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May 5, 2009

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

Subject: File No. SR-MSRB-2009-02

Dear Ms. Murphy:

Broadridge Financial Solutions, Inc. appreciates the opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) proposed rules for submission and dissemination of official statements for municipal securities.¹

By proposing an "access equals delivery" standard and introducing a "two-step" process for investors to obtain information they otherwise receive automatically today, the proposal would, as a practical matter, unintentionally result in less viewing of information by a growing number of individual investors. It represents a departure from investors' existing preferences.

We believe several alternatives could be helpful in realizing the industry efficiencies offered by the MSRB's proposal without reducing the number of investors that view information contained in official statements. For example, greater access could be afforded if key information were provided in a more user-friendly, "summary" format, and delivered by mail or email, consistent with investors' existing channel preferences. Such a method could also significantly reduce

¹ Broadridge does not opine on regulatory policy. We are a leading technology and processing services firm that is committed to addressing the needs of all participants in U.S. markets. We have long worked with regulatory authorities and private sector participants to provide detailed analyses of the potential impact of certain proposals and rules on such factors as industry costs and investor access to information. Broadridge's Investor Communication business provides technologies and services covering over 80% of municipal security prospectus processing, including delivery of prospectuses by mail and email, suppression processing, a repository of electronic filings, digital print-on-demand, and other services. We submitted a comment letter on an earlier, related proposal by the MSRB. Refer to letter to Mr. Ernesto A. Lanza, Senior Associate General Counsel, MSRB, from Gerard F. Scavelli, SVP, Automatic Data Processing, September 15, 2006. On April 2, 2007, ADP's Investor Communications business became an independent public company named Broadridge Financial Solutions.

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industry costs associated with printing and postage. The SEC's recently approved rules for mutual fund prospectus delivery are a case in point.²

In the hope of providing constructive input, we wish to highlight two important developments that have occurred since the MSRB first proposed an "access equals delivery" standard.

With respect to individual investors, the evidence is clear: notice does not equal access, and access does not equal delivery.

As you are aware, the Notice & Access rules adopted by the SEC allow a company to satisfy its proxy delivery obligations by posting materials on an Internet website, sending a Notice to investors alerting them to the availability of such materials, and delivering paper copies upon request.

In several significant ways, the model being proposed by the MSRB is similar to the Notice & Access model. It, too, relies on notifying investors that documents are available for viewing online. And, it also contains a two-step process for investors to request hard copies.

Much has been reported on the unintended impact of the Notice & Access method on individual investors.³ Statistics on viewing and voting indicate that, when it comes to use of the Internet by individuals for accessing disclosures, *notice does not equal access -- and access clearly does not equal delivery*. Significant research was submitted during the comment period on Notice & Access -- studies of investor behavior indicated there would be a significant drop in participation and that this decrease would fall disproportionately on certain demographic segments.⁴

Actual experience with Notice & Access confirms the findings of this prior research, and, if anything, the impact is even worse than expected. Measurement of investors' actual responses shows clearly that information access has decreased as a result of requiring investors to view information online or request hard copies.

² Refer to SEC File Number S7-28-07, "Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies"

³ To date over 1,000 issuers have chosen to use the Notice & Access method for providing proxy materials to over 50 million shareholder accounts. Statistics on usage, voting, access, and cost savings can be found at www.broadridge.com under Notice & Access.

⁴ Refer to SEC File Number S7-10-05, "Internet Availability of Proxy Materials," for studies submitted by Broadridge and AARP. Forrester Research, Inc.'s Consumer Technographics Panel estimated the percentage of seniors, and other segments of U.S. investor households, that lacked effective Internet access: refer to letter to Nancy Morris from Richard J. Daly, Co-President, ADP Brokerage Services Group, February 13, 2006. Refer also to letters from David P. Sloane, Senior Managing Director, AARP, dated February 13, 2006 and March 30, 2007.

We would respectfully submit that the research on Notice & Access, together with data on its impact to date, have unambiguous implications for the MSRB's proposal. An "access equals delivery" standard will unintentionally reduce viewing by individual investors of the information contained in official statements. Measurement statistics on Notice & Access show that with such a method:

- "Eyeballs" have decreased sharply; that is, far fewer investors view proxy information.
 - Prior to Notice & Access, studies by Broadridge, AARP, and the NYSE, indicated that over 85% of respondents looked at proxy information, *at least some of the time*.⁵
 - With Notice & Access, a study of the viewing rates of over 21 million investors indicates that less than one-half of one percent of those who received notification by mail visited the URL and chose to view the disclosure information.⁶
- Not surprisingly, mechanisms to request free hard copies have not offset the decline in viewing.
 - Analysis of fulfillment rates for Notice recipients indicates that just over one-half of one percent request hard copies.⁷

The MSRB's proposal does not include research that would allay concerns about its potential impact on information access by individual investors.

Broadridge estimates that during the past twelve months approximately 1.4 million investor accounts received official statements in connection with their purchase of municipal securities.⁸ Assuming that all broker-dealers opt to use the MSRB's alternative delivery method, instead of sending hard copies, information viewing could decrease by as much as it has for Notice &

⁵ Studies of prior viewing conducted by Broadridge (Forrester Research telephone survey of 1,500+ investors, January, 2006; comScore Networks' online survey of 2,000+ investors, January, 2006), AARP ("Views of the Individual Investor Toward Internet-Based Delivery of Company Proxy Materials," telephone survey of 1,493 investors, age 25 and over, conducted by Woelfel Research, February, 2006), and NYSE Proxy Working Group ("Investor Attitudes Study," online survey of 579 investors, conducted by Opinion Research Corporation, April, 2006). Broadridge and AARP studies filed with comments on S7-10-05. NYSE report of June, 2006.

⁶ "Eyeballs" analysis based on Broadridge analysis of 433 Notice & Access beneficial jobs with meeting dates from July 1, 2008 to April 30, 2009, Notices were mailed to a total of 21,214,700 beneficial investors and only 90,776, or 0.43%, visited the specified URL and selected the "Read Materials" option.

⁷ Based on Broadridge analysis of 526 Notice & Access beneficial jobs with mail dates from July 1, 2008 to March 31, 2009 (includes multiple mailings for same companies). A total of 24,085,749 Notices were sent by mail and of this total, 130,847, or only 0.58%, requested hard copies of proxy materials.

⁸ During the period April 1, 2008 to March 31, 2009, Broadridge processed over 1 million municipal security prospectuses on behalf of its broker-dealer clients. Broadridge currently serves eighteen of the top twenty firms.

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Access, i.e., by 98%. It is important to note that investors in municipal securities are even less likely, as a group, to use Internet delivery than are investors in equity securities.

The SEC's new rules for mutual fund prospectus delivery offer greater industry efficiencies while simultaneously providing investors with a better document.

A second important development that has occurred since the original proposal by the MSRB, is the approval by the SEC of new rules for mutual fund prospectus delivery. These new rules create a "summary prospectus" which provides investors with key information in a concise, plain-English, and consistent format. In contrast to the MSRB's proposal, under the new mutual fund disclosure rules, there is no change in the underlying default for obtaining key information contained in the summary prospectus. The summary document is provided by mail or email, consistent with fund investors' existing preferences. More detailed information, such as that found in the statutory prospectus and statement of additional information, is 'incorporated by reference' and made available on the Internet or by request.

The content and design of the mutual fund summary prospectus are the result of extensive testing and review by investors and others. It is broadly acknowledged to be a better, more-user friendly document for investors. While providing better access to information, the SEC's rules for mutual funds simultaneously result in greater printing and postage savings for fund companies and broker-dealers. The Commission has estimated that use of a mutual fund summary prospectus, in place of a statutory prospectus, will save the industry as much as 65% or more on printing and postage.⁹

Official statements for municipal securities are often of significantly greater length than statutory prospectuses for mutual funds. They generally cost more to print and mail. It is not uncommon for official statements to contain over 150 pages. By using a 10-page summary official statement, for example, Broadridge estimates the industry could reduce associated printing and postage costs by at least 80%.¹⁰

We appreciate the opportunity to submit comments on the proposed rule changes. If you have any questions, or if you would like to discuss, please call me or Chuck Callan, SVP Regulatory Affairs (at 845-398-0550).

⁹ File No. S7-28-07, "Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies," pages 131-5, footnotes 397-409. Data on cost savings was provided by Broadridge, Investment Company Institute, New River, RR Donnelley, MFS, and SEC analysis.

¹⁰ Postage rates for official statements can range from \$4.95 to as much as \$8.25 depending on weight and delivery distance. We estimate that postage for a 10-page summary document would range from \$0.59 for a letter-size mailing to \$1.00 for a 9x12 flat mailing.

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Sincerely,

A handwritten signature in black ink, appearing to read "Bob Schapiro". The signature is fluid and cursive, with the first name "Bob" written in a larger, more prominent script than the last name "Schapiro".

Cc: Honorable Mary L. Schapiro, Chairman
Honorable Luis A. Aguilar, Commissioner
Honorable Kathleen L. Casey, Commissioner
Honorable Troy A. Paredes, Commissioner
Honorable Elisse B. Walter, Commissioner
Martha Haines, Chief Officer of Municipal Securities and Assistant Director, Division of
Trading & Markets
Mary Simpkins, Senior Special Counsel, Office of Municipal Securities, Division of
Trading & Markets