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March 27, 2009

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

Re: Proposed Amendment to New York Stock Exchange Rule 452 (Release No. 34-59464; File No. SR-NYSE-2006-92)

Dear Ms. Murphy:

Broadridge Financial Solutions, Inc. appreciates the opportunity to comment on the proposed amendment to New York Stock Exchange Rule 452. The proposal would make the un-contested election of directors a "non-routine" item and, as such, eliminate broker votes on shares for which specific instructions are not received from brokerage account holders. During the past four years, we provided the NYSE and other interested groups with detailed analyses of the impact of broker votes. We appreciate the opportunity to submit an updated analysis with our comments (refer to the attachment).

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 the NYSE, the U.S. Securities and Exchange Commission, trade associations, and private sector participants to provide detailed analyses of the potential impact of certain proposals and rules on such factors as the costs of proxy solicitation and the participation of shareholders.[1]

Analysis of Broker Votes

In April, 2005, Broadridge provided the NYSE's Proxy Working Group with an analysis of shareholder meetings in 2004. The analysis covered companies listed on the NYSE and other exchanges. It examined the impact of Rule 452 on quorum, the timing of quorum attainment, the outcome of director elections, and the outcome of elections subject to "Just Vote No" campaigns.

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[1] Broadridge's Investor Communication business provides technologies and services to 900+ custodian banks and broker-dealers, 90+million investor accounts, and approximately 14,000 meetings of public companies and registered investment companies in North America.

Recently, at the request of the Council of Institutional Investors, the NYSE, and other interested groups, the analysis was updated to cover shareholder meetings of NYSE firms in 2007. The updated analysis examined each of 7,812 director elections. It excluded registered shares but included shares held in accounts at custodian banks, along with their actual vote instructions.[2]

The updated analysis re-ran the director elections to test the sensitivity of three vote reporting scenarios: "Returns Only" (actual instructions received from brokerage account holders are included with actual votes from custodian accounts); "Proportional Voting" (includes Returns, and adds in uninstructed shares held in brokerage accounts; these uninstructed brokerage accounts are voted in the same proportion as instructions received by the brokerage accounts that voted); and, "Broker Vote" (includes Returns, and adds in uninstructed shares held in brokerage accounts; these uninstructed brokerage accounts are all voted in favor of directors).[3]

The following points are among the more significant findings of the updated analysis.[4]

- **Although there were a number of well-publicized examples, negative sentiment toward directors, as measured by votes, was relatively limited among the vast majority of shareholders -- with or without broker votes.**
  - Considering all 7,812 directors, the average percentage of votes in opposition (i.e., Against and Withhold) to directors was as follows under each of the three scenarios:
    - Returns Only: 1.9%
    - Proportional Voting: 1.3%
    - Broker Vote: 1.0%

- **In the vast majority of elections, shareholders demonstrated strong support in favor of directors, with or without broker votes. Shareholder support was even stronger in companies with majority voting policies.**
  - In companies with majority voting policies, directors received, on average, the following percentages of votes in favor of their election:
    - Returns Only: 94.85%
    - Proportional Voting: 95.04%
    - Broker Vote: 95.93%

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[2] Accounts held at custodian banks are not subject to Rule 452. The analysis includes the actual votes of shares held in custodian banks.

[3] The analysis includes 1,297 meetings of NYSE-listed firms in 2007, as detailed in the attachment to this letter. The analysis distinguishes between companies that had majority voting policies and those that had plurality voting policies, and it re-runs the plurality elections as if they were conducted under majority rule.

[4] Findings of the updated analysis are generally consistent with the analysis submitted in 2005. We would not expect these findings to be significantly different for meetings in 2008.

- In companies with plurality voting policies, directors received, on average, the following percentages of votes in favor of their election:
  - Returns Only: 90.03%
  - Proportional Voting: 90.33%
  - Broker Vote: 92.00%

- **Broker votes impacted the election of a relatively low number of directors.** Because broker votes had traditionally been voted automatically in favor of management, an oft-repeated concern is that they place a "thumb on the scale" in director elections. This concern was not supported by the analysis.
  - By voting scenario, the number of directors receiving a majority of votes in opposition (in companies with majority voting policies) was as follows. Broker votes impacted only 2 directors out of a total of 2,718 in companies with majority voting policies.
    - Returns Only: 8
    - Proportional Voting: 7
    - Broker Vote: 6

  - When plurality elections were re-run as being voted on a majority basis, broker votes impacted 68 directors out of a total of 5,094, or 1.3%. By voting scenario, the number of directors receiving a majority of votes in opposition in such 're-run' elections was:
    - Returns Only: 142
    - Proportional Voting: 93
    - Broker Vote: 74

- **Broker votes provided timing certainties for a majority of companies.**
  - With broker votes, 508 more companies attained a relative degree of certainty about their elections (i.e., 15 days before their annual meeting) than would have been the case on the basis of Returns Only. Another 137 companies attained certainty 10 days before their meeting under the Broker Vote scenario.

Note: Because many institutional investors often cast their votes within a few days of a meeting, as a practical matter, broker votes often play a significant role in a company's determination of whether or not solicitation efforts are needed to 'get out the vote.' Elimination of broker votes would have the effect of increasing uncertainties associated with late voting.[5] Solicitation efforts would likely be initiated by many companies to

[5] Institutional investors own approximately 70% of the beneficial shares of U.S. publicly-held companies and many are required to vote.

address the uncertainties, and perceived risks, in the days before an election, including by many companies whose elections are not controversial. However, as the analysis showed, such higher costs would not have resulted in a different outcome.

- **Considering director elections, the Proportional Voting scenario provided a closer reflection of Returns Only. Considering vote timing, the Proportional Voting scenario provided similar timing certainties as the Broker Vote.** For purposes of the analysis, all uninstructed brokerage shares were voted on the basis of the instructions received from all brokerage account holders, including those of "professional" investors. The voting was done on a broker-by-broker basis. Proportional votes were reported at the same time as broker votes.

  Note: Currently, 11 of the largest brokerage firms report votes on a proportional basis.
    - Taken together, we estimate these firms represent over 45% of the accounts held by brokerage firms.
    - Five of these firms use only the votes of retail account holders when 'mirroring' votes for uninstructed retail shares. The votes of professional investors are counted as instructed only, and they are not included in the calculation of proportional votes.

Alternatives for Consideration

Given the data referenced above, we believe a number of alternatives may merit further consideration by the Commission. For example:

- Proportional voting could be implemented on a broker-by-broker basis to reflect the sentiment of retail investors *only.*
- To avoid unnecessary solicitation costs for the vast majority of companies whose elections are without controversy, rules could be defined to eliminate broker votes in elections where there is controversy, e.g., criteria could be established for "Just Vote No" campaigns or certain other situations.

Several entities commented that further review may be useful to understand whether a change in the broker vote rule may have unintended consequences to other areas of the proxy process. For example, separate analyses provided to the Commission by Broadridge suggest the amendment could reduce the efficiencies available to companies from Notice & Access. Should the Commission determine that the proposal would benefit from further review, Broadridge would welcome an opportunity to provide additional information.

In addition, it has been suggested by several commenters that consideration of the proposal would benefit from additional research on individual investors and from appropriate educational initiatives. It is worth mentioning that every Vote Instruction Form has for years informed investors that brokers may, at their discretion, vote shares for which instructions are not received.

Similarly, every Notice card also contains such information. At a minimum, investors would likely benefit from intensive communications efforts to address a change in the underlying default.

We hope these comments, findings, and observations will be useful as the Commission considers the proposed amendment. We thank you again for the opportunity to provide input.

Sincerely,

Bob Schaffer

Attachment

Updated Analysis of the Broker Vote

February 3, 2009

Background
Updated and Expanded Analysis

- On April 25, 2005, Broadridge provided an analysis of the Broker Vote to the NYSE Proxy Working Group. The analysis covered shareowner meetings in calendar year 2004. It measured the impact of the Broker Vote on: (i) the outcome of director elections; and, (ii) the timing of quorum attainment. It tested three vote reporting scenarios:
    1. Returns Only - actual voting instructions received from account holders at banks and brokers.
    2. Broker Vote - broker shares (for which no voting instructions were received) are voted "For" directors. These so-called "broker votes" are added to returns.
    3. Proportional Voting - the broker vote is voted in the same proportion as instructions received from brokerage account holders (on a broker-by-broker basis). These proportional votes are added to returns.

- This report updates the analysis for NYSE-listed companies for calendar year 2007. It includes additional information as well. Specifically, this report:
    - Covers 1,297 meetings in 2007 -- all meetings that had at least one routine proposal. It excludes ADRs, contests, meetings with only non-routine proposals, meetings of mutual fund companies, meetings which had no voting, and meetings where complete data were not available.
    - Provides voting outcomes at a director level, covering 7,812 directors in total.
    - Distinguishes between companies that had majority election policies and those that had plurality election policies.
    - Examines the strength of the Withhold vote at three levels: ≥ 50%, ≥ 25%, and ≥ 10%.
        - Note: A Withhold vote of ≥ 50%, indicates a For vote of < 50%. A Withhold vote of ≥25% indicates a For vote of <75%. Similarly, a Withhold vote of ≥ 10% indicates a For vote of < 90%.
        - "Withhold" includes votes Against and Abstain
        - Averages are based on averages for companies in the following share range size: <1k, 1k-5k, 5k-10k, 10k-100k, 100k-500k, 500k-1m, 1m-2m, and >2m.

- The analysis excludes the voted shares of registered shareholders.

- Additional analyses that may be of interest include the following examples:
    - Incidence of auditor ratification by public companies and availability of the Broker Vote for quorum purposes
    - Impact on small and mid-cap public companies (listed on other exchanges)
    - The impact of Withhold sentiment on director tenure

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Executive Summary

- An analysis was performed on meetings of NYSE-listed companies in 2007. The analysis involved 1,297 companies and 7,812 directors. The analysis examined shareowner voting and the impact of the Broker Vote.
- Voting shows clear "ownership bias." In overwhelming percentages, shares were voted For directors. Over 98% of all directors received a majority of votes cast in favor of their election, including directors in companies with plurality elections.
- There is little evidence to suggest that the Broker Vote places a thumb on the scale. As a practical matter, the Broker Vote scenario impacted the election of 2 directors, out of a total of 7,812 -- considering that nearly two-thirds of all directors (5,094) were in companies with plurality elections.
- Timing of quorum attainment. The Broker Vote resulted in more companies reaching quorum -- and reaching it sooner -- than did the Returns Only scenario. Hundreds of meetings were negatively impacted by the Returns Only scenario.
- Proportional Voting -- a "best of both worlds" scenario. For director elections, Proportional Voting more closely mirrored Returns Only. When Proportional Voted is reported along the same timelines as the Broker Vote, the timing of quorum attainment is the same.
- Outcomes were more sensitive to a change in election type (i.e., majority vs. plurality), than they were to a change in the vote reporting scenario (i.e., Returns Only, Broker Vote, or Proportional Voting).

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373 Companies with Majority Election Policies

- In 2007, a total of 373 NYSE-listed firms had majority voting policies of one kind or another.
- On average, large percentages of shares were voted For directors. In comparison to Returns Only, the Broker Vote added slightly more than 1% to the For vote percentage. Proportional Voting more closely mirrored Returns Only.

Average % Votes For			Average % Votes Withhold		
Returns Only	Broker Vote	Proportional Voting	Returns Only	Broker Vote	Proportional Voting
94.85	95.93	95.04	5.13	4.05	4.94

- These 373 firms had elections involving a total of 2,718 directors.
- On the basis of majority voting, the Broker Vote impacted 2 of the directors. Proportional Voting impacted 1 director.

Number of Directors Receiving ≥ 50% Withhold		
Returns Only	Broker Vote	Proportional Voting
8	6	7

- The following table provides the number of directors that received at least 10% and at least 25% of their votes Withhold. The table also compares the impact of the three vote reporting scenarios. Based on a total of 2,718 directors.

≥ 25% Votes Withhold			≥ 10% Votes Withhold		
Returns Only	Broker Vote	Proportional Voting	Returns Only	Broker Vote	Proportional Voting
98	68	92	354	248	320

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Timing of Quorum Attainment: Broker Vote vs. Returns Only Scenarios
Number of Meetings and Days Before the Meeting -- All 1,297 NYSE Meetings

When (If) Quorum Attained	Broker Vote (# Co.s)	Returns Only (# Co.s)	Impact (# Co.s)
15 Days Before Meeting	611	103	(508)
14 to 9 Days Before Meeting	478	341	(137)
8 to 5 Days Before Meeting	81	408	327
4 Days to Day of Meeting	26	221	195
Quorum Not Attained	101	224	123

- With the Broker Vote, more companies attained quorum -- and they attained it at an earlier stage.
- On the basis of Returns Only, the timing of quorum attainment was pushed closer to the day of the meeting. 508 companies that attained quorum at Day 15 (with the Broker Vote) were negatively impacted by a Returns Only scenario.
- With Returns Only, an additional 123 companies failed to reach quorum.
- If Proportional Voting is reported at the same time as the Broker Vote, the timing of quorum attainment is the same under the Proportional Voting scenario as it is under the Broker Vote scenario.

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924 Companies with Plurality Election Policies
Elections "Re-Run" as Though They Had Majority Voting

- In 2007, a total of 924 NYSE-listed firms had plurality voting for directors.
- On average, large percentages of shares were voted For directors. In comparison to a Returns Only scenario, the Broker Vote scenario added approximately 2% to the For vote percentage. Proportional Voting more closely mirrored Returns Only.

Average % Votes For			Average % Votes Withhold		
Returns Only	Broker Vote	Proportional Voting	Returns Only	Broker Vote	Proportional Voting
90.03	92.00	90.33	9.95	7.98	9.65

- These 924 firms had elections involving a total of 5,094 directors.
- When these elections are re-run as if they had majority voting, instead of plurality voting, the Broker Vote impacts 68 of the 5,094 directors. Proportional Voting impacts 49 directors (net difference in comparison to the Returns Only scenario).

Number of Directors Receiving ≥ 50% Withhold		
Returns Only	Broker Vote	Proportional Voting
142	74	93

- The following table provides the number of directors that received at least 10% and at least 25% of their votes Withhold. The table also compares the impact of the three vote reporting scenarios. Based on a total of 5,094 directors.

≥ 25% Votes Withhold			≥ 10% Votes Withhold		
Returns Only	Broker Vote	Proportional Voting	Returns Only	Broker Vote	Proportional Voting
514	384	489	1,134	945	1,111

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Election Outcomes
Relative Sensitivity of Election Types and Vote Reporting Scenarios

- The following table summarizes the voting data across all 7,812 directors for NYSE companies in 2007. It presents the percentage of directors in each election type and vote reporting scenario.
- The data indicate that outcomes are more sensitive to a change in election type (i.e., majority vs. plurality) than they are to a change in vote reporting scenario (i.e., Returns Only vs. Broker Vote vs. Proportional Voting) *

	≥ 50% Withhold		≥ 25% Withhold		≥ 10% Withhold	
Percentages of Directors in Each Category (%)	**Majority Election**	**Plurality Election -- Rerun as Majority**	**Majority Election**	**Plurality Election -- Rerun as Majority**	**Majority Election**	**Plurality Election -- Rerun as Majority**
Returns Only	0.3	2.8	3.6	10.1	13.0	22.3
Broker Vote	0.2	1.5	2.5	7.5	9.1	18.6
Proportional Voting	0.3	1.8	3.4	9.6	11.8	21.8

* For example, in companies with Majority Elections, 0.2% of the directors received at least 50% Withhold, on the basis of the Broker Vote (i.e., 6 out of a total of 2,718). By comparison, in companies with Plurality Elections, 1.5% of the directors received at least 50% Withhold, on the basis of the Broker Vote (i.e., 74 out of a total of 5,094). By comparison, a shift from the Broker Vote to Returns Only -- for Majority Election companies -- increased from 0.2% to only 0.3% the percentage of directors receiving ≥ 50% Withhold (i.e., from 6 to 8 out of a total of 2,718). From a percentage standpoint, Withhold sentiment was 5 times more prevalent in Plurality Elections with the Broker Vote than it was in Majority Elections *with or without* the Broker Vote. This pattern occurs in each category.

Definitions

Broker Vote Scenario

- Instructed votes from custodian banks + instructed votes from brokers + uninstructed votes from brokers (cast "For" management).
- All uninstructed broker shares are voted (retail and institutional accounts).
- Note: in 2007, several brokers reported votes of uninstructed shares on a proportional basis. For purposes of this scenario, these reports were all re-voted as a "For" management vote. In addition, several brokers did not report votes for uninstructed shares -- for purposes of this scenario, the uninstructed shares of these brokers were voted "For" management. Therefore, we believe this scenario somewhat overstates the broker vote relative to actual levels.

Proportional Voting Scenario

- Instructed votes from custodian banks + instructed votes from brokers + uninstructed votes from brokers (cast in the same proportion, "For," "Against," and "Abstain," as actual instructions received from each broker, on a nominee-by-nominee basis).
- Note: several brokers did not include the votes of institutional investors when calculating proportional voting. For purposes of this analysis, proportional voting is based on all instructed votes from brokers.
- Proportional votes were calculated on a nominee-by-nominee basis and reported along the same timeframes as broker votes.

Returns Only Scenario

- Instructed votes from custodian banks + instructed votes from brokers.
- Excludes votes for uninstructed broker shares

Timing of Quorum Attainment

- Beneficial shares voted as a percent of total shares outstanding (beneficial and registered)
- Actual timing of votes as reported for each meeting, with the Broker Vote as per the rules
- The analysis did not examine the incidence of routine auditor proposals on the agenda.

Outcome of Director Elections

- Beneficial shares voted as a percent of total shares voted (excludes registered shares)
- Outcomes for plurality elections were reported as if the elections were held on a majority basis.
- Identification of majority voting based on Broadridge analysis of meeting agendas, and "Companies Analyzed in Study of Majority Voting in Director Elections," by Claudia H. Allen, 11/07.
- "Withhold" includes votes Against and Abstain

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