



December 14, 2021

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

Submitted via email: rule-comments@sec.gov

**Re: Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers
Release No. 34-93169 / File No. S7-11-21¹**

Dear Ms. Countryman:

Bloomberg L.P.² respectfully submits this letter in response to the above-referenced proposal by the U.S. Securities and Exchange Commission (“SEC” or the “Commission”) to amend Form N-PX to enhance the reporting of proxy votes by registered management investment companies and executive compensation votes by institutional investment managers (the “Form N-PX Proposal”).

We appreciate the Commission’s proposal to introduce important new features to enhance disclosures on Form N-PX, including requirements for funds and managers to standardize the description of matters voted on, categorize the various types of votes, and disclose the required information using structured data, as the changes would bring greater transparency into the proxy voting process. We are especially pleased by the prospect of the disclosures being made in a structured, machine-readable format to facilitate ease of reporting and analysis. Advancements in technology allow for greater ease in the gathering and use of reported data, and it is time that the SEC move away from the paper-based filing paradigm and outdated modes of data presentation.

¹ *Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers*, SEC Exch. Act Rel. No. 34-93169 (Sept. 29, 2021), available at <https://www.sec.gov/rules/proposed/2021/34-93169.pdf> (“Form N-PX Proposal”).

² Bloomberg – the global business, financial information, and news leader – increases access to market data by connecting market participants of all stripes to a dynamic network of information, people, and ideas. The company’s strength – quickly and accurately delivering data, news, and analytics through innovative technology – is at the core of the Bloomberg Terminal. The Terminal provides financial market information, data, news, and analytics to banks, broker-dealers, institutional investors, government bodies, and other business and financial professional worldwide.

Our views on the Commission's Form N-PX Proposal are as follows:

***QUESTION 19.** As proposed, should we require a manager without any say-on-pay votes to disclose to file a report on Form N-PX stating that fact? Would such filings effectively distinguish managers that missed a required filing from managers without say-on-pay votes to report?*

Should the SEC require the disclosure of the absence of any say-on-pay votes, we recommend making a standard XML or JSON Boolean tag to address this specific situation since narrative text is so difficult to process automatically. For example, it could be called "noSayOnPayVotesToReport" and the values would be either true or false.

***QUESTION 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?*

***QUESTION 22.** Would the proposed requirement to use the description and ordering from an issuer's form of proxy facilitate the comparison of Form N-PX data, or otherwise enhance the usefulness of information reported on Form N-PX for users? What obstacles, if any, might prevent reporting persons from being able to comply with the proposed requirement?*

It would be difficult to draw up conventions that perfectly standardize descriptions and ordering across all issuers globally, but the current proposal may require additional specificity to elicit reports that deliver uniform data across filers for a given meeting.

We also note that there are issuers that are non-U.S. based, and their proxies might not have an English version. We recommend that the Commission review the proxies of foreign issuers and any issues that may arise around ADR shares.

In both international and U.S. proxies, there may be multiple titles for a given proposal in the proxy, and some of the titles may be abbreviated. We recommend requiring submission of the full title so that humans and machine learning models alike can make better sense of reports. Also, proposals may be given in multiple orders in different parts in the filing. Therefore, it is important to specify which title, ordering, and numbering is required, and, if it is not provided, then how exactly to construct it.

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

QUESTION 24. *Do the proposed categories or subcategories adequately capture the range of proxy voting matters? Are there other categories or subcategories of votes that we should require reporting persons to identify? Will these categorizations enhance the usefulness of the information reported on Form N-PX for investors and facilitate the comparison of reporting persons' proxy voting records? Are there categories or subcategories we should eliminate?*

Categorized proposals are extremely useful. It makes the data richer and significantly lowers the costs of consumption. The categories that are currently proposed are reasonable, but they lack international proposal types. This may present a problem since there are international issuers. Also, the categories will need to be updated at least once per year, as every year there are new types of proposals: for instance, the numerous shareholder proposals regarding public benefit corporations last season.

QUESTION 24. *Do the proposed categories or subcategories adequately capture the range of proxy voting matters? Are there other categories or subcategories of votes that we should require reporting persons to identify? Will these categorizations enhance the usefulness of the information reported on Form N-PX for investors and facilitate the comparison of reporting persons' proxy voting records? Are there categories or subcategories we should eliminate?*

QUESTION 25. *Should we require reporting persons to use high-level categories to identify different types of votes, or should we require reporting persons to use subcategories, as proposed? Are there particular areas where subcategories are more or less difficult for reporting persons to use for purposes of identifying different types of votes? Are there particular areas where subcategories are more or less useful for investors?*

QUESTION 26. *Are there particular types of votes where the categorization would be unclear or where reporting persons may reasonably categorize the same vote differently? To what extent would the ability to select more than one category for a given vote address these types of issues? Would the use of subcategories help address or contribute to potentially differing approaches to categorizing a particular vote among reporting persons?*

QUESTION 27. *Are the proposed categories and subcategories sufficiently clear? Are there any categories or subcategories where additional guidance or definition would be helpful for understanding the parameters of a category or subcategory?*

We share the Commission's recognition that, in recent years, there has been an increase in investor focus on how funds vote on environmental, social, and governance-related ("ESG") matters. We support listing multiple subcategories as proposed, as they convey much more information than high-level classifications.

In addition, the Commission should consider adding public health as a category to reflect increased investor interest in this space. We note that shareholders of various fast-food and beverage companies have put forth proposals requesting boards to issue reports on sugar consumption and public health, especially for products targeted to children and young consumers. Opioids may similarly fit in this category.

QUESTION 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?*

QUESTION 30. *Are there other ways to promote investor understanding of reporting persons' voting practices (e.g., the occurrence of split voting) that we should require instead of, or in addition to, disclosure of the number of shares voted (or instructed to be cast)? For example, would investor understanding be promoted if we required reporting of another metric, such as the percentage of total shares held that were voted (or instructed to be cast), to be disclosed? Why or why not?*

The percentage of shares voted or left out on loan can be derived from the proposed disclosure which provides both the numerator and denominator for this ratio. Therefore, if commenters find this ratio useful, it can be programmatically generated by the forthcoming web interface to be designed by the SEC, which would lower the filing burden and prevent errors.

Also, split voting should be disclosed. We propose that, in an instance where a vote splits three ways for a given fund and issuer, then the fund should report three versions of the meeting, each with the respective number of shares voted (or intended to vote). For example, consider that the fund holds two share classes for this company. In this case, each share class should have its own unique identifier. Now, assuming that each of the three unique versions are also split over both share classes, it follows that six versions of the meeting should be disclosed. The fund would also need to show the number of shares that were on loan and not recalled for both share classes, which is conceptually distinct from the six versions of the meeting. We suggest spelling this complex example out in the filer manual to avoid confusion and improve reporting.

Identifiers play a critical role in this reporting scheme, and we believe these requirements may pose certain challenges for CUSIP/ISIN, especially with distinguishing share classes for international issuers, as we note below in our response to Question 44.

***QUESTION 33.** Does the proposed requirement to disclose the number of shares voted complement the proposed requirement to disclose the number of shares the reporting person loaned and did not recall? Would investors need both figures to understand how securities lending activities affect a reporting person's proxy voting? Are there other figures or types of information one would need to understand the interaction between these two activities?*

***QUESTION 40.** Commenters raised concerns that the quantitative disclosure requirements in the 2010 proposal may lead to investor confusion. Does our proposed approach limit the potential for confusing discrepancies by focusing more directly on the number of shares voted and the number of shares on loan? If not, what areas of potential confusion remain under our current proposal, and are there changes we could make to reduce the potential for confusion?*

The proposed requirement to disclose the number of shares voted complements the proposal to disclose the number of shares the reporting person loaned and did not recall. Together, the two figures will help the market understand how securities lending activities affect a reporting person's proxy voting, and how they vote in general.

***QUESTION 34.** Are there additional quantitative disclosures we should consider that would provide utility to investors?*

There are instances where shares held by an asset manager are voted by a third party. On some occasions, the ultimate asset owner will be given an option to retain discretion to vote their own proxies related to fund holdings (for example, there may be asset managers offering this proxy voting choice options to institutional clients). In other cases, proxy voting is outsourced to independent fiduciaries to avoid potential conflicts of interest related to passive holdings in related parties. For that reason, it would be worthwhile to provide more granular data on voting of shares held in a fund and not loaned out but voted under the discretion of a third party and not the reporting person.

***QUESTION 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?*

***QUESTION 42.** In proposing to require a standardized order to the information in Form N-PX, we are also proposing clarifying language with respect to the placement in a report for a fund containing multiple series. Would this requirement make it easier for investors to review reports more efficiently? Is there a different method of disclosing the votes of multiple series that would assist our goal of providing useful and comparative information?*

Please see our response to Question 77.

QUESTION 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?

Regulatory mandates to use a particular product raise costs and diminish innovation. As such, competition among identifiers should be encouraged and other existing identifiers should not be precluded by regulatory mandate. The ability to choose the data identifier in regulatory reporting would be beneficial to the industry as a whole, as it would boost transparency, increase data quality, remove unnecessary and burdensome costs, and enable competition.

There are other identifiers, such as the Financial Instrument Global Identifier (“FIGI”), that provide broader and more accurate coverage across many asset classes. Developed by Bloomberg, FIGI accounts for many types of instruments that arise, expire, and change a daily basis.³ FIGI is available free of charge for use by all market participants unlike other similar identifiers that may generate a licensing fee for users. In 2009, Bloomberg placed FIGI into the public domain with no commercial terms or restrictions on usage.⁴ Since 2013, FIGI has been managed by the Object Management Group (“OMG”), an independent computer industry standards consortium.⁵ FIGI is an official U.S. National Standard.⁶

FIGI enables interoperability between other identification systems and does not force the use of a single identification system. Enabling interoperability between different identification systems lowers costs when interacting between legacy systems, which may depend upon a single identifier, and newer systems, which typically have a more modern architecture. Interoperability reduces complexity, dependencies, and the costs of interacting with inflexible legacy systems. This allows for better management of data, increases data quality, and facilitates the sharing of critical and universal information.

FIGI is provided under the MIT Open Source License, and this dedication is encoded within the standard’s language itself. The standard, as well as the FIGI and associated

³ <https://www.omg.org/figi/>

⁴ <https://www.bloomberg.com/company/press/whats-name-bloomberg-global-id-reborn-figi/>

⁵ Bloomberg L.P. is the Registration Agent for the OMG standard, under the auspices of OMG’s Financial Domain Task Force. There are currently two Certified Providers for the FIGI standard: Bloomberg and Keiko. <https://www.omg.org/news/releases/pr2021/01-20-21.htm>

⁶ In September 2021, FIGI was accepted by the Accredited Standards Committee X9 Inc. (“X9”), a non-profit organization accredited by the American National Standards Institute (“ANSI”), and designated as ANSI X9.145-2021. See Press Announcement: “ASC X9 Publishes U.S. Standard for the Financial Instrument Global Identifier” (Sept. 15, 2021), available at <https://www.bloomberg.com/company/press/asc-x9-publishes-u-s-standard-for-the-financial-instrument-global-identifier/>

descriptive metadata as described in the standard, are provided as a public good without costs, restrictions on use or redistribution, or any other commercial requirements.

FIGI identifiers, once issued, do not change, even in the event of a name change or other corporate actions. This is unique among identifiers for financial instruments and certainly an advantage over identifiers such as CUSIP. Because FIGI does not change, it enables traceability over time, permanence for when instruments mature, and consistency through corporate action events and ticker changes. Any individual or firm can access FIGI data manually or via API on an equal basis. Users are not limited by single retrieval or display-only data and are able to search and download multiple records. In combination with the proposed XML or JSON markup, users could easily retrieve FIGI data related to a voting activity by financial instrument, and subsequently discover those instruments via the free API without unnecessary impediments due to licensing or other barriers. We note that the use of XML or JSON markup with other identifiers may be limited due to potential licensing implications regarding redistribution restrictions, a problem that FIGI does not have.

Moreover, FIGI includes the descriptive metadata that users need to understand the financial instrument. This metadata approach aligns with modern data practices and allows for extensions to the descriptive dataset by third parties and users, where those extensions may provide value. Extensions to the descriptive metadata could be associated with other identifiers or add additional descriptive information. By using metadata, users can, for example, map between various identifiers easily, thereby helping data quality. This metadata can be further extended to relate to other types of data the SEC is interested in related to proxy voting.

In addition, utilizing FIGI would provide the coverage where there are gaps in coverage by other identifiers, such as CUSIP or ISIN. We note that using ISIN as an alternative when CUSIP is not available may be limiting in its utility. For U.S. financial instruments, if an instrument does not have a CUSIP assigned, it will not have a U.S. designated ISIN assigned, as both are provided by CUSIP Global Services (“CGS”). Therefore, ISIN would not be a viable alternative in lieu of a CUSIP for U.S. instruments that may not have a CUSIP.

In the case of foreign securities, the accessibility of an ISIN will depend upon the National Numbering Agency's policies that issued the ISIN. Further, there may be confusion where CGS also issues a CINS and a CINS based ISIN for a foreign security that also has an ISIN issued by a different National Numbering Agency.

Also, many of the companies voted on will be international and ISIN/CUSIP are not able to handle international share classes well, whereas FIGI does. FIGI's ability to identify funds is also useful for funds of funds that vote on funds.

We note that the Commission is currently contemplating the use of alternative identifiers in recent requests for comments. For example, the SEC's recent rule proposal on the

reporting of securities loans would allow market participants to report using an ISIN, CUSIP, or FIGI, or other identifier as data elements.⁷

Competition among identifiers should be encouraged not only with respect to this proposal, but across the board. If various identifiers are to be used in the Form N-PX, separate tags should be required for each identifier to distinguish them. Using competing identifiers can only result in better data quality in the long run and provide more transparency to regulators and investors alike.

***QUESTION 45.** Should the cover page permit, as proposed, the inclusion of optional information in addition to the information required by Form N-PX? Are the conditions proposed with respect to the optional information sufficient? Why or why not? In what instances might the inclusion of additional information on the cover page impede the comprehension of the required disclosure? For example, should we limit this additional information by length? Or by presentation? Are there other limits we should consider?*

***QUESTION 46.** Should we allow reporting persons to provide additional information relating to a particular vote after disclosing the required information about that vote, as proposed? What types of information might reporting persons wish to provide about particular votes? Does the proposal provide sufficient flexibility for reporting persons to provide such information, while also limiting the potential for optional disclosure that would impede the understanding or presentation of the required information?*

Since the Commission contemplates the use of XML or JSON, cover pages and summary pages can be automatically generated from the resulting structured data, so no duplicative reporting will be necessary. User-generated cover pages and summary pages are vestiges of a paper-based filing paradigm, and with paper comes presentation issues like layout. Therefore, requiring filers to report the same information on cover and summary pages would be duplicative and create an unnecessary reporting burden.

We also believe that the Commission should attempt to minimize the amount of data that is reported in free form exposition on cover or summary pages. Please see our response to Question 19 as an example of how to anticipate concepts that can be standardized via XML or JSON tags. We provide another example in our response to Question 47 about the reason a reporting person is filing an amendment. There are probably several typical reasons a fund might be filing an amendment, and those can be broken out as several more standard XML or JSON Boolean tags. If none of those Boolean tags are applicable, or if they are, but more explanation is needed, then the filer can use another standard XML or JSON tag designed to hold text exposition as to why the filer is amending. This final tag is still structured data, as it describes the text data it encapsulates.

Outside of the cover/summary pages, there are many concepts for which a fund might want to provide additional color. We suggest adding additional standard tags for these

⁷ *Reporting of Securities Loans*, SEC Exch. Act Rel. No. 34-93613 (Nov. 18, 2021), available at <https://www.sec.gov/rules/proposed/2021/34-93613.pdf>.

concepts. For example, if there is a standard tag for the fund's vote on a given proposal called "voteDecision," then perhaps an optional standard tag such as "voteDecisionExposition" can be added for the fund to explain its vote.

The web interface the Commission provides can display all the standard tags whether they are Boolean, numeric, or text, and whether they are required or optional. The data can then be organized into something akin to a cover or summary page without filers needing to disclose duplicate data that both is burdensome and can introduce errors.

***QUESTION 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?*

Please see our response to Questions 45 and 46 above. Should the SEC require filers to provide reasons for amending Form N-PX filings, then the exposition should be as structured as possible. Also, publishing only the items that have changed in the amendment would be preferable.

***QUESTION 48.** As proposed, should we require funds to distinguish between proposals and counterproposals when identifying matters proposed by security holders? Is it sufficiently clear to a fund when a matter proposed by a security holder should be classified as a proposal or counterproposal?*

A standard XML or JSON tag should be used distinguish between proposals and counterproposals when identifying matters proposed by security holders. This is an important data point that, in the present form, may not be sufficiently clear to data users.

***QUESTION 50.** Does the change of required disclosure on Form N-PX to "for or against management's recommendation" clarify the intended purpose of the disclosure? Why or why not? Is additional clarification necessary? Should we instead require a narrative disclosure, as suggested by a commenter?*

This field is now entirely derivative. Therefore, its inclusion in the filing can only introduce errors. It seems more prudent and to everyone's advantage that it be derived after being filed via simple logic either in the Commission's forthcoming web interface, or in private databases if market participants find this datapoint useful. We therefore suggest that it be removed entirely with one stipulation. Executing this logic could be complicated by a scenario where the management recommendation is presented as "against", but the vote is abbreviated as "agnst" (sic). To handle this case, and to make these filings more standardized in general, we propose that the Commission make an enumeration for recommendations and votes. For votes it could just be: for, against, withhold, abstain, 1 year, 2 year, 3 year, did not vote, and other. The filer should only use other if the vote doesn't match anything in the enumeration. The enumeration for recommendation would be the same, except without "did not vote."

***QUESTION 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 believe it is important to develop a process to avoid double counting.

***QUESTION 58.** Should we adopt the cover page of Form N-PX as proposed, or should we modify it in any way, e.g., 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 ("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 believe that LEI should be used to identify the filing manager, as well as any managers that are being represented via joint reporting.

***QUESTION 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 note that it would not make sense to require the disclosure of series' LEI because series' LEI does not exist. LEI is an entity identifier while the series/fund is an instrument and thus needs an instrument identifier like FIGI. The trust, on the other hand, is indeed a legal entity, and we fully support adding LEI on the trust level to complement Central Index Key ("CIK"). We find LEI to be a more useful identifier than CIK. Similarly, on the fund/series level, we suggest that FIGI be used to complement the EDGAR series identifier. We find both LEI and FIGI to be preferable to their respective EDGAR identifiers for reasons mentioned in our response to question 44.

***QUESTION 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?*

Yes, we strongly support structuring this filing, but we believe JSON is the more appropriate standard compared with XML, as XML is rarely used anymore. JSON makes for significantly smaller files, does not need specialized tools and libraries, and is both easier to consume and generate. Furthermore, it is conceptually identical to XML in that there are hierarchies of labeled concepts.

***QUESTION 72.** Would this proposed requirement yield reported data that is more useful to investors, compared with not requiring Form N-PX to be filed in a custom XML language, or requiring Form N-PX to be filed in a structured data language other than a custom XML language?*

Structured data will be vastly easier to consume, especially JSON.

***QUESTION 77.** Should we require reporting for managers and funds to occur more frequently than annually, such as monthly, quarterly, or close in time to each vote? Should we require more frequent voting to be reported on firm websites and annual reporting on Form N-PX? For example, should we require funds and managers to report their votes on a monthly or quarterly basis on their websites, and annually on Form N-PX? Would requiring more frequent reporting to occur on managers' and funds' websites rather than on Form N-PX mitigate any of the potential issues with more frequent reporting, such as the cost of reporting or the ability of investors to read and identify patterns in fund or manager voting records?*

Having a more frequent publication requirement via a website than reporting via EDGAR does not serve the interests of the market because the following outcomes are anticipated:

- Website disclosures are likely using proprietary solutions from the proxy advisers that have terms & conditions that disallow bulk downloads. Investors still can use these websites to manually look up select votes, but this will not be enough to allow them to "identify patterns in fund or manager voting records" like they could with EDGAR filings. On the other hand, if the funds are not using these proprietary websites, then they likely made their own proprietary solution to satisfy this requirement, in which case they might as well have generated monthly filings and linked their website to EDGAR.
- Validation rules on EDGAR can automatically ensure that filings are valid and timely, as opposed to websites out of the Commission's control.
- If someone wanted to make an up-to-date database between annual filing dates, they would have to procure the data from hundreds or thousands of different websites, many of which are proprietary with terms & conditions, and then transform the data into one common format so that they could analyze it. This is as opposed to EDGAR where all the data has passed validation, is in one structured format and place, and there are no terms or conditions to contend with.

Additionally, annual filings are too infrequent. Data points could be up to 14 months old and the outdated information significantly diminishes value to data users.

Annual filings also introduce many logistical issues:

- The economic analysis assumes that filers will automate their processes to generate these filings, and indeed data consumers will want to automate their processes as well. However, it is more difficult to automate a process that only runs once a year.
- It is difficult to provision resources in an IT infrastructure to processes that sit dormant 364 days a year, and then handle millions of records on one day.

Automated production grade processes on both the generation and consumption side run inside of larger IT infrastructures and need to be continually kept up to date as the infrastructure evolves around them, so it is likely that the code will need to be updated and exhaustively tested with sample data more than it actually runs on real data.

Therefore, although yearly filings seem less burdensome, they actually may end up adding significant logistical and organizational challenges. Since it is expected that both consumption and generation will be done automatically, it will not be terribly burdensome to increase the frequency that software runs.

We agree with the Commission when it notes in its economic analysis that Form N-PX reports disclosing proxy voting records for all securities and proposals can be overwhelmingly long and that investors also may have difficulty finding a particular fund's voting history within a single Form N-PX filing.⁸ To expand on this, as an exercise, save your work and try opening this N-PX filing (WARNING: it may crash your browser): <https://sec.report/Document/1707560/000168386321004564/0001683863-21-004564-index.html>.

As shown, market participants may not even be able to open these filings in a web browser. Since N-PX data is concentrated in large filings and the largest filings cannot be opened in web browsers, much of the data available via Form N-PX is currently, and would continue to be, inaccessible. Even if the filing became monthly rather than yearly, breaking large filings like this into 12 monthly filings would typically still be too large. Structuring the data via XML or JSON and displaying with the Commission's forthcoming style sheet would not help either. There would still be too much data for a web browser to handle.

As such, we recommend changing filings from the trust level to the fund level. That is, a trust with 50 funds will file 50 filings, not one. This alone will solve the file size problem. It will also make it easier for unsophisticated users to look up their fund, as they are not

⁸ See Form N-PX Proposal at p. 103.

likely to know the fund's trust. This would not add much additional work since it should be automated.

The Commission stated in the Form N-PX Proposal:

We are not proposing to require, as suggested by one commenter, that managers and funds report their votes shortly after the relevant shareholder meeting. We preliminarily believe that the benefits of public reporting of proxy votes by funds and managers would not significantly increase with faster reporting and that publicly reporting each vote individually would make it difficult for investors reading a manager's Form N-PX reports to evaluate overall patterns in the manager's voting behavior.⁹

We believe this may be a false choice. If data came in on a continual basis via a data feed, it would not be as if every meeting is its own filing each with a cover and summary page, and that users would need to sift through enormous amounts of small filings to find the data they are looking for. Instead, there would not be filings at all. Filers would set up a connection between their server and the SEC's server once and only once, and from there on out, they would automatically send their data to the Commission where it would be automatically collected in a database. Users would then interact with this database via a graphical user interface (GUI). With this GUI, they can easily search for all votes on a given company, or all votes by a given fund, or how a particular fund voted at a particular company. Each aspect of the technology required to do this is decades old and is tried and tested.

The Commission would need to decide how many days after the meeting would the fund or manager be required to submit the vote. It could be a day, a week, a month, or longer. Whatever the SEC decides would be preferable to the data potentially being 14 months old as it is now, and as is proposed. However, since the entire process would be automated, one day wouldn't be more burdensome for a filer than one month – this duration would simply be a setting in the software.

We would expect that many funds would simply have their proxy advisers set up their data feed, as the advisers typically execute the fund's votes and often publicly display their vote records on the web. We would expect that this might be more difficult to set up for filers that don't have proxy advisers, which includes most managers and some small funds. Perhaps these filers should be given the option to submit filings if they would prefer to.

Also, the GUI we describe would be a necessity for the continuous model of disclosure, but it would improve the user experience all the same if the Commission goes with a filings-based approach, or a hybrid model as we are proposing. As such, we recommend that the SEC builds this database and GUI either way. The Commission was already

⁹ See Form N-PX Proposal at p. 82.

planning to write a style sheet to display the structured data in a human readable format, and we see developing this database and GUI as taking this vision one step further, and that the improvement in terms of user experience would make it worthwhile

Under the continuous model:

- Unsophisticated data consumers will simply use the GUI, which should answer most of their questions. It will provide a vastly better user experience compared to both what they currently have, and what is currently proposed. Also, the data will be significantly less stale.
- Sophisticated data consumers will automatically download data as it comes into EDGAR and continuously add it to their databases. They would write code that constantly runs and would alert them in the event of a failure. This is much more manageable than code that does an enormous amount of work once a year. Again, they will benefit from the more current data.
- Filers will also have production code that runs constantly and will alert them in the event of a failure. They (or their agents) would set up the data feed with the Commission once, and they would never have to procure a filing again.

Therefore, the continuous model is actually the easiest for all parties to manage, except for some managers and small funds, which should be allowed to submit filings if they prefer, although at a pace faster than yearly.

In conclusion, we contend that:

- The continuous model is a simpler, more modern way of handling this disclosure that would generally benefit data producers and consumers alike.
- There should be no requirement to disclose on websites at more frequent intervals than through EDGAR.
- The Commission should require continuous disclosure, with some exceptions for some managers and small funds.
- Any filings should be at the fund level, not the trust level, and more frequent than yearly.
- Regardless of the final rule, the Commission should develop a GUI so that the data is truly accessible.

***QUESTION 95.** We considered requiring funds to report proxy votes semiannually, quarterly, or shortly after the vote is held. What are the costs and benefits of requiring funds to report proxy votes semiannually, quarterly, monthly, or shortly after the vote is held? Are we correct to assume that investors and other users of Form N-PX data generally are interested in analyzing a reporting person's voting record more holistically rather than focusing on individual votes held during time horizons shorter than one year and therefore likely would derive little additional benefit from this increased reporting frequency?*

Please see our response to Question 77.

Conclusion

We fully endorse the SEC's commitment to improve the utility of Form N-PX for investors by enhancing the information funds currently report about their proxy votes and making that data easier to analyze. Requiring the reporting of information in a structured data language is an important part of that pursuit and, as outlined in our response, we ask the Commission to consider using standard XML or JSON tags and competing identifiers to modernize the Form N-PX data. We understand that this is no easy undertaking and there are many considerations to be worked out. We hope that our response provides additional insight and clarity into the Commission's Form N-PX Proposal.

We appreciate the Commission's willingness to consider comments on this topic and would be pleased to discuss any questions that the Commission may have with respect to this letter.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gregory R. Babyak". The signature is written in a cursive, slightly slanted style.

Gregory Babyak
Global Head of Regulatory Affairs, Bloomberg L.P.

cc (via email): Chair Gary Gensler
 Allison Herren Lee
 Hester M. Peirce
 Elad L. Roisman
 Caroline A. Crenshaw