



November 20, 2009 VIA EMAIL: Rule-Comments@SEC.gov

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

Re: *File No. File No. 57-22-09, Amendments to Rules Requiring Internet Availability of Proxy Materials*

Dear Ms. Murphy:

This is in response to the Commission's invitation to comment on the above referenced proposed rules.

While I appreciate the Commission's interest in improving the mechanisms by which shareholders can vote proxies using the Internet and believe the proposal contains useful reforms to the current system, I recommend expanding the scope of the rulemaking to address the more fundamental issue of the over the complexity of our system of custodial ownership, which inserts too many layers between issuers and shareowners.

The current system, which places nearly 100% of the market's securities in the hands of one entity, Cede & Co. obviates the need to physically transfer securities but also the need to change shareowner lists at level that is readily auditable. It can be compared to simplifying real estate transactions by ceding all property to the federal government, with each town keeping records of real estate entitlements through purchase of pro rata property interests, with numbers and reconciliations flowing through counties and states... but the system of shareownership is far more complex. It is no wonder less than 5% are voting under notice and access, we are too far removed from the companies we own. We don't own stocks, we own poker chips and pay far too many entities whenever we cash out our chips.

The current system was adopted to deal with a "paper crunch" and to prevent the systemic failure of clearing and settlement in 1975. In responding to these problems, we chose "immobilization" of securities through the depositary system by having DTC keep the securities certificates. It was a fake form of dematerialization necessary due to a lack of computing power and an inability to get 50 states to change their laws quickly enough to meet a crisis. No one designing a system today from the ground up would adopt such a structure. Almost all, if not all, states now allow uncertificated securities. Computer power is no longer a problem. The only problem is the brokers and other intermediaries with a vested interest in the current system.

It is now time to move to dematerialization of shares with a central real-time registry that can show all current holders and quickly reflect changes in securities positions, available to the issuer and to shareowners wanting to communicate directly with other shareowners. With a settlement structure based on a register/account for each listed issuer, the number of accounts participating in netting would equal the number of listed issuers whose shares were traded on that day, compared to the current system that leaves about 2% to be reconciled.

Investors would have full property rights in their shares, with a direct legal relationship between the issuer and the investor. Because no more than 100% of issued securities are recorded in the system, the dangers of overvoting and empty voting would be minimized, as would tax evasion. It would be easy to enforce a system in which only shares that were held on the record date and then continuously held between the record date and the meeting date could be voted. An up-to-date, comprehensive registry also simplifies distribution of materials, solicitation of voting instructions, collection of proxies, verification and audit of votes, as well as assignment of proxy rights to others, as outlined by the [Investor Suffrage Movement](#).

Establishing a direct relationship with the companies we own will facilitate a greater sense of ownership, not just betting. Additionally, the SEC should take whatever steps are necessary to facilitate the use of Internet tools such as [Proxy Democracy.org](#), [TransparentDemocracy.org](#), and [MoxyVote.com](#), which allow clients to see the voting recommendations of others and to essentially vote by "brand." Any "client directed voting," system considered by the SEC should include such systems that offer a wide range of options, not just the five commonly discussed (always vote for management, always vote against management, abstain, vote in proportion to shareowner vote within my broker, let my broker decide).

Again, thank you for attempting to address the vitally important issue of shareowner communications. I hope you will carefully consider my recommendations.

Sincerely,



James McRitchie