

June 18, 2013

Elizabeth M. Murphy, Secretary  
U.S Securities and Exchange Commission  
100 F Street NE  
Washington DC 205491090

Re: Comments on Proxy Fee Changes (Release No. 34-69622; File No. SR-NYSE-2013-07)

Dear Ms. Murphy;

INVeSHARE is an innovative and technologically advanced competitor in the regulated shareholder services market, having completed our third season of materials delivery in 2013. Our company has firsthand experience with the existing NYSE distribution fee schedule and we have analyzed the impact of the proposed rule changes on our existing and future business. While INVeSHARE supports the rule changes recommended by the NYSE and Proxy Fee Advisory Committee (PFAC), we want to ensure that all parties participating in the distribution of materials receive the greatest level of service for a reasonable price by introducing competitive pressure into this market.

At INVeSHARE, we understand and appreciate the concerns expressed by a number of parties as summarized in the above referenced release, particularly in regards to the cost of providing the services required for the delivery of proxy materials but firmly believe that most of these concerns will be alleviated or corrected with a more competitive market.

Increasing the percentage of electronic delivery for the broker-dealer clients will generate the most significant cost savings. Industry estimates demonstrate that moving to electronic delivery of materials will save \$3 - \$5 per shareholder providing a total annual savings of millions of dollars to issuers. INVeSHARE has spent over \$40M building both the operational and technological capabilities that will provide the greatest level of benefit to both the issuers and broker-dealers, including an enhanced level of technology that will significantly improve the move to electronic delivery.

INVeSHARE would like to express our appreciation for the significant amount of time and energy spent by the members of the PFAC, a committee representative of all industry participants, in reviewing and revising the current proxy fee structure. We have a few issues that we would like to comment on as a small but growing participant in this important industry.

- **Fee Structure** - The modification of the fee structure from a two-tiered pricing model to a multi-tiered pricing model provides a more equitable pricing structure to issuers generally. Our primary focus has and will continue to be the delivery of materials in a fully compliant fashion. We then focus on providing the best services available at a competitive price for both the issuer and the broker-dealer.
- **SMA Fees** - INVeSHARE fully supports the reduction of the separately managed account fees as we continue to work with our broker-dealer clients to reduce these fees even further for the benefit of all parties.

- **EBIP** – INVeSHARE supports the Enhanced Broker Internet Platform (EBIP). We believe that increasing the level of electronic delivery will benefit the shareholder with improved access to materials, the issuer with increased shareholder participation and the broker-dealer as well as the issuer with overall cost reduction. As stated above, the most significant cost savings to issuers will be realized through a more aggressive transition to electronic delivery which the EBIP promotes. The EBIP also validates one of INVeSHARE's earliest strategies of providing all of our clients with a shareholder portal for the retrieval of materials and voting that is embedded in the broker-dealer site and is accessed via single sign on.
- **Overall Cost** - We feel that the PFAC fully recognizes how beneficial the intermediaries are to both the issuers and the broker-dealers in terms of efficiency and cost reduction. The cost recovery provided to the broker-dealer is far less than a model where each brokerage firm delivers materials independently. The questions surrounding the cost of delivery will more effectively be addressed as the industry introduces more competitors into the market and a higher percentage of material delivery is moved to electronic distribution. The single provider environment has created significant barriers to entry that should be eliminated to ensure that the market has all the benefits of competition, therefore ensuring that all participants have the advantage of comparing multiple offerings providing for improved transparency and better services.

Broker-Dealers have a significant amount of work when delivering proxy materials, even when engaging an intermediary. In the past, brokerage firms have had the choice of using the single provider or bringing the services in-house, which in most cases would be prohibitively expensive. INVeSHARE is providing a third option, competition, which will help to address many of the concerns expressed in the comment letters. As the PFAC commented, the competitive 'arm's length' negotiations between two private parties will ensure that this competition is brought to the market. It is not practical to review the cost structure for delivery of materials on an individual broker-dealer basis. We feel the current process of having the PFAC conduct a periodic review of the fee structure provides all participants the ability to comment and as INVeSHARE is becoming a strong competitor will be a second source of information for the PFAC.

INVeSHARE did not provide comments to the initial PFAC recommendations as we felt that the cross section of PFAC participants could adequately represent the needs and concerns of all industry constituents. We would however like to respond to the comments presented by other firms as a part of the discussion process.

- **Independent Review** - INVeSHARE agrees that the independent review is not necessary as the PFAC is an independent committee with representatives from all parties. We find the level of cost and cost recovery presented by the PFAC is consistent with the overall cost structure we anticipate once our business has additional clients. We are also very confident that bringing competition to the regulated shareholder services market will help to alleviate the industry's concern in regards to the cost of services, as future committees will have the opportunity to compare industry providers, and the benefits it can produce to all parties.
- **Burden on Competition** – The comment letters expressed a view that the proposed fee structure is a burden to competition. Although the capital investment required to compete in



this business is significant, we do not feel the fee structure creates a competitive burden. The most significant burden to competition is the business practices of the primary provider of services in this market. INVeSHARE has engaged with several broker-dealers who have stated that bringing a competitor in to this industry will help to advance technology, improve operational efficiency and validate the pricing structure. We firmly believe the broker-dealer industry is very much in favor of a multi-supplier market.

We would like to again thank the NYSE and the PFAC for the time and effort spent in conducting the review of proxy fees and related issues. We respectfully submit our comments for consideration by the SEC and are available for any additional discussion.

Regards;

Harold Westervelt  
President  
INVeSHARE