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March 12, 2013

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

Subject: NYSE Rule Filing on Proxy Fees (SR-NYSE-2013-07)

Dear Ms. Murphy:

On behalf of the Shareholder Communications Coalition (“Coalition”),¹ thank you for the opportunity to comment on proposed rule changes filed by the New York Stock Exchange (“NYSE”) with the Securities and Exchange Commission (“SEC”) to amend NYSE Rules 451 and 465. The proposed amendments would update the NYSE schedule for reimbursement of expenses by issuers to NYSE member organizations involved in distributing proxy and other materials to investors holding securities in street name.

These NYSE rule amendments are intended to implement recommendations issued by the NYSE Proxy Fee Advisory Committee (“PFAC”), which evaluated the existing proxy fee schedule over an 18-month period and issued a report on May 16, 2012.²

Among the PFAC recommendations we support are:

- improving the transparency of the fee structure, so that it is clearer to issuers what services they are paying for and that fees are consistent with the type and amount of work involved;
- eliminating the “cliff” pricing schedule that distinguishes between large and small issuers, in favor of a tiered system for processing fees;

¹ The Shareholder Communications Coalition (“Coalition”) comprises the following associations: Business Roundtable, the National Investor Relations Institute, and the Society of Corporate Secretaries & Governance Professionals. More information about the Coalition and its activities can be accessed at www.shareholdercoalition.com.

² NYSE Euronext, Recommendations of the Proxy Fee Advisory Committee to the New York Stock Exchange, May 16, 2012, available at https://usequities.nyx.com/sites/usequities.nyx.com/files/final_pfac_report.pdf (hereinafter “PFAC Report”).

- reducing the maximum fee level for certain suppression fees;
- reducing the suppression fee for managed accounts to \$0.16 and eliminating the fee for managed accounts holding fewer than five shares;
- requiring that broker-dealers provide issuers with stratified lists of Non-Objecting Beneficial Owners (“NOBOs”), when requested in connection with an annual or special meeting of shareholders; and
- authorizing the Enhanced Broker Internet Platform program for five years, to reduce issuer costs and enhance retail investor participation in proxy voting through an issuer-paid “success fee” for investors who agree to receive proxy materials through website platforms sponsored by broker-dealers.

For these reasons, we urge you to approve this proposed NYSE proxy fee schedule.

After SEC approval of the NYSE’s rule proposal, we believe the SEC and NYSE should develop a process to review these fees on an ongoing basis and more frequent basis. In doing so, we believe that an independent third-party analysis of proxy costs would be helpful in further improving the transparency of fees charged to issuers.

The original intent of the SEC proxy distribution rules was to pass through to issuers those reasonable expenses actually incurred by these intermediaries. Under the current system, it is impossible for issuers to evaluate proxy costs without data derived from an independent audit or review process.

An independent review of proxy costs also would provide additional data to issuers and regulators on several outstanding issues, including: (1) the imposition of processing and other fees for separately managed accounts; and (2) the ability of broker-dealers and banks to provide stratified NOBO lists for shareholder communications outside of annual or special meetings.

A review of proxy costs has not been conducted since 1985, when the NYSE: (1) initiated a Request for Proposals to select a central intermediary to compile and supply beneficial owner lists; and (2) conducted a survey of its members to determine their actual proxy costs.³ Since that time, the NYSE has handled its proxy fee oversight responsibilities by convening advisory panels of industry stakeholders to develop recommendations for expense reimbursement rates and then submitting specific proposals to the SEC for its approval.⁴

³ See SEC Release No. 34-22533, 50 Fed. Reg. 42,672, at *4 (Oct. 22, 1985); and SEC Release No. 34-22889, 51 Fed. Re.5,821, at *3 (Feb. 18, 1986).

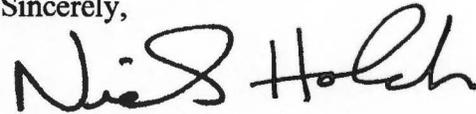
⁴ PFAC Report at 7-8.

Almost seven years ago, the NYSE Proxy Working Group acknowledged the many changes to the proxy system that have occurred over the past several decades and recommended that the NYSE engage an independent third-party to analyze the structure and amount of fees being paid by issuers for proxy processing and distribution services.⁵ Specifically, the Working Group urged the following:

[T]he Proxy Working Group recommends that the NYSE engage an independent third party to analyze what is a 'reasonable' amount for issuers to be charged pursuant to Rule 465 and to conduct cost studies of the current services provided ... and commission an audit of ... costs and revenue for proxy mailing.⁶

For many years, the issuer community has expressed concern about proxy distribution costs and the SEC included several of these concerns in its 2010 Concept Release on the U.S. Proxy System.⁷ In addition to approving the proposals filed by the NYSE to modify the proxy fee schedule, we request that the SEC require, as part of the ongoing process, that an independent third-party review of the costs of processing and distributing proxy materials to street name holders be conducted, taking into account the costs of that review and who should bear the costs.

Sincerely,



Niels Holch
Executive Director
Shareholder Communications Coalition

cc: The Honorable Elisse B. Walter
The Honorable Luis A. Aguilar
The Honorable Troy A. Paredes
The Honorable Daniel M. Gallagher
John Ramsay, Acting Director, Division of Trading and Markets
Lona Nallengara, Acting Director, Division of Corporation Finance
Norm Champ, Director, Division of Investment Management

⁵ New York Stock Exchange, Report and Recommendations of the Proxy Working Group to the New York Stock Exchange, at 29, June 5, 2006, available at http://www.nyse.com/pdfs/REVISED_NYSE_Report_6_5_06.pdf.

⁶ *Id.* at 28.

⁷ See Release No. 34-62495, 75 Fed. Reg. 42,982 (July 22, 2010).