

October 12, 2010

Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549-1090.
Ref: File Number S7-14-10.

Dear Ms. Murphy:

Computershare Fund Services appreciates the work that the Commission has undertaken to prepare the Concept Release on the U.S. Proxy System. We would like to offer our opinions on certain aspects of the release as they apply to our products and services, which we have outlined below.

Computershare Fund Services (CFS) is a wholly owned subsidiary of Georgeson, Inc. a wholly owned subsidiary of Computershare, LLC. CFS provides proxy and compliance mailing services to primarily Open End and Closed End Mutual Funds.

CFS is hired by investment management companies, service companies, or wholly owned entities to provide their mutual funds proxy services including:

- Overall Proxy Project Management

- Registered Account Distribution of Initial Proxy Materials and Reminders

- Overseeing the Distribution of Initial Proxy Materials and Reminders by Nominees and their agents to Beneficial Accounts

- Official Tabulation Services

- Telephone Solicitation to Registered and Beneficial (NOBO) Accounts, and

- Shareholder Meeting Requirements

Over the last 6 years CFS has provided roughly 70% of all Registered Account Distribution services, 2% of Beneficial Account Distribution Services and 70% of all Telephone Solicitation Services provided to the Mutual Fund Industry.

Looking back historically, 15-20 years ago 90% of all Proxy Distribution Services for Mutual Funds were provided by Broadridge (ADP Brokerage), FMI and MIS. Broadridge subsequently acquired FMI and MIS and enjoyed a 90%+ market share. Shortly thereafter, there were new entrants into the market including Alamo Direct, Georgeson, DF King, and Altman. Some of these firms focused primarily on solicitation but all developed distribution capabilities. Alamo Direct and Georgeson were acquired by Computershare in 2003 and 2004 respectively to form what is now Computershare Fund Services (CFS).

CFS was able to acquire a 70% market share by introducing significant advances in technology, such as the introduction of the Proxy SmartCard™ (multiple shareholder positions on a single ballot), an internet-based tabulation system with real time results and by offering full service (including solicitation services) under one roof. This was accomplished in an open and competitive marketplace for the distribution of registered proxy materials.

The current Mutual Fund open marketplace for registered account processing has resulted in pricing that is a fraction of the fees charged by the Nominees and their agents for beneficial services. And unlike the corporate securities market, the processing for the mutual fund registered accounts is far more complex and sophisticated than the services required for the beneficial accounts. Ballot consolidation by unique shareholder, echo voting of accounts holding positions through a custodian or trustee relationship (e.g. IRAs) and retirement plan voting at the sponsor or participant level (401k plans) are all good examples of the more complex processing required on the registered side of the business. The file record length size for registered accounts received is twice that of the beneficial records, providing more data that is used to provide a more efficient production process and voting process for shareholders.

Over the last ten years, in certain situations, CFS has provided proxy distribution services to beneficial accounts in proprietary fund complexes of large wire houses. The decision not to utilize the Nominee's Service Provider occurs when the benefits to the fund complexes far outweigh the revenue sharing benefits to the Broker Dealer division. These large nominees have never supported the processing of beneficial records for non-proprietary fund complexes by any entity other than their current Nominee service provider. And in many cases the non-proprietary issuer firms felt they could not force the Nominee firms to choose the lower cost provider without jeopardizing their product distribution relationship.

Proxy Distribution Fees

During the last 5 years, CFS has provided proxy services for over 500 mutual fund proxy campaigns involving over 5,000 CUSIPs. Based on a review of the Nominee Service Provider Fee Schedule and/or Issuer provided invoices on these projects, CFS has determined that the costs to the issuer for Distribution of Proxy materials were higher for Beneficial Accounts than for Registered Accounts for more than 99% of these projects.

Examples of "Regulated Fee" differences:

Proxy Service Fee (Base per account fee for initial distribution)

Beneficial Account Fee	\$.40
CFS Registered Account Fee Median	\$.20

Proxy Reminder Fee (Subsequent reminder mailings sent to un-voted accounts)

Beneficial Account Fee	\$.40
CFS Registered Account Fee Median	\$.17

Paper & Postage Elimination Fees (Householding, E-delivery, and Suppression)

Nominee Service Provider Beneficial Acct Fees	\$.50 for "Small Issuers"
	\$.25 for "Large Issuers"
CFS Registered Account Fee Range	\$.09 E-delivery
	\$.04 Consolidation by Smart Card/House holding
	\$.00 Suppressions

Examples of "Un-Regulated Fee" differences:

Vote Posting Fee (Charge for each vote taken by telephone solicitation for a Beneficial NOBO, transmitted electronically to the service provider and posted to the Shareholder Account)

Nominee Service Provider Beneficial Acct Fee	\$3.20
CFS Registered Fee	\$0.00

In a twelve month period from July 1, 2009 to June 30, 2010, CFS transmitted electronically 5,428,001 votes to the Nominee Service Provider costing CFS client issuers over \$17,000,000.00 in fees that would not have been charged in an open market environment. For the total industry this expense was at a minimum between \$20,000,000.00 and \$25,000,000.00 for one twelve month period.

Examples of "At Cost Fees" differences:

Postage Costs (Nominee Service Providers utilize Third Party Expeditors to Drop Ship USPS Standard Class Mail sharing equally the savings over USPS First Class Rates; Issuers pay the Total Cost from Expediter)

Nominee Service Provider Revenue from Expediter	\$.25-\$.50+ per unit mailed
CFS Equivalent Fee	\$0

In conclusion, CFS believes that the Mutual Fund industry would greatly benefit from a more open market for the services provided to Nominees including lower fees and technological enhancements. CFS will support an open review of prior project costs to validate the lower costs of Registered Account processing and potential for significant cost savings for Issuers.

Generally, the Mutual Fund Issuers will not be able to comment fully on the fee issue due to conflicts created by the relationship between their product distribution relationships with Nominees and the Nominees revenue sharing relationship with the Nominee service provider.

Issuers' ability to communicate with beneficial owners of securities

Again, CFS has experience communicating with both Non Objecting (NOBO) and Objecting (OBO) Beneficial Owners when providing services for large Nominee proprietary fund complexes. Making this a permanent change would provide significant/material benefits to the issuer including:

- 1) Historically, the initial distribution of proxy materials response rates are 15% higher on the Registered Account base than the Beneficial Account base. The improvement comes from custom packaging that identifies the Mutual Fund Complex and references to the Proxy Materials

enclosed vs. a more generic package from the Nominee. Higher response rates will reduce issuer's total cost.

- 2) Access to the OBO records in an open market will lead to lower solicitation costs to Issuers as the telephone solicitation efforts will be able to focus on large OBOs instead of smaller Registered and NOBO accounts to attain the required votes.
- 3) Beyond proxy, if the OBO designations were eliminated and access provided to the records, issuer's would have the opportunity to contract with other service providers to mail "Interim Reports," Annuals, Semi-Annuals and Prospectuses to all of their shareholders directly.

Note: CFS has conducted heavy telephone solicitation efforts to Beneficial OBO accounts, and shareholders reference their status in only 1-2% of those calls.

CFS believes that the proxy services transaction costs and interim report mailing costs will show dramatic benefit if the "data aggregator" can provide the records at a reasonable cost to service providers in an open market.

Investor voting participation

CFS has invested years of enhancements aimed at improving the shareholders experience from the customized packaging in the early 1990s to the introduction of the Consolidated Proxy Card ("Proxy SmartCard") in 1998. All efforts are focused on improving the participation rates of shareholders. But clearly, the communication needs to come at the time of purchase and directly from the distribution source. Mutual Funds are designed for investors that want limited responsibilities, but this is the one area that their participation is critical.

CFS has a wealth of knowledge regarding these proposals and the impact to issuers and service providers of the Mutual Fund Industry and would welcome follow-up participation in this process beyond the comment period.

Sincerely,



William W. Jackson
President
Computershare Fund Services