May 16, 2013

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

Re: NYSE Proposal Regarding Proxy Processing Fees (File No. SR-NYSE-2013-07)

Dear Ms. Murphy:

AST Fund Solutions, LLC ("AST Fund Solutions") would like to bring to your attention certain findings from our analysis of the New York Stock Exchange (NYSE) proposal ("Proposal") to overhaul proxy processing and certain other related fees as described in SEC Release No. 34-68936, Feb. 15, 2013 (the "Release"). AST Fund Solutions is one of the largest providers of proxy solicitation and shareholder communications services for mutual funds in the United States, and is a subsidiary of the American Stock Transfer & Trust Company, LLC ("AST").

We undertook our analysis in response to the fact that the NYSE's Proposal, which is based on the work of the NYSE's Proxy Fee Advisory Committee (PFAC) and data provided by Broadridge Financial Solutions, Inc. ("Broadridge"), *does not provide an analysis of the specific impact of current and proposed fee schedules on mutual funds* and, in particular, the many hundreds of open-end funds that hold special meetings each year. We also noted comments in the file (SR-NYSE-2013-07) from the Investment Company Institute (ICI) indicating that it was unable to provide feedback on "most of the Proposal's specific changes to fee levels or structures," because the "proposal does not provide data specific to funds for us to evaluate." The ICI concluded that an "analysis of how the current and proposed new fees would affect funds…seems warranted."

The Release noted that the NYSE: "with industry participation, is reviewing the fees provided in the NYSE rules as they impact mutual funds, to determine whether additional changes are appropriate. Any recommendations for rule changes that emerge from this examination would be the subject of a separate rule filing by the Exchange." The NYSE's current approach to overhauling proxy processing fees could leave mutual funds facing significant challenges and uncertainty with regard to adapting to the proposed fee structure while the NYSE continues to examine the impact of its Proposal on mutual funds and considers a potential follow-on rule filing.

The Proposal and the Release contain little specific cost analysis, of either existing fee structures or proposed changes and their impact on mutual funds (or in general regarding special meetings). As a result, our analysis of the current Proposal's potential impact on mutual funds focused on what could be discerned from the proposed fee structure and insights we gained from conducting proxy solicitation campaigns for hundreds of funds each year.

After completing our analysis, we concluded:

I. If implemented, the current Proposal would have a significant impact on proxy distribution costs for the many hundreds of funds that conduct special meetings each year. The net impact of the proposed changes will vary widely due to the complexity of a proposed fee structure that raises combined processing and intermediary costs for many funds (and especially for funds conducting special meetings without the election of directors/trustees), while also reducing certain costs associated with "managed accounts."

II. A comprehensive net assessment of the Proposal would require additional data from Broadridge and/or an independent source.

SPECIFIC FINDINGS AND COMMENTS

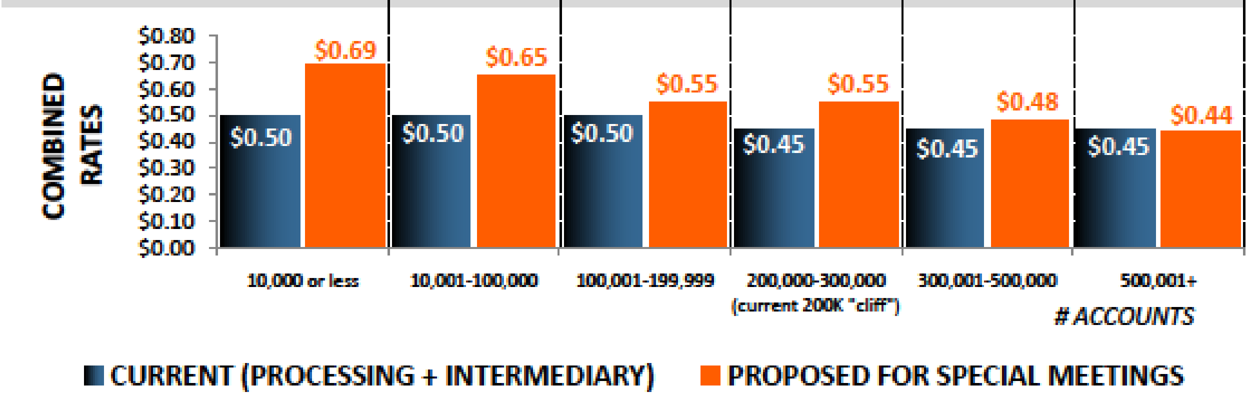
1. After all of the comments concerning proxy processing fees that followed the SEC's Concept Release on the U.S. Proxy System (July 14, 2010), we find in the NYSE's proposed overhaul of the fee structure changes that could result in significant increases, for many funds, in *combined processing and intermediary unit fees*. Mutual funds conducting NYSE-defined "special

meetings" and having less than 500,001 eligible beneficial accounts would see *combined processing and intermediary unit rates (by tier)*change as follows:

* 10,000 accounts or less	+38%
* 10,001-100,000	+30%
* 100,001-199,999	+10%
* 200,000-300,000	+22.22% (note impact of "cliff" at 200K)
* 300,001-500,000	+6.67%
* 500,001+	-2.22% (or -$.01 per additional account)

IMPACT ON NYSE-DEFINED "SPECIAL MEETINGS"
(PROCESSING AND INTERMEDIARY UNIT RATES ONLY)
COMBINED RATES PER ACCOUNT/BY TIER, CURRENT VS PROPOSED

	10,000 or less	10,001-100,000	100,001-199,999	200,000-300,000 (current 200K "cliff")	300,001-500,000	500,001+
% Change Combined Rate	+38.00%	+30.00%	+10.00%	+22.22%	+6.67%	-2.22%
Change - Processing, Per Account	+$0.10	+$0.07	-$0.01	-$0.01	-$0.06	-$0.08
Change - Intermediary, Per Account	+$0.09	+$0.08	+$0.06	+$0.11	+$0.09	+$0.07



For # accounts processed by a single intermediary. The Proposal would exclude fees for accounts with less than 1 share/unit and "managed accounts" with 5 or fewer shares/units of the security involved.

We also estimate that the proposed changes would result in higher *combined cumulative (processing and intermediary only)* unit fees for issuers holding NYSE-defined "special meetings" and having less than 5,140,000 accounts processed by a single intermediary. Net costs for issuers would be impacted by other elements of the Proposal, including the exclusion of fees for accounts with less than one share/unit and "managed accounts" containing 5 or fewer shares/units of the security involved.

The NYSE is proposing a +$0.05 incremental intermediary unit fee (over the basic proposed tiered intermediary unit rate schedule) for "special meetings," which would be defined -- for purposes of applicability -- as "a meeting other than the issuer's meeting for the election of directors." *In 2012, some 70% of the proxy campaigns conducted for open-end funds by AST Fund Solutions involved meetings that did not include the election of directors/trustees.* The Release talks of "unique services" and "additional work required of the intermediary for these meetings," *but does not contain information sufficient to either assess the cost basis for those services or to analyze the basis for selecting the specific incremental fee of +$0.05 per account*.

2. For funds holding meetings at which the additional fee for NYSE-defined "special meetings" would not apply, the proposed changes would result in higher *cumulative combined (processing and intermediary only)* unit fees for issuers having less than 856,667 accounts processed by a single intermediary. The combined rate changes (per beneficial account, by tier [not cumulative]) would be:

* 10,000 accounts or less	+28% (+$0.14 per account)
* 10,001-100,000	+20% (+$0.10 per account)
* 100,001-199,999	+0%
* 200,000-300,000	+11.11% (+$0.05 per account)
* 300,001-500,000	-4.44% (-$0.02 per account)
* 500,001+	-13.33% (or -$.06 per additional account)

3. Varying levels of cost reductions for issuers could come from the NYSE's proposed approach to incentive/preference management (mail suppression) fees for "managed accounts." The NYSE proposes a flat fee of 32 cents per suppressed account and only 16 cents for "managed accounts." Although an overall savings estimate was presented in the Release (an "estimated $15 million reduction in fees associated with the proposal to charge preference management fees related to managed accounts at half the regular rate"), *more specific analysis from Broadridge would be needed to examine the extent to which related cost reductions could mitigate the impact of higher*

combined processing and intermediary unit fees for many of the funds holding meetings each year.

4. The NYSE proposes to preclude the charging of proxy fees for "managed accounts" holding 5 or fewer shares of the security involved, but the *Release does not provide a detailed analysis concerning the basis for selecting any particular threshold.*

5. Notice & Access (N&A) fees are to be regulated under the Proposal, but the only major change to current rates would be that Broadridge's minimum fee for positions 1 through 6,000 (see Broadridge.com "Notice and Access Pricing Tools [U.S.]") would be eliminated (with an incremental fee of $0.25 per account applied to the first tier [up to 10,000 accounts], while codifying Broadridge's additional incremental fee schedule). *The Release does not provide information sufficient to analyze in detail the cost basis for the N&A fee schedule (current or proposed).*

6. The NYSE has proposed that issuers be able to receive stratified record date NOBO lists (e.g., eliminating names holding more or less than a specific number of shares, or names of holders that have already voted) and not be charged for any names that are so eliminated. *Stratifying record date NOBO lists (and thus reducing associated costs) would likely become a common practice.*

7. For meetings in which an opposition proxy has been furnished to securityholders, the NYSE is proposing a combined processing and intermediary unit rate of $1.25 per account, and a $5,000 minimum fee per soliciting entity. *The Release does not provide information sufficient to analyze in detail the cost basis and impact of this particular proposed rate change (and minimum fee).*

<u>CONCLUSION</u>

The Proposal/Release provides limited analysis of the cost basis for proposed fees (current and proposed), and an even more limited impact analysis. A comprehensive net assessment of the Proposal's impact on proxy distribution costs for all issuers, including mutual funds, would require additional analysis from the NYSE and Broadridge (or independent reviewers). Such a review could cover the cost basis for all existing proxy processing and related fees, and not simply focus on what is currently proposed. Indeed, the Release does not explore all proxy-related fees flowing to Broadridge, such as:

***** "Solicitor Vote Transmission" fees, including "Beneficial Vote Transmissions" at $3.20 per vote and "Beneficial Vote Confirmations" at $0.62 per confirmation; and

* Fees for postage discounts – with Broadridge's "at cost fees" for "postage" defined in a "Broadridge Fee Schedule" as: "Actual with half of any gross presort/other discounts passed to the Issuer." *This particular expense is a critical component of the overall picture regarding proxy distribution costs for issuers. More data from Broadridge concerning how related fee volumes could change in response to the proposed overhaul of proxy distribution fees seems warranted.*

If you have any questions regarding our review and comments, please feel free to contact us at any time.

Sincerely,

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