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March 4, 2013

Elizabeth M. Murphy
Secretary
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: NYSE Proposed Rule – File Number SR-NYSE-2013-07

Dear Ms. Murphy:

On behalf of the Shareholder Services Association¹ (“SSA”), I am writing to urge you to disapprove a proposal by the New York Stock Exchange (“NYSE”) to amend its Rules 451 and 465, and the related provisions of Section 402.10 of the NYSE Company Manual, regarding the fees to be charged to public companies involved in distributing proxy and other materials to beneficial investors holding corporate securities in “street name” through their bank or broker/dealer. This proposed rule change, SR-NYSE-2013-07, was filed with the SEC on January 22, 2013.

The NYSE Proxy Fee Advisory Committee (“PFAC”) which was formed in September 2010 to review and advise on proxy distribution fees paid by public companies to banks and brokers, published its recommendations on May 16, 2012. The NYSE proposed rule change implements recommendations from PFAC.

The SSA is requesting the SEC disapprove the proposal for 3 main reasons. 1) the PFAC did not engage an independent third party to evaluate the actual broker-dealer costs involved with proxy distribution in order to determine reasonable fees; 2) Issuers are concerned with the legalities of the current rebates; and 3) issuers would like the SEC to address the practice of charging issuers for proxy distribution of

¹ The Shareholder Services Association (SSA) is a professional association whose purpose is to support corporate issuers in effectively meeting their responsibilities for shareholder recordkeeping and service. The SSA provides its members a forum through which they can monitor securities industry issues and events, communicate with their industry peers, obtain and share information, and address needs in servicing security holders. More information about SSA can be obtained at <http://www.shareholderservices.org>.

separately managed accounts even when the share amount is over 5 shares. In addition, issuers want to understand why proxy distribution for WRAP accounts is included in the proposed rule change, and therefore, the related fees charged to issuers.

PFAC did not engage an independent third party to evaluate the actual broker-dealer costs involved with proxy distribution in order to determine reasonable fees

The proxy distribution process has become extremely complex over the years and as such has changed dramatically. What used to be paper dissemination of annual proxy material now includes electronic dissemination, householding, and in 2007, the SEC introduced Notice and Access. The last comprehensive industry review of proxy fees was in 1986 when only paper dissemination to all registered and beneficial shareowners was done. It is clearly time for a new independent industry review.

Issuers are concerned with the fees we have been charged in the recent past as well as what we will be charged under the new NYSE's proposal. Although the PFAC indicates fees charged to issuers should decrease on average 4%, they acknowledge some fees will increase and others will decrease. The Securities and Transfer Association² ("STA"), on the other hand, compared the proposed fees with 33 issuers of varying sizes and has indicated issuers can expect an average price increase of 7.43%. The difference in these two assessments is concerning to issuers. In addition, the STA had completed two studies showing up to 40% savings to an issuer if market forces could dictate fair and reasonable prices. As you are aware, and as stated in the NYSE proposed rule, almost all proxy processing in the U.S. is handled by a single intermediary, Broadridge Financial Solutions, Inc. Broker-dealers and banks use Broadridge Financial Solutions, Inc. for outsourcing their proxy distribution and vote tabulation responsibilities, thus limiting the free market competition of stabilizing appropriate prices. A 40% potential savings to issuers and their ultimate shareholders represent "red flags" in what we are paying today.

Issuers are aware of the costs associated with distributing proxy material as well as maintaining proxy preferences. We are responsible for this today for our registered shareholders. Since we understand these costs, we believe the fees identified by the PFAC for these functions do not represent current industry pricing. We also believe that just because a company saves money for moving to Notice and Access, these "savings" should not be reason to indicate companies would be paying a fair Notice and Access price under the proposed rule. Finally, we find it interesting to note that what DTCC charged brokers in 2012 and what they will charge in 2013 for moving shares between broker-dealers is less than the fees currently charged to issuers for proxy dissemination.

² The Securities Transfer Association ("STA") is an industry trade association, established in 1911, comprised of transfer agents that provide services to more than 12,000 large and small public companies in the United States. The STA and its members work closely with issuers of securities on a variety of public policy matters and been active over many years in advocating for a fair and efficient system for proxy distribution and shareholder communications.

We question how moving shares, along with all the controls required, represents a similar charge to proxy dissemination, especially electronic dissemination.

For all of the above concerns, we request the SEC require an independent cost/benefit analysis of the proposed rule.

Issuers would like to further understand the current rebates to broker-dealers from issuer payments and the validity of those rebates

It has been brought to our attention on various occasions that the current contractual arrangement between Broadridge Financial Services and their broker-dealer or bank client include rebates possibly coming from Issuer invoice payments. This issue was also discussed in the SEC's 2010 Concept Release on the U.S. Proxy System. As issuers, we would like an examination of these rebates to ensure they do not come at the issuer's expense. We do agree that broker-dealers and banks are in the business and should receive a profit from their clients for services rendered. However, these profits should not be at the expense of the issuer. As mentioned earlier in this comment letter, we do understand costs associated with proxy distribution, tabulation, and maintaining preferences since we are accountable and responsible to provide this to our registered shareowners. Our intent is to work with the industry to determine whether or not the rebates are appropriate.

Issuers would like the SEC to address the practice of charging issuers for proxy distribution of Separately Managed Accounts as well as understanding why proxy distribution for WRAP accounts would also be charged to issuers in the new proposal

On March 12, 2012, the SSA and the STA jointly filed a petition with the SEC for immediate regulatory action regarding issuer invoice payments to broker-dealers for separately managed accounts³. The two associations requested an interpretive release with guidance, clarifying that broker-dealers and their agents are prohibited from charging issuers for proxy processing, suppression, voting, and other fees for wrap fee accounts and separately managed accounts, at the beneficial owner level.

With both types of accounts, the investor is delegating investment discretion and proxy voting authority to an investment advisor. The investors are compensating the broker-dealer for these services. Current NYSE rules do not permit the broker-dealer to charge issuers for proxy distribution on WRAP accounts and, therefore, we were surprised to find these accounts now included in the proposed rule. We believe all separately managed accounts, including WRAP accounts should not be included in the fees charged to issuers.

³ The Securities Transfer Association and the Shareholder Services Association, Petition for Immediate Regulatory Action Regarding Issuer Invoice Payments to Broker-Dealers for Separately Managed Accounts, SEC File No. 4-647, March 12, 2012, [available at http://www.sec.gov/rules/petitions/2012/petn4-647.pdf](http://www.sec.gov/rules/petitions/2012/petn4-647.pdf).



Currently, broker-dealers and their service providers charge a basic processing fee, an intermediary unit fee, a paper and postage elimination fee, and a proxy voting fee for each beneficial owner participating in a separately managed account. This is despite the fact that investors in these types of accounts do not expect to receive proxy materials nor vote the proxy. We have concerns that private, nonpublic information (i.e. name and address together with share quantity) is being sent to the broker-dealer's service provider when the broker-dealer should be the entity eliminating the accounts for proxy distribution. With today's technology, the broker-dealer would easily be able to extract only the accounts which truly should receive proxy materials.

In conclusion, the SSA urges the SEC to disapprove the NYSE's proposed rules for the reasons stated in this comment letter. We would gladly enter into conversations with the SEC as well as the NYSE to further discuss our concerns, and collaboratively work on a proposed solution that meets the SEC's requirements for proxy material distribution and reimbursement for reasonable expenses.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads 'Karen V. Danielson'.

Karen V. Danielson
President
Shareholder Services Association