



October 14, 2010

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Proxy Reform

Dear Commission Members,

Thank you for providing the opportunity to comment on the mechanics of the U.S. proxy system. Much has changed in the 30 years since the SEC last took a top-to-bottom look at proxy mechanics. We applaud you for taking the initiative to ensure that the regulatory foundation is up to date with the market realities of 2010.

The concept release issued in July covers several areas of vital importance to the proxy system. Each section of this letter below contains an overview of an issue related to shareholder communications and voting mechanics raised in the release, along with recommendations for your consideration.

Voting and Tabulation Process
Concept Release Section IIIA - Over-Voting and Under-Voting

Under the current system, cases have arisen where the reported shares eligible to vote have not coincided with the record-date position maintained at DTCC. As of now, there are no rules requiring brokers to reconcile their positions as of the proxy record date. This situation allows borrowers and lenders to vote the same positions. There is also no consistency in how brokers address the reconciliation of voting rights across their clients' holdings.

It is critical that the underlying regulations be revised to ensure integrity in voting results. To that end, we offer the following recommendations:

- The SEC should require brokers and other financial intermediaries to produce an eligible-voters list as of the record date for each shareholder meeting.
- Reconciliation methodology should be standardized. Reconciliation should occur before an intermediary transmits record-date beneficial owner information to the data aggregator and before proxy forms are mailed. This will eliminate duplicate voting and prevent erroneous VIFs (or proxy forms, if subsequent recommendations are adopted) from being distributed.

**Vote Tabulation Accuracy/Record Keeping
Concept Release Section III B**

The lack of transparency in the current proxy system (and in the “street name” system generally) makes it difficult to ensure the accuracy of the results of a shareholder vote. Also, the proportion of beneficial holders is vastly higher in 2010 than when the current proxy rules were adopted.

We believe the regulations must change to ensure end-to-end auditability of proxy votes, and we offer the following recommendations:

- Votes should be subject to audits both internally and by independent third parties to ensure the integrity of the process.
- Every shareholder should be allowed to vote using a legal proxy card (eliminate VIFs). A proxy card with the company’s logo, a larger font and a plain-English description of the agenda items being voted on is more likely to attract the attention of the shareholder. This would also facilitate end-to-end validation and vote confirmations.

**Direct Communication With Holders
Concept Release Section III**

The issuer community agrees that the current costs are exorbitant, as illustrated by the comment letters already submitted noting the high costs associated with proxy distribution and communication – from both large- and small-cap firms. A soon-to-be-published study conducted by the Securities Transfer Association found that fees in a competitive environment could be anywhere from 20 to 70 percent lower than those levied by Broadridge, depending on the nature of services.

The SEC has the opportunity to create a fair-market system for these services by enabling prices for proxy distribution and communication services to be established by open competition among trusted service providers handling these functions, not through the current fee schedule established under NYSE rules.

The NYSE conducted its most recent review of proxy fees in 2002. There does not appear to be a direct relationship between the fees approved from this review and the actual costs incurred by intermediaries. We do not believe the problem can be addressed solely through another review of the NYSE fee schedule. Distribution methods have also changed dramatically over the past several years with electronic distribution, house-holding, and notice and access, yet the NYSE-regulated fees have not been reduced to reflect these lower costs of production. It is highly likely that technology will continue to create new opportunities for communications, in turn creating pressure to reduce prices.

Issuers should have a choice of agents in a competitive environment; choice would reduce costs by eliminating redundant processing and ensure that fees are set by market forces, thus fostering higher levels of service and product innovation.

To reduce costs to issuers (and their shareholders) and create an open market for proxy distribution and communication services, we ask the SEC to consider the following recommendations:

- Open up free market competition. A competitive environment would allow issuers to choose a proxy/communications agent based not only on price but also on the quality of service and innovative products.
- The current functions of (a) beneficial owner data aggregation and (b) proxy communications distribution should be separated, providing a public company with the opportunity to select a distribution provider of its own choosing in a fair market environment.
- The existence of a central data aggregator (e.g., DTCC) would allow for open competition for distribution and tabulation services. If a not-for-profit utility processed records at a nominal cost, issuers would be encouraged to further engage their shareholders and increase proxy voting participation. Benefits of this model are already visible with mutual fund processing, which occurs at fractions of a cent through NSCC.

Engagement with Shareholders Concept Release Section IV A

The NOBO/OBO classification system is outdated and prevents public companies from knowing many of their shareholders and engaging in meaningful communications with them. Often these shareholders may individually or collectively hold significant portions of an issuer's shares.

With substantial changes to proxy regulations stemming from the proxy access ruling and the elimination of the broker discretionary vote on key issues, the SEC has taken major steps toward protecting and promoting shareholders' rights. As these regulatory enhancements take effect, voting results will likely become much closer. Therefore, it is important for issuers to know who owns their shares to facilitate an effective communications environment.

To ensure optimal communication between issuers and shareholders, we propose the following recommendations:

- Eliminate the outdated NOBO/OBO classifications, enabling transparency of share ownership and direct communications between issuers and their investors.

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- Give shareholders the option to remain anonymous through the use of a custodial or nominee account.

**Retail Investor Participation and Education
Concept Release Section IV B**

With all the changes that have occurred in recent years (along with the upcoming changes due to the Dodd-Frank legislation), we believe it is important for regulators, the issuer community and other core stakeholders to reach out to investors to help increase voter participation and to make sure that shareholders are educated on the regulatory changes.

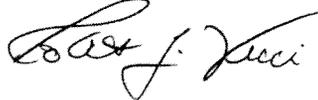
We believe that a system in which issuers have direct access to all their shareholders and are able to communicate equally and cost effectively with both their registered and beneficial holders will increase the level of engagement and improve participation rates. Clearer and more effective communications will make it easier to explain to investors how they may cast their vote(s).

For example, the “one size fits all” look of the current VIF is not investor friendly and makes it difficult for investors to distinguish one company’s proxy from another. A customized proxy card, with the company’s logo, larger font and consistent description of the agenda items being voted on, is more likely to attract the attention of the shareholder.

Thank you again for providing this opportunity to the public to comment on improving the mechanics of the proxy system. This is no small task, but the effort is well worth it to guarantee that the underlying mechanics of the proxy system are brought into line with modern communication practices.

Please feel free to contact me if you have any questions or seek additional information.

Very truly yours



Robert J. Vecci, Esq., C.P.A.
Chief Financial Officer and
Corporate Secretary