should we require the inclusion of additional information with respect to the additional managers in the list? What information would be helpful for investors to review in summary format? Would such information be practicable for the reporting person to acquire and report? Should we remove any of the proposed information requirements, such as the requirements for CRD numbers and other SEC file numbers for managers, if any?

We support the Commission's proposal requiring information on institutional Managers and the Series ID on Form N-PX's summary page. In alignment with our answer to question 58, we emphasize the use of a structured data language in the summary page as it will enhance its utility for investors.

66. Should we, as proposed, require fund Form N-PX reports that include the votes of multiple series to identify on the summary page the names and EDGAR identifier of each series that the

report covers? Is there other information we should require of funds that would enable investors to more easily identify which funds the report covers? For example, should we also require disclosure of the series' LEI?

We believe that the Commission should require disclosure of the series' LEI. Investors could use this information to match and tie different instruments from the issuer together and to identify and analyze parent-subsidiary relationships.

We request comment on the reporting data language we are proposing to require for reports filed on Form N-PX, and, in particular, on the following issues:

71. Should we require, as we are proposing, Form N-PX reports to be filed in a custom XML language? Is a custom XML language the appropriate type of data language for Form N-PX reports? Why or why not? If another structured data language would be more appropriate, which one, and why?

We agree with the Commission's proposal to require Form N-PX reports to be filed in a custom XML language. In addition to XML, we recommend the Commission require the use of JavaScript Object Notation, or JSON. As the Commission has recognized, current Form N-PX filings come in a variety of formats. We think that the use of JSON will further assist the Commission's goal of allowing investors to aggregate and analyze the reported data.

Additionally, we recommend that the Commission set a limit to the maximum file size allowed for Form N-PX filings, as they are often very large files that are incompatible and thus cannot be opened in a browser. We believe that maximum file sizes will dramatically ease not only browser viewing, but automated processing, which will ultimately facilitate analyses of voting data at both the micro and macro levels.

We request comment on the proposed reporting time frame for filing Form N-PX reports and, in particular, on the following:

79. Certain types of funds, such as index funds and the majority of exchange-traded funds, provide a degree of transparency as to their holdings more frequently than required by Form N-PORT. Transparency as to these funds' holdings arises as a result of either: (1) full portfolio disclosure (in the case of transparent ETFs), or (2) the tracking of an index whose constituents and weightings are transparent (in the case of index funds). Because of this transparency, more frequent disclosure of these funds' proxy voting records might not contribute to the potential risks otherwise associated with such a requirement. Should the Commission require more frequent or timely disclosure of proxy voting information for these or other types of funds whose characteristics mitigate the risks of such a requirement?

We think that the Commission should require both more frequent and timely disclosures as a matter of priority, and we were surprised to see that this measure was not addressed in the proposal. Requiring more frequent and timely disclosures would vastly enhance the value of the information funds report about their proxy votes to retail investors and other users--providing investors and the public with more timely information to effectively monitor voting practices. Given that reports are already automatically generated, we do not believe that more frequent filing would significantly add to reporting costs. In our estimation, the value to the market far outweighs reporting costs.

We recommend that the Commission increase the frequency of reporting proxy voting records and mandate disclosure of fund proxy votes quarterly, based on a calendar year. In this way, there would be multiple reporting periods in a year. Further, Form N-PX should be filed within two weeks to one month of the close of the reporting period. This reporting schedule should not distinguish among types of funds.