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SECURITIES TRANSFER ASSOCIATION, INC.

February 16, 2012

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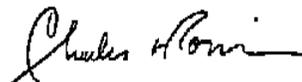
Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington DC 20549-1090

**Re: Release Nos. 34-62495; IA-3052; IC-29340;
File No. S7-14-10 RIN 3235-AK43
CONCEPT RELEASE ON THE U.S. PROXY SYSTEM**

Dear Ms. Murphy:

The Securities Transfer Association, (“STA”), is pleased to submit the attached analysis of a report from the University of Delaware, Weinberg Center for Corporate Governance, that was filed by Roger Coffin on August 22, 2011 pertaining to File # S7-14-10. The STA was a participant in the group that authored the report and looks forward to working with industry participants to implement controls that will enhance the integrity of the current system and provide vote confirmation. However, we look forward to further dialogue with the Commission on true proxy reform as outlined in our response to the concept release in 2010.

Sincerely,



Charles V. Rossi
President
The Securities Transfer Association, Inc.

THE STA

SECURITIES TRANSFER ASSOCIATION, INC.

ANALYSIS OF UNIVERSITY OF DELAWARE ROUNDTABLE REPORT

Background

On December 13, 2010, the John L. Weinberg Center for Corporate Governance at the University of Delaware convened a Roundtable on proxy voting at the University's Alfred Lerner College of Business and Economics. The Roundtable's stated goal was to "address existing concerns regarding the integrity of the shareholder voting process within the United States and to identify and develop realistic and achievable steps-to-strengthen the integrity of the process, from end to end."

The Roundtable was sponsored by Broadridge Financial Solutions Inc., and was co chaired by Roger Coffin, Associate Director of the Weinberg Center and Maryellen Andersen, Vice President of Corporate and Institutional Relations for Broadridge. Roundtable participants represented tabulators, transfer agents, banks, brokers, issuers, public and private fund managers and proxy service providers.

On August 2, 2011, the University of Delaware released the "[Report of Roundtable on Proxy Governance: Recommendations for Providing End-to-End Vote Confirmation](#)" summarizing the Roundtable's discussions.

Several of the Roundtable's transfer agent participants are members of the Securities Transfer Association, which, as part of its commitment to foster positive change in the proxy governance process, has a keen interest in the Roundtable's findings and recommendations.

Introduction

It is the view of the Securities Transfer Association that the Roundtable's recommendations are too narrow in scope and relatively weak. Rather than focusing on core issues affecting the long-term health of the U.S. proxy system, it only tackles peripheral issues. Failing to address these core issues simply prolongs the debate at a time when regulators, industry leaders and issuers should be working toward mutually beneficial reform.

Our criticisms of the Roundtable report fall into three major categories:

1. The Roundtable's report is incomplete, covering only vote confirmation and failing to give proper air time to issues surrounding vote integrity
2. Lack of clarity regarding whether recommendations would be mandatory or simply recommended best practices

3. The key issue of issuers' direct access to all shareholders is left to one side, and issues regarding transparency, integrity of the vote marketplace competition and education were not discussed

It is our hope that the industry can conduct an honest appraisal of the current status of the proxy system and develop a roadmap to reform that addresses the fundamental issues in a manner that fosters competition and innovation, and improves voting accuracy, integrity and efficiency.

The roundtable's report is incomplete

Central to the SEC's call for industry and public comment in its July 2010 "[Concept Release on the US Proxy System](#)" is the question of proxy vote accuracy and integrity. In the course of its report, the Roundtable report ignores this issue, and instead, simply addresses issues regarding vote confirmation. We agree that end-to-end confirmation is an important element of the reform effort. However, its effective implementation should be based on a system whose integrity is unimpeachable. While the Roundtable spent a significant amount of time discussing integrity of voting entitlement, it failed to propose any recommendations leading to the creation of a robust underlying structure that would enable true end-to-end voting integrity.

The STA was firmly of the opinion that in order to have an unimpeachable voting result, there must be pre-reconciliation and a method for working through other depositories. However, the Roundtable was unable to reach a consensus on this issue. The STA firmly believes that establishment of an accurate voting register whose positions have been pre-reconciled is a key element in creating such a structure.

Lack of clarity regarding whether recommendations would be mandatory or simply recommended best practices

The Roundtable's report recommends changes to processes and adoption of industry-wide standards that would affect a wide range of organizations. However, the report does not provide any mechanisms for uniform adoption or enforcement of these process changes or standards, and does not recommend an organization that would have any enforcement authority. Because every affected organization naturally has its own business priorities, obtaining buy-in to widespread change may be difficult without an enforcement mechanism, such as regulatory change.

The key issue of issuers' direct access to all shareholders is left to one side

Central to the inherent flaws in the current U.S. proxy system is the lack of access to shareholder information. The existing NOBO/OBO rules make it extremely difficult for issuers to obtain an accurate record of who owns their shares. In a regulatory environment that has recently led to several rule changes that give additional power to shareholders, it is critical for issuers to have a complete picture of their shareholder base.

The Roundtable's report declares that there is no need to take into account potential changes to the current NOBO/OBO system in order to enable end-to-end vote confirmation, instead recommending a workaround using VIF control numbers to confirm the identity of beneficial

holders. However, the workaround would be unnecessary if the outdated NOBO/OBO system was simply eliminated and issuers were able to communicate directly with shareholders.

The existing NOBO/OBO structure was enacted in the early 1980s, at a time when roughly 25 percent of shares were classified as beneficial, while 75 percent were registered. In the nearly 30 years since, those numbers have essentially flipped, and the regulations have failed to adapt, despite overwhelming industry support for eliminating the rules. In fact, Jeff Morgan, President and CEO of NIRI, has noted that NOBO/OBO “appears rooted in history rather than necessity or investor preference.” An STA report that analyzes the sentiment of those who submitted letters in response to the SEC’s Concept Release, including a breakdown of NOBO/OBO preferences, can be seen [here](#).

Conclusion

While efforts to bring industry and academic leaders together to address major issues in financial markets are to be applauded, the report from the University of Delaware Roundtable fails to address the core issues raised by the SEC’s Concept Release. Integrity of the vote is the root cause of all the problems in the system and everything flows from that. The Roundtable had an opportunity to address this issue, but unfortunately, failed to do so.