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October 4, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File Number S7-14-10, Concept Release on the U.S. Proxy System

Dear Ms. Murphy:

Registrar and Transfer Company ("R&T") appreciates the opportunity to comment on the Concept Release on the U.S. Proxy System (the "Release"). R&T has been an independent transfer agent for over 111 years and currently provides transfer agent services for more than 1,050 issues. R&T acts in the capacity as proxy distribution agent and tabulator for more than 790 shareholder meetings annually. R&T also provides proxy services for numerous beneficial shareholder plans for which we are not the record keeper, such as Employee Stock Purchase plans. R&T receives external files from trustees, converts them and distributes Voting Information Forms that resemble proxies, similar to the service that is provided today by brokers. R&T also reviews and pays street broker billing on behalf of issuers for the distribution of proxy material by the street. As a result of this extensive exposure and experience, R&T is well situated to provide first-hand observations on many of the topics addressed in the Release.

We have long observed that the current street proxy system provides a disservice to retail and institutional investors, generates excessive expenses for issuers and directly contributes to the decline in voting of beneficial retail shareholders. The following observations are offered on the current street proxy system and specific comments on areas noted in the Release. This response is expanded by incorporation of the attached detailed historic fee study dated March 19, 2010, entitled Distribution of Materials to Beneficial Holders.

Over-Voting and Broker Reconciliation – Anecdotal and Historic Discussion

About seven years ago, we studied the detailed broker voting results for over 400 shareholder meetings in a given proxy season. Each and every one of these meetings experienced over-voting. In some instances, the over-voting was significant enough to change the outcome on certain proposals. But the over-voting amount doesn't have to be large to change the results of a meeting. In fact, in an incident about a year earlier than this study, a hostile proxy opponent had his entire voted position disallowed by the inspector of election due to an over-vote of less than 10 shares by the custodian of the opponents' shares. The opponent challenged the results in court, only to have the court uphold the inspectors' decision. There are a number of precedents in state courts for this action as outlined in Aranow & Einhorn's publication, Proxy Contests for Corporate Control. The failure to reconcile beneficial holders' positions has led to numerous instances that resulted in the disenfranchisement of beneficial holders. Currently, as noted in this publication, the rights of beneficial shareholders are compromised under the current proxy system when the shareholder elects to have their shares held in street name.

After the publication of industry articles on over-voting, and academic studies on topics such as empty voting, a new street "over-voting" service was implemented that effectively masked the actual returns of Voting Instruction Forms. The service alerted brokers of the return of Voting Instruction Forms ("VIFs") representing more shares than held in position and gave the broker an opportunity to "adjust" the vote. This eliminated the symptoms, while doing little to cure the problem. There isn't a standard adjustment procedure that ensures that the adjustments result in the actual beneficial holders' votes being processed. Further, if an adjustment isn't required because an over-voting condition didn't occur, the over-distribution of un-reconciled voting rights still creates a dilution of the legitimate beneficial holders' voting rights. A review of the street positions reported on 134 companies in 2007, after the Over Voting service was implemented, but before other report changes were instituted, indicated that of the 134 companies surveyed, brokers reported higher share balances for 67 companies than there were shares available in DTC. The highest variation was in excess of 13% while the average was less than 2%.

The argument that reconciliation is either not feasible or too costly seems to have little merit. Reconciliation appears to be performed when dividends are paid and determined to be "Disqualified" under tax revenue code for reporting purposes. If dividends were not paid by the issuer, but credited through a stock loan provision, then the dividend is "Disqualified" and receives a different tax treatment. If timely reconciliation can be accomplished quarterly for dividends to meet IRS regulatory requirements, then it should be viable for proxy voting rights.

Not only are Issuers, retail and institutional shareholders all subject to the adverse consequences attributable to the failure to reconcile voting rights, the distribution of voting forms rather than proxies creates another disparity between beneficial ownership and registered ownership. Anecdotal stories abound at almost every shareholder meeting where individual shareholders attempt to vote VIFs, unaware that voting in person requires an additional request for a limited power of attorney to obtain their direct voting rights. At one such meeting, an individual investor that reported to be a broker and a member of the Bar tried to cast a VIF opposing management. This incident is representative of the depth of a lack of understanding by the retail shareholder in the current archaic voting system.

Retail shareholder voting has declined significantly over the past two decades. While year-to-year compatible comparisons are difficult to accomplish, it is clear that retail voting *by beneficial holders* is significantly **less** than registered retail shareholders that receive a proxy card designed by the issuer. Comments from shareholders have been received time-after-time that they simply discard those computer mark-sense forms and generic mailings as if they were junk mail. We believe that there is a cause and effect relationship contributing to the decline in retail shareholder voting.

Comments on the Release

1. Section III A of the Release: Over and Under Voting Conditions

Observations

Under the current street proxy process, numerous instances have been noted where the number of shares reported in position by the broker through Broadridge did not equal the number reported for the record date position maintained at DTCC for the broker. Brokers are not required to reconcile their positions as of the proxy record date. Brokers, therefore, often over distribute voting rights due to stock loans and trade fails. There is a lack of standards and consistency in the manner in which brokers address reconciling voting rights across their clients' holdings and when over-voting has been submitted by beneficial shareholders to Broadridge.

Comments

Voting rights are real tangible assets of all shareholders and should not be diluted or disenfranchised through a failure to pre-reconcile voting rights. Beneficial shareholders voting positions and rights should not be invisible to the holders and, at the shareholder meeting, to the tabulators or inspectors/judge of election. Beneficial holders should be able to be recognized at shareholder meetings without having to further protect their voting rights through arcane procedures. Further, beneficial holders should be able to verify at and after shareholder meetings that their votes were recorded and recorded correctly. Courts should not be forced to toss out votes because the financial intermediaries failed to correctly reconcile voting rights. To accomplish this, the SEC should require brokers and other financial intermediaries to produce a reconciled eligible voters list as of the record date for each shareholder meeting, in essence, a voting registrar. With today's technologies already in place, these electronic lists could easily be combined across brokers and custodians with the registered shareholder list and used by the inspector/judge of election to verify and authenticate voting.

Pre- reconciliation of voting rights should be mandated before an intermediary transmits record-date beneficial owner information to a centralized data aggregator (currently Broadridge Financial Services). This should occur ***before*** proxy forms are mailed and proxies not Voting Instruction Forms ("VIFs") should be distributed.

2. Section III B of the Release: Tabulation Accuracy and Recordkeeping

Observations

The institutional community has, for decades, called for a system where institutions and beneficial shareholders can confirm that their votes have been recorded and cast as directed. There have been reported situations where significant voted positions were not recorded or were recorded incorrectly. Currently, institutional vote confirmations are only possible in those instances where Broadridge acts as the tabulator. The lack of transparency in the current street proxy system makes it impossible to ensure the accuracy of the results of a shareholder vote. Individuals that hold their shares through a broker often find that they are unable to vote at the meeting or be recognized at the meeting.

Comments

Votes should be auditable, both internally and by independent third parties (tabulators/inspectors or judges of election), to ensure the integrity of the voting process. Every shareholder, registered or beneficial, should be allowed to vote using a registered proxy card designed by the issuer in lieu of a VIF. A proxy card, with the company's logo, larger font and a plain English description of the agenda items being voted on is far more likely to be recognized as a valuable voting form by individual shareholders. This would also facilitate end-to-end validation and vote confirmations. Shareholders, both registered and beneficial, should have the same voting rights and be able to be recognized at the meeting. A single voting register also enhances the ability of issuers to communicate with their shareholders and increase voting.

3. Section III D of the Release: Fees and Competition

Observations

The prices for proxy distribution and communication services for beneficial accounts are controlled by a single vendor hired by almost all brokers. This vendor has a monopoly and is empowered to charge issuers based on a fee schedule established under NYSE rules. The vendor also charges fees for services **not** defined under the NYSE Rules, such as those for Notice and Access services, and arbitrarily retains some of the postage savings.

The party responsible for the expense incurred for the distribution of proxy material to beneficial holders, the issuer, is not able to choose the agent for this distribution or negotiate the service fees. Competition does not exist for the distribution of proxy materials to beneficial holders. **Comparing fees charged by the street to issuers with fees charged by this company for comparable services indicates that issuers may *conservatively* realize a savings of 40% to 80%.** This is not an exaggeration. Detailed review of actual street invoices versus comparable service fee schedules of this company reveal a stark difference in charges.

There does not appear to be a direct relationship between the fees approved by the NYSE fee review conducted in 2002 and the actual costs incurred by intermediaries. Distribution methods have changed dramatically over the past few years with electronic distribution, householding and Notice and Access. NYSE-regulated fees have not been reduced or modified to reflect these lower costs of production and have resulted in **increased service fees** even when production costs decreased through Notice and Access. The current system also creates shipping expenses, where issuers and printers located in different geographic areas are forced to incur the delivery expenses to the centralized facility. Finally, the centralized facility presents a potential service disruption risk if a localized disaster were to occur.

Comments

On the surface, it may appear to be more efficient to have a single, centralized distribution agent for proxy materials, but in depth review reveals that it is **far** more costly to issuers (See the incorporated study). When the party paying the bills has no negotiating authority, dynamic market forces driving service and cost efficiencies naturally fail to exist. The distribution of proxy materials to beneficial holders must be opened up to free market competition where the party bearing the expenses chooses the vendor. A competitive environment would allow issuers to choose a proxy/communications agent not only on the basis of price but also on the quality of service and innovative products. Excessive cost restricts and discourages issuer communication with beneficial shareholders.

To accomplish this, the current functions of beneficial owner data aggregation and proxy communications distribution must be separated. Data aggregation of shareholder information between brokers and issuers/transfer agents already exists in several forums. The Depository Trust Company and the Securities Information Center, both subject to SEC oversight, have established communication links with brokers and transfer agents and transmit shareholder information regularly. Separating these functions will provide public companies with the opportunity to select a distribution provider of its own choosing in a competitive market environment. Having a not-for-profit utility, or for profit, regulated entity, processing records at a relatively nominal cost would encourage issuers to further engage their shareholders and increase proxy voting participation.

4. Section IV A of the Concept Release: NOBO/OBO Shareholder Designation

Observations

The NOBO/OBO classification system prevents public companies from knowing many of their shareholders and from engaging in meaningful communications with them. Often these shareholders may individually or collectively hold significant portions of an issuer's shares. Most retail shareholders do not understand the NOBO/OBO designation or how the street voting process works. The "one-size-fits-all" look of the current VIF makes it difficult for investors to distinguish one company's proxy from another. These factors all contribute to reduced shareholder voting.

Comments

Permitting the issuer to distribute a proxy card in a uniform format to all shareholders and have a single register for voters will encourage voting and permit all shareholders to vote at the meeting. The NOBO/OBO designation is outdated and many investors simply do not understand these classifications. Eliminating this enables transparency of share ownership and direct communications between issuers and their investors. Shareholders can still have the option to remain anonymous through the use of a custodial or nominee account.

Summary

Implementation of the dramatic changes suggested above may appear overly ambitious. But it is not and the process can be modified within a relatively short time period. Many of the service providers are already in place providing parallel services for registered shareholders. From our perspective, we are already prepared to handle additional proxy distribution and tabulation volumes and have the proven programming and system expertise to consolidate file voting registrars. The development of a data aggregator can be accomplished through a bid process similar to the initial implementation of the Securities Information Center ("SIC"). The SEC periodically reviews the SIC's charter. DTCC is also a natural repository for this service and, as a not for profit depository under SEC jurisdiction, could provide cost-effective data aggregation services.

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It may be argued that the legacy expense or sunk costs incurred by the current service provider warrants retention of the status quo so that this firm should be the data aggregator. There is nothing that would prevent this firm from competing in a free market along with other participants for data aggregation and tabulation and, as a transfer agent, transfer and other registered shareholder services. However, there is no justification for pre-determining the vendor for this service.

The corporate governance landscape has changed radically over the past decade. Corporations and their Boards are being held accountable and are scrutinized more than ever. With the elimination of directors as a routine proposal, the advent of majority election standards, say on pay proposals and Proxy Access, the integrity of the voting process is critical. Voting must be auditable, end-to-end, and shareholders should be encouraged to vote and able to verify that their voting rights have not been abused or neglected.

We appreciate the amount of work and initiative the SEC has displayed in preparing the Release. We also appreciate having this opportunity to provide the Commission with our experiences in the area and comments on various proposals contained in the Release. We would like to encourage the SEC to continue to be a visionary in the area of corporate governance and an advocate of shareholder rights.

We welcome any questions or discussion of the comments and views provided in this letter.

Respectfully,

Thomas L. Montrone
Chairman, President and CEO

Registrar and Transfer Company

Distribution of Materials to Beneficial Holders

Fees Permitted by NYSE Rule 451, Actual Fees and Excesses

March 19, 2010

Introduction

Brokers, at the expense of issuers, perform the distribution of shareholder meeting material to the issuers' beneficial holders. This system was originally designed to protect the proprietary customer lists of brokers and require issuers to reimburse the reasonable clerical expenses of the brokers. However, the current non-contractual system has inappropriately fostered excessive and potentially specious billing that enriches the billing parties, brokers, at the expense of issuers. The system generates profits that are unconstrained by a competitive marketplace and inflicts fees that were characterized as "double" market rates in a report to the NYSE in 1995. Today, these fees far exceed even that assessment.

The NYSE-issued Rule 451 was designed to be a "substitute for issuers' lack of bargaining power as to proxy distribution costs."[1] Without a contract or ability to re-direct this distribution, issuers are forced to over pay for services and, under closer review, probably pay for services not even performed. The 1995 independent issuer study correctly predicted, "The result of these perverse structural incentives is, and will continue to be, high costs to issuers which represents a large, unjustified wealth transfer out of the pockets of issuers [and their shareholders], which reduces global competitiveness by diverting corporate resources…"[2]. Issuers are held hostage by a system in which they have no say. Failure to pay whatever is demanded jeopardizes issuers' future shareholder meetings. Issuers, often unaware of the excessive billing, are also understandably fearful of questioning or withholding payment for unjustifiable billing. The amount over-billed is believed to be in the tens of millions of dollars **annually**. The high fees, ultimately, create a disincentive for issuers to communicate with their beneficial shareholders.

Overview

SEC regulations only require that issuers "pay reasonable expenses for completing the mailing of such material to beneficial owners."[3] NYSE Rule 451 was issued by the Exchange to require brokers to mail proxy materials to beneficial holders provided that there is "satisfactory assurance that the person will reimburse such member organization

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[1] ."A Report on the Fees Paid by Corporate Issuers to NYSE Member Organizations for the Distribution of Proxy Material to Beneficial Owners" ("Report")submitted by the AD HOC Corporate Committee for NYSE Proxy Fees, October 2, 1995, page 27.
[2] "Report", page 31.
[3] Rule 14a-13(a)(5), Securities and Exchange Act of 1934.

for all out-of-pocket expenses, **including reasonable clerical expenses**, incurred by such member organization in connection with such solicitation, such member organization shall transmit to each beneficial owner of stock…"[4] (emphasis added).

Under this Rule, the NYSE has defined the maximum service fees that can be charged. On closer inspection, the current broker billing is clearly far in excess of that permitted by the NYSE Rules. The 1995 independent audit concluded that, "Fees charged to issuers by member organizations are in excess of fees that would be available in a competitive marketplace for the services rendered (double the costs incurred by issuers in servicing registered holders)."[5] What was true in 1995 is even more so today with fees charged for services not covered by NYSE permitted rules. Further, charges are submitted as the NYSE rules prescribe even when mailing and tabulating services are not required or performed. New services required under changing proxy regulations were left without NYSE regulated fees. The NYSE let free market forces set the service fees for these new services. Yet under the proxy structure, the NYSE clearly understood its fee-setting role and need for a substitute for the issuers' lack of bargaining power. There are no free market forces, but a commercial environment where the NYSE members can unilaterally charge issuers without issuers having recourse. The observations today are consistent with the 1995 Report, which found that, "Fees charged to issuers by member organizations are unrelated to costs actually incurred or services actually rendered"[6]. The result of such a perverted system is excessively high expenses for issuers.

Supporting Broker Billing Review and Analysis

Since the 1995 report was issued, there has been a significant growth in the number of managed accounts – accounts where the investor has an account relationship that permits an investment manager to direct investment decisions. In these instances, the investor has signed account agreements giving the investment manager authority to execute all proxies. The NYSE Rules require that proxy material be sent to all beneficial holders, "unless the beneficial owner has instructed the member organization in writing to send such material to the beneficial owner's designated investment adviser."[7] These beneficial accounts do not receive anything from the brokers as all of their proxy interests are transferred to the broker.

In charging service fees for managed accounts, apparently some brokers read the NYSE Rule 451 different than others and forgo billing for managed accounts. Other brokers use the unilateral business structure to inflict fees without providing any services. NYSE Rule 451 specially states that brokers may charge "40¢ for each set of proxy material, i.e., proxy statement, form of proxy and annual report **<u>when mailed as a unit</u>**…" "plus

[4] NYSE Rule 451 (a)(2).
[5] "Report", page 4.
[6] "Report", page 4.
[7] NYSE Rule 451, 1968 amendment .60.

(i) 10¢ for each **set of proxy material**, with respect to issuers whose shares are held in fewer than 200,000 nominee accounts. "[8] Issuers are billed for millions of "managed" accounts at $0.40 or $0.50 per account, yet there isn't a "set of proxy material" required to be enclosed and mailed to these accounts. The NYSE Rule states that a fee can be charged for a specific service, mailing proxy statements and annual reports, yet the service is not rendered, while the entire fee is still charged. This billing could not exist if the issuer had the ability to negotiate services and fees.

Brokers also charge another $0.40 per account for these millions of accounts for the service of "eliminating" them from the proxy mailing. This is a not regulated fee. It was not authorized by the NYSE Rule 451 other than the general spirit of the Rule to enable brokers to "**reasonable clerical expenses**". Yet, there are no clerical expenses. It can also be argued that this is also a fee for a service not rendered or, at least, is minimal relative to the fees charged. The broker must have a standing written instruction from the investor that categorizes the entire accounts' equity positions as not eligible to receive proxy material. Therefore, elimination is not required for an account that was coded at inception as having standing instructions not to receive proxy materials. It can hardly be considered a reimbursement for "reasonable clerical expenses" when a computer program creates a file of eligible accounts, ignoring those not requiring proxy material.

Brokers also bill issuers $0.25 for Notice and Access ("N&A") services for these managed accounts, when an issuer utilizes N&A. Under N&A, beneficial shareholders receiving proxy material will receive only a Notice or, in a relatively small number of instances, two Notices mailed 10 days apart, the second accompanied by a VIF. This service is not covered under NYSE Rule 451, as the NYSE determined that "competitive market forces" would determine what fee would be equitable. Again, for managed accounts, already charged the $0.50 processing fee and $0.40 "elimination fee", the additional N&A fee of $0.25 is charged, irrespective of the fact that no service is required. There are no "reasonable clerical expenses" related to the service requiring reimbursement and, therefore, no supporting basis for the $0.25 charged.

The NYSE, by not issuing more specific billing regulations under Rule 451, did not provide their members, the brokers, with codified coverage to bill anything for generating a Notice since these fees require Rule making and SEC approval. Since the Rule already provided a processing fee of $0.50 (or $0.40 for large issuers) "for each set of proxy material, i.e., proxy statement, form of proxy", this service fee already more than covers the lesser clerical/computer effort required to generate a Notice for each account. The amount billed per account, $0.50, may be excessive under the N&A scenario, but it is covered under the NYSE Rule as a permissible billable amount to recoup clerical expenses for each set of proxy material mailed. The additional $0.25 is not covered and cannot be justified when viewed in conjunction with the billing already invoiced for mailing proxy materials.

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[8] NYSE Rule 451, Charges for Initial Proxy and/or Annual Report Mailings.

Brokers also bill issuers for a number of other incidental services that were not specifically permitted by the NYSE Rule 451. While not covered, there may or may not be justification for billing under the spirit of recovering "reasonable clerical expenses". These services include access to the Proxy Edge system for institutional investors, Householding and E-Delivery. However, arguments can also be made that these "non-specified" service fees are misdirected or represent double billing. For example, if Proxy Edge is a service utilized by institutional investors to enhance their ability to direct their voting, why should issuers pay for it without agreeing to this fee? This is a system and service for the institutional holders who could receive proxy material in the same fashion as other beneficial holders. Under what authorization then, do brokers bill issuers? Also, similar to earlier arguments, Householded accounts do not receive a set of proxy material for each holder, yet a $0.50 charge has already been levied for mailing a proxy set to each holder. Since only one proxy set was not mailed, is a broker justified in invoking an additional householding fee not specifically authorized by the NYSE or issuer? Shouldn't the $0.50 fee charged for each set of material be reduced when the sets are combined into a single mailing?

The underlying base charge of $0.50 for the distribution of proxy materials is also questionable as a viable competitive rate. Looking at the internal rate charged by a transfer agent for comparable services for receiving, distributing and tabulating the shareholder files for beneficial plan shareholders reveals that the fee rate charged under Rule 451 is considerably higher that a rate charged under a negotiated arrangement.

Summary and Conclusions

The current NYSE fee setting structure is a perverse arrangement. As noted in the 1995 report, "a price control approach is not compatible with the free-market, capitalistic system of which the NYSE is a preeminent symbol. Indeed, under the current system, since the hiring member organizations have little economic interest in the agent's cost efficiency or price, there is little or no basis for competition in the proxy distribution business."[9] Proxy service requirements are not static and have undergone numerous changes over the past decade due to regulatory changes and corporate activism. The NYSE, representing its members' interests, has failed to adjust or set prices to take into consideration the changing service environment. Lacking a mechanism to protect issuers that have no negotiating power, brokers are free to bill whatever under the premise of recovering "reasonable clerical expenses".

As noted in the 1995 study, "Issuers ... are not knowledgeable about the cost reimbursement rules..." and, "These is no apparent mechanism by which issuers and member organizations can resolve fee disputes."[10] As a result, brokers have billed

[9] "Report", page 32.
[10] "Report", page 4.

millions of dollars in service fees **each year** in excess of services performed and reimbursement of clerical expenses not incurred. Issuers are held hostage by a system they did not agree to and have no authority to change or even question. The 1995 Report issued to the NYSE pointed out current billing concerns, but also pointed out the certainty that this system would result in "a large, unjustified wealth transfer" through the over-billing of issuers. Few within the industry understand how a process, designed to give brokers the ability to protect their proprietary customer lists, was perverted into a system that fosters unauthorized and questionable billing of hundreds of millions of dollars. Because of the arcane and ancient development of the street proxy structure and growth of managed accounts and new regulations, unchecked inevitable billing excesses naturally developed.

End Note - $50 Million in Fees for Managed Accounts per Year

After this paper was prepared, a report prepared by the Broker's distribution agent revealed the extent of the over-billing just for managed accounts in the first half of 2009. This report touted a savings to issuers in printing and postage for managed accounts of $240,089,097 for the first 6 months of 2009. Printing and postage were estimated using an aggregate cost of $5.29 per item. The savings, therefore, would have been generated by 45,385,462 managed account equity positions. The brokers billed for these accounts $0.50 for processing, $0.40 for elimination and, where N&A was utilized, $0.25 for N&A processing. Remember, all of these accounts are portfolio accounts already flagged as not eligible to receive proxy voting rights. Therefore, using the above figures, brokers billed issuers approximately $50,000,000 in the first half of 2009 for "reimbursement of reasonable clerical expenses" when no clerical expenses were incurred.

At the same time, the street claims that they saved issuers $240,089,097. The savings are not really savings at all. Savings can be defined as a "cost-avoidance" where, but for actions taken, a cost would have been incurred. These accounts do not qualify to receive proxy materials and are, at inception, excluded from the mailing process. Classifying the savings as a benefit to issuers generated by the street has the appearance of a smokescreen, designed to shift the attention away from the amount being billed for this service.

Appendix A

The NYSE Rule 451 permitted charges pertaining to routine annual meeting has been extracted below:

"Charges For Initial Proxy and/or Annual Report Mailings

Effective March 25, 2002, 40¢ for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, unless an opposition proxy statement has been furnished to security holders, with a minimum of $5.00 for all sets mailed;

Effective March 14, 1997, 15¢ for each copy, plus postage, for annual reports, which are mailed separately from the proxy material pursuant to the instruction of the person soliciting proxies, with a minimum of $3.00 for all sets mailed.

Effective March 25, 2002, the Exchange has approved, as fair and reasonable, the following supplemental proxy fees for intermediaries that coordinate multiple nominees:

$20.00 per nominee plus (i) 10¢ for each set of proxy material, with respect to issuers whose shares are held in fewer than 200,000 nominee accounts, or (ii) 5¢ for each set of proxy material, with respect to issuers whose shares are held in at least 200,000 nominee accounts.

Effective March 14, 1997, the Exchange has approved, as fair and reasonable, a supplemental proxy fee per nominee of $20.00 for intermediaries that coordinate multiple nominees."[11]

[11] NYSE Rule 451.

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Appendix B

Sample Broker Annual Meeting Charges for an Issuer with about 6,100 Beneficial Shareholders, Including 1,582 Managed Accounts

Processing Fee for Beneficial Accounts: \$0.50 per (\$0.40 + \$0.10)	\$3,050.00
Proxy Edge: \$0.40 per for 593	\$ 237.20
Householding: \$0.40 per for 255	\$ 102.00
E-Delivery: \$0.40 per for 569	\$ 227.60
Managed Account Elimination: \$0.40 per for 1,582	\$ 632.80
Intermediary Nominee Coordination Fee Per Nominee: \$20 for 1129	\$2,580.00
Notice and Access Fee: \$0.25 per, <u>on 6,100</u>	**\$1,525.00**

Total Full Packages Mailed: 1,660
Total Notices Mailed: 1,500

Total Processing Fees for assembling and mailing 1,660 meeting packages and 1,500 single-page Notices - \$8,354.60!

Increase in billing due to N&A: <u>Approximately 22.3%</u>