

THE STA

SECURITIES TRANSFER ASSOCIATION, INC.

February 20, 2013

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Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

**Re: New York Stock Exchange Proposed Rule –
Proxy Distribution Fees
File No. SR-NYSE-2013-07**

Dear Ms. Murphy:

On February 1, 2013, the New York Stock Exchange (“NYSE”) filed a rule proposal with the Securities and Exchange Commission (“SEC”) to amend NYSE Rules 451 and 465, regarding the fees to be charged to issuers and other parties involved in distributing proxy and other materials to beneficial owners holding securities in street name.

This proposed rule was posted earlier today on the SEC’s website and the SEC has sent this rule filing to the Federal Register for publication. A 21-day public comment period starts when this rule filing is published in the Federal Register. Section 19(b)(2)(A)(i) of the Securities Exchange Act (“Act”) requires the SEC to act on this proposed rule within 45 days after the date this filing is published in the Federal Register.¹

The SEC has the authority, pursuant to Section 19(b)(2)(A)(ii) of the Act, to extend the period for considering this rule filing by an additional 45 days.² It may grant this 45-day extension if it determines that a longer period is appropriate and publishes the reasons for such a determination.³ The SEC may also grant a 45-day extension with the consent of the NYSE.⁴

¹ 15 U.S.C. § 78s(b)(2)(A)(i).

² 15 U.S.C. § 78s(b)(2)(A)(ii).

³ 15 U.S.C. § 78s(b)(2)(A)(ii)(I).

⁴ 15 U.S.C. § 78s(b)(2)(A)(ii)(II).

This is the first time that the NYSE has updated its proxy fee schedule in more than 10 years. The NYSE proposal, if adopted, will:

- reverse a long-standing SEC interpretation involving wrap fee accounts;
- codify a broker-dealer practice of improperly charging issuers a series of processing and other fees for beneficial owner accounts in which proxy voting authority has been delegated to an investment adviser;
- authorize “preference management fees” that were never intended to be an issuer expense in the proxy distribution process; and
- allow the continued use of monetary rebates to broker-dealers from issuer invoice payments.

The SEC should be requiring the NYSE to conduct a rigorous cost-benefit analysis of this proposed rule, to ensure that any regulatory approval of the proposed changes reflect a well-reasoned conclusion that the benefits will come at an acceptable cost. As a part of this process, the NYSE should engage an independent third-party to evaluate the actual services being provided, as well as the structure and the level of fees being paid by issuers to broker-dealers for proxy distribution and shareholder communications services.

For these reasons, The Securities Transfer Association (“STA”)⁵ respectfully requests that the SEC use the authority in Section 19(b)(2)(A)(ii) of the Act to grant an additional 45-day extension for this proposed rule’s comment period. This will permit issuers and other interested parties to have more than 21 days to review the NYSE filing and prepare comment letters. It will also ensure that the SEC has additional time to consider the comment letters submitted on the rule changes proposed by the NYSE, by extending the time for action by the SEC to 90 days from the date of publication of these proposals.

At this point in the process, a new NYSE proxy fee schedule will not be in effect for the upcoming 2013 proxy season and so additional time to evaluate the issues presented by this proposed rule will clearly benefit all of the stakeholders in the proxy system.

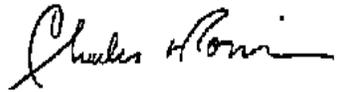
Given the complexity of the issues involved in this proposed rule, and the implications of codifying certain broker-dealer billing practices that depart from what are truly “reasonable” reimbursements for proxy distribution expenses, the SEC should also consider instituting proceedings, pursuant to Section 19(b)(2)(B) of the Act, to determine whether this NYSE proposed rule change should be disapproved.

⁵ 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 have been active over many years in advocating for a fair and efficient system for proxy distribution and shareholder communications. For more information on the STA, see www.stai.org.

Additionally, the STA re-affirms its support for a letter it sent to Commissioners Gallagher and Paredes on December 13, 2012, requesting that they vote to disapprove this NYSE rule proposal for the reasons summarized above.⁶

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles V. Rossi". The signature is written in a cursive style with a large initial "C".

Charles V. Rossi
President
The Securities Transfer Association

⁶ This STA letter is available in the public file for the 2010 SEC Concept Release on the U.S. Proxy System: <http://www.sec.gov/comments/s7-14-10/s71410.shtml>.