

February 26, 2016

VIA EMAIL (rule-comments@sec.gov)

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549-1090

Re: Concept Release on Transfer Agent Regulations

File Number S7-27-15

Dear Mr. Fields:

Institutional Shareholder Services Inc. (ISS) appreciates the opportunity to submit our comments on the Securities and Exchange Commission's (SEC or Commission) Advance Notice of Proposed Rulemaking, Concept Release, and Request for Comment on Transfer Agent Regulations (Release). This statement represents our views in our capacity as a proxy advisor and thought leader in the area of corporate governance, and not necessarily those of our clients.

ISS has been in the corporate governance and proxy voting business for over 30 years. We believe that modernizing and improving the proxy voting system to ensure that corporate elections are fair, transparent and efficient is an important goal and one that is shared by the entire investment community. As described in the Release, transfer agents play a key role in the proxy voting process, often serving in multiple roles. Recognizing, however, that much of the Release focuses on issues that are outside the realm of proxy voting, our comments on the Release are limited.

Vote Confirmation

Vote confirmation has long topped most large investors' wish lists for proxy voting enhancements. In practice, however, vote confirmation has proven an elusive goal. The proxy voting chain is a long one, extending through a series of intermediaries (including proxy voting agents, proxy delivery agents, custodians, transfer agents and tabulators) in the path between an investor casting a vote and that vote being received and accounted for by the issuer. As transfer agents often manage multiple processes within this chain (acting as ballot distributor and/or managing the tabulation process), following the links within the chain becomes even more complicated. A number of data and process issues impede the flow of confirmation information back up the voting chain to the investor; these impediments have not been addressed in the current U.S. proxy voting system. A complicating factor is a strong competing interest on the part of some investors to maintain the privacy of their portfolio holdings. Balancing these two issues (privacy vs. confirmations) is especially difficult given the complexity of the proxy voting environment.

Practically speaking, there is also currently no mechanism by which vote confirmations are carried back up the custody chain from the issuer, through the chain of tabulator, transfer agent, proxy delivery agent and proxy voting agent, back to the voting investor/beneficial owner. Neither the number of shares voted nor the voting determination itself (FOR/AGAINST/ABSTAIN) is available in current data feeds – nor is there a mechanism to uniquely identify individual beneficial owners (and their confirmed voting instructions) across the multiple intermediaries.

As a result, ISS is currently able only to verify (1) that the proxy delivery agent has delivered ballots that match its clients' reported holdings, (2) that the proxy delivery agent has received the voting instructions sent by ISS on behalf of its clients, and, finally, (3) that the proxy delivery agent has delivered the votes (in aggregate) to the tabulator. This does not, however, confirm that votes were actually received and counted by the issuer.

We appreciate the Commission's interest in modernizing and improving the transfer agency regime and related proxy voting infrastructure. We believe that transfer agents can play a key part in any possible solution to the problem of downstream vote confirmations from the issuer to the beneficial owner. We would hope that as part of this SEC review that this key process would be re-visited in light of the role that the transfer agents/tabulators play in the proxy voting process. We stand ready to assist the



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Commission and its staff to find technological and process solutions that ensure the accuracy, timeliness and reliability of the proxy voting system.

Respectfully,

Institutional Shareholder Services Inc.

A handwritten signature in black ink, appearing to read "Gary Retelny", is written over a horizontal line. Below the line, there is some very small, illegible handwriting.

Gary Retelny, President and CEO