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March 15, 2013

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

Subject: File Number SR-NYSE-2013-07

Dear Ms. Murphy:

Broadridge Financial Solutions, Inc. appreciates the opportunity to comment on the NYSE's proposed fees for the distribution of proxy materials to beneficial ("street name") shareholders.[1]

We applaud the Proxy Fee Advisory Committee ("PFAC") and the NYSE for the great lengths taken to understand the details of the proxy process and for the diligence and independence of their approximately two-year review. We believe the proposed fee structure, if approved, will largely accomplish the PFAC's laudable goals which include, among others: supporting the high service levels and ongoing enhancements participants expect of the current system; encouraging additional and continued cost savings on printing and postage; facilitating improved levels of active engagement by individual ("retail") investors; and improving transparency of the fee structure so that it is clearer to issuers what services they are paying for.

Broadridge is prepared to implement the new fee structure soon after the proposal is approved by the SEC.

The comments which follow focus on three areas. The first area highlights examples of the benefits of the proposal to issuers and shareholders. The second and third areas focus on two amendments that could potentially give rise to imbalances between the fees and the amount of work involved. These two amendments are: a) the fees for processing shares held through managed accounts; and, b) the fees for stratified, non-objecting beneficial owner ("NOBO") lists. Broadridge believes these two amendments should be monitored after the first full year in which the rules are implemented and recalibrated, if necessary.

[1] Broadridge Financial Solutions, Inc. is a leading provider of technologies and outsourcing services for shareholder communications and voting. The Investor Communications business of Broadridge serves the proxy communications and voting needs of over 90 million beneficial shareholders whose accounts are held at 900+ custodian banks and broker-dealers. In addition, Broadridge provides proxy services directly to over 2,000 issuers.

The Benefits to Issuers and Shareholders

The proposal reduces proxy fees from current levels and addresses areas that some issuers had indicated required attention. Broadridge estimates that if the proposed rules had been in effect for the twelve months ending June 30, 2012, issuers would have saved approximately 4% on proxy fees for annual meetings. [2] Considering the potential fee impact of stratified NOBO lists, the savings could have approached 6%. [3]

Examples of the proposal's many benefits to issuers and shareholders include the following, among others:

- No fees would be charged for fractional share positions.[4] For all practical purposes, this amendment would eliminate the exposure some issuers have to large, unanticipated increases in the number of street name accounts from one year to the next. This was a major concern to some issuers. We estimate this amendment would currently save issuers approximately $3.6 million over a period of twelve months.

- Managed account fees overall would be reduced by an estimated $15 million.[5] No fees would be charged for processing small positions held in managed accounts (i.e., those with five or fewer shares). On a unit basis, the proposed preference management fee for managed accounts is half that of the proposed preference management fee for electronic delivery and householding.

- The introduction of five tiers for basic processing reflects differences in economies of scale across issuers with different numbers of street name shareholders. A smoothing of the current two-tier "cliff" would benefit some issuers whose number of street name accounts is just under the current break point of 200,000.

- Fees for thousands of smaller issuers remain low.[6]

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[2] The benefits to any one issuer, and its shareholders, would vary depending upon a number of factors, including: the number of street name shareholders holding its shares; how widely its shares are held across the community of custodian banks and broker-dealers; the number and size of positions held in managed accounts; and, among other factors, whether or not an issuer chooses to send reminder mailings for any given annual meeting. Broadridge's 2012 fiscal year is from July 1, 2011 to June 30, 2012.

[3] Assumes no increase in the number of requests made and that requests are for the approximately 15% of the names on lists, on average, that hold 1,000 shares or more.

[4] A "fractional share position" for these purposes is defined as any position with less than one whole share. Fractional share positions exist with or without managed accounts.

[5] Inclusive of fractional share positions held in managed accounts. The proposal indicates that the $15 million reduction in managed account fees is offset in part by a $9-10 million increase in basic processing fees. The NYSE indicates this offset is intended to reflect the increasing complexities and costs associated with processing communications to street name accounts. This is further described below.

[6] The proposed regulated fee for delivering a proxy to a street name shareholder would be significantly lower than the market-based fee smaller issuers pay for delivering a proxy to a registered shareholder. A May 10, 2010 analysis

- Smaller issuers would benefit from the proposed elimination of a minimum fee for use of Notice & Access.

- All issuers would continue to realize significant savings on printing and postage through incentives to invest in and apply technology to manage investor preferences.[7] At $0.32, the proposed fee for preference management is lower -- on a blended basis -- than the current 'suppression' incentive fees (of $0.25 and $0.50) that it would replace.

- Issuers should expect new savings on printing and postage, and higher retail voting rates, from a proposed five-year "success fee" for enhancements to broker-dealers' Internet platforms ("EBIP").

- Further savings would result from a proposal to pay a fee only on each name in a stratified NOBO list, for lists that are produced in conjunction with an annual or special meeting.

- The reminder mailing fee for equity annual meetings would be reduced by half.

Two Amendments Could Potentially Give Rise to Imbalances between Fees and the Amount of Work Involved. These Amendments Should Be Monitored after a Full Year of Implementation and Recalibrated if Necessary.

A. Fees for Processing Shares Held through Managed Accounts

The PFAC and the NYSE acknowledge the fact that the work involved in tracking, maintaining, and processing shares held in managed accounts is "significant" and ongoing, i.e., "evergreen" in nature. They also observe that the work required to process distributions to such accounts is the same, regardless of the number of shares held. That is, it is as costly to process an account holding one share as it is to process an account holding one thousand shares. Nevertheless, the NYSE proposal would preclude the charging of proxy processing fees for managed accounts holding five or fewer shares in the issuer involved.

The PFAC and the NYSE also concluded that the work involved in processing street name holdings generally (regardless of whether or not those holdings are in managed accounts) has increased in complexity, sophistication, and cost since the last fee review -- as regulatory requirements, participant needs, investments in technology, and inflation have all increased. In

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by Compass/Lexecon of over 11,000 invoices showed, in fact, that across all issuers the average regulated fee for delivering a proxy to a street name shareholder is less than the average unregulated fee for delivering a proxy to a registered shareholder. When the costs of printing and postage are included, the average unit cost to issuers is significantly lower for a street name proxy distribution. For smaller issuers, these differences -- in both fees and costs -- can be dramatic. The NYSE's proposed street name fee for smaller issuers continues to be lower than the unregulated registered fee reported in the Compass/Lexecon analysis.

[7] The savings on printing and postage are estimated to be several hundred million dollars annually.

light of these developments, Broadridge believes the proposed approach to managed accounts has the potential to create an imbalance between the fees and the amount of work involved.

In developing the proposed amendment to how fees for managed accounts are charged, the NYSE considered managed account processing fees and basic processing fees in relation to each other. Specifically, the proposal indicates that the estimated $15 million decrease in managed account fees is partially offset by an increase of approximately $9-10 million in basic processing fees to reflect, in part, the fact that "the work of the intermediary has been enhanced over time, responding to the needs of all participants – issuers, banks and brokers, and investors – in addition to responding to a changing regulatory environment." A stated purpose of this offset is to "maintain consistent service levels" and the "accuracy, reliability and security of the current system."

While Broadridge does not suggest that the NYSE should abandon its proposed approach to managed accounts in its entirety, we question whether drawing an arbitrary line at five shares is appropriate. Instead of drawing the line at five shares, Broadridge believes that it would be more appropriate for the NYSE to take the position that issuers should not be required to reimburse brokers for processing managed accounts that have less than one whole share. This would be a logical line to draw. If the threshold were set at less than one share, i.e., to encompass all fractional share positions inclusive of those held inside and outside of managed accounts, the fees would be reduced by an estimated $3.6 million, as noted above. By increasing the threshold to include managed account positions in a range of one to five shares, we estimate the potential imbalance between fees and costs expands by an additional $4 million.

Even if the NYSE does not adopt a threshold of less than one share, we believe the five-share exclusion is as high as it could be without creating a significant discrepancy between the proposed fees and the work involved. Therefore, to the extent that future rate setting efforts have the maintenance of consistent service levels as an objective, any further decreases in managed account processing fees should be offset by higher fees in other areas.

B. Fees for Stratified NOBO Lists

The proposed amendment to how fees for a stratified NOBO list are charged would limit requests for stratified NOBO lists to those made in conjunction with annual and special meetings, i.e., to situations in which the requesting issuer's record data has already been pulled from nominees holding shares in that issuer. Notwithstanding this limitation, additional processing steps are necessary to produce, from existing record data, a list that is stratified on the basis of a range of shares. These steps add costs. To the extent that issuers request stratified lists based on criteria such as whether a shareholder voted (a request that we would anticipate receiving in cases of close votes in the days immediately before a shareholder meeting) the necessary steps add greater costs still. Yet, because stratified lists in either case are, by definition, shorter than complete NOBO lists, the proposal simultaneously reduces fees.

Moreover, the fixed cost of handling a request for a NOBO list is generally independent of the size of the list. For example, the current process requires that Broadridge take significant steps to verify the bona fides of anyone who requests a list, and impose measures to safeguard information transmission, irrespective of the absolute number of names on the list. The proposed minimum fee doesn't begin to cover the costs of this work.

Furthermore, because the price elasticity of demand is unknown, a lower fee could easily result in a greater number of requests for lists. Given that the fixed cost of handling each request is independent of the size of the list, the additional volume of requests at lower fees could result in a loss to Broadridge on each request made. Further, it does not appear that the proposed amendments include fee increases in other areas to offset the costs that Broadridge and brokers would incur as a result of this proposed change.

If the proposal were expanded to include requests for stratified lists outside of annual and special meetings, i.e., at any time of the year, the imbalance between fees and the work involved would be even more pronounced. Requests made apart from the annual meeting process logically involve a significantly greater number of steps (and processing activities) than requests made in conjunction with annual meetings. For example, when a NOBO list is requested outside of an annual meeting, it is necessary to conduct a new record search across all nominees.

We note the NYSE's sensitivity to the potential disruptive effects of misalignments between the proposed fee and the amount of work involved. To address this potential, the SEC and the NYSE should monitor developments with respect to NOBO lists for the first year of the new fees. At the end of the first year, the proposed rules should be recalibrated, if necessary, in light of actual use of the new stratified NOBO list option.

Conclusion

Broadridge appreciates the opportunity to comment on the proposal. The proposal reflects the diligent efforts of the PFAC and NYSE to understand the details of the proxy process and to conduct an in-depth and independent review. If approved, we believe the proposal would largely accomplish its intended objectives. Broadridge remains committed to making the investments in systems, processing, and human capital necessary to efficiently and effectively implement new regulations and evolving market requirements.

Sincerely

cc: Honorable Mary Jo White, Chairman
Honorable Luis A. Aguilar, Commissioner
Honorable Daniel M. Gallagher, Commissioner
Honorable Troy A. Paredes, Commissioner

Honorable Elisse B. Walter, Commissioner
Lona Nallengara, Acting Director, Division of Corporation Finance
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