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April 14, 2021

Vanessa Countryman
Secretary
Securities and Exchange Commission
By email: rule-comments@sec.gov

Re: File Number SR-NYSE-2020-96 and SR-NYSE-2020-98

Dear Secretary Countryman:

In reference to the Commission's call for further comments on SR-NYSE-2020-96, Computershare[1] makes the following comments:

1. It is not apparent that any substantive changes to the proposal, from a policy perspective, have been made since it was filed by NYSE in December and accordingly it is difficult to provide extensive further comment. In view of the re-opening of the file however, we hereby reaffirm our position (a) for the avoidance of doubt, and (b) to ensure policy positions put forward by others are not otherwise implicitly viewed as having the support of Computershare.

2. Our working assumption is that this rule proposal will be rejected, given the concerns raised, including by FINRA. Regardless, in our view the eventual regulatory action by the Commission to either reject or approve should be coupled with a formal process to finally negotiate and adopt a market-driven system that delivers greater transparency of beneficial ownership, more effective competition for communications and market-driven pricing for proxy-related communications. This work has never been completed. We continue to believe these policy outcomes are good for the US market, and consistent with emerging trends in other markets, notably Europe and Canada.

3. We reaffirm that Computershare's position remains per our submission of Jan 11th. In short, we question the logic of replacing NYSE with FINRA as the primary party setting the maximum reimbursement fees, for the reasons mentioned in that letter. We also note FINRA subsequently rejected the proposal in its letter of Jan 11th. On this basis alone, as noted above, we expect the rule proposal will be disallowed.

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[1] Computershare (ASX: CPU) is a global leader in transfer agency, employee equity plans, proxy solicitation and other specialized financial communications. Founded in 1978, Computershare is represented in all major global financial markets and has over 12,000 employees. Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. We also specialize in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services. We provide services to over 25,000 corporations and 75 million shareholders in 21 countries.

4. In our view, however, the more important question is "what happens next"? Ordinarily, we would have expected the NYSE and the Commission to wait for the completion of work by the various industry working parties, established to review aspects of proxy reform, before the Commission determines its policy on the preferred outcome for the market overall. These next steps on proxy communications will most likely establish the operating framework for some years to come (considering how infrequently changes in this area occur). However, it is clear to us that the work of the NOBO/OBO Working Group and NYSE Fees Working Group, in particular, are challenged by established and opposing interests which either want to preserve the status quo or who wish to push for change. Given the looming impasse in these discussions, the Commission is likely to need to establish a new forum, led by the Commission, where these issues and other related matters can be debated in a single forum, building on the good ground work within the individual working groups.

4. We continue to believe, per our Jan 11th, letter that it is necessary to bring the industry together with the Commission to negotiate a pathway for various reforms. This will require active SEC leadership and guidance given the polarized positions that remain in the industry on certain matters, including transparency, competition, and market pricing.

5. Further, we reaffirm our position that the progressive set of changes we laid out in April '19 letter will deliver a better pathway to reform. We note certain reforms consistent with our proposals have been delivered at the industry-level since that time through different working parties. These include:

    a. moves towards delivering end-to-end vote confirmation, where (per the policy position laid out in our April 2019 letter) Computershare implemented changes to confirm street-side votes for the 2020 proxy season - though whether these are on-reported to beneficial owners of banks and brokers remains an open question; and

    b. significant enhancements to beneficial owner access to virtual shareholder meetings via APIs in 2021.

    Areas that continue to need regulatory input relate to addressing NOBO/OBO to facilitate greater transparency of share ownership, direct issuer-to-investor communications, and competition. Our proposal would enable issuers to communicate directly with their NOBO holders only, removing NOBO/OBO reform as a prerequisite to direct communications to such investors. We propose that investors that require privacy (OBOs) should incur the cost of electronic communications from their intermediary).

6. We acknowledge the submission made by the Securities Transfer Association ('STA'), also dated April 14th, in response to the re-opening of comments, and its recommendation that the Commission issue a temporary rule that requires brokers and banks to pay 100% of the costs of distributing proxy materials to their customers holding securities in street name as of January 1, 2022, i.e. before an appropriately constituted Working Group with a clear charter has debated it. For the avoidance of doubt, we do not endorse this specific recommendation. We have a concern that, if implemented, this may deliver a quite different market structure outcome than that for which we, and others, have been advocating, specifically as it relates to increased transparency and direct communications between issuers and investors.

7. Per our Jan 11th letter, we call for direct participation of the Commission in an industry-negotiated process to deliver a transition to a competitive market for proxy communications. We recommend NYSE stays in its leadership current role until a transition timetable is agreed. Computershare remain committed and available to participate in such a process and will offer our significant US and rest-of-world experience at the table to help inform the process. We see this as entirely consistent with the role we have played over the years, including at the November 2018 public roundtable, which initiated this process; the follow-up meeting at the Commission in June 2019; and the work undertaken at various industry committees over the past 18 months, despite the challenges that COVID-19 presented all stakeholders.

A negotiated transition plan to market-driven direct communications would link the burden to pay for beneficial owner communications with the principal obligation to affect such communications. This principle can be delivered by allocating the cost and distribution responsibilities either:

(a) wholly on issuers;
(b) wholly on brokers and other intermediaries; or
(c) in a split between the parties, based on transparency or privacy expectations of the investor, for example issuers bearing the obligation and cost for NOBOs, and intermediaries likewise for OBOs (potentially recoverable from their investor clients).

Approach (c) allows choice to drive all aspects of the outcome and for that reason, consistent with our letter of April 2019, we consider that it is a balanced and compelling proposition. This, in our view, is the only way a fair, equitable, and market-driven system can be implemented in the short-to-medium term. Importantly, in our view, this development could be delivered by expanding the scope of the API framework that was negotiated between key industry participants between September 2020 and March 2021. (This electronic interface enables certain data regarding beneficial owners to be validated

between intermediary proxy service providers and issuer agents providing Virtual Shareholder Meetings.)

If transparency of beneficial share ownership coupled with direct communications between issuers and investors (even if only for those investors that are NOBO) proves to be beyond the power of US regulators to implement, then we would be in favor of promoting the ideas articulated in the STA letter, but on a permanent basis, and only after all other options had been exhausted. Implementing such a change on an interim basis, as the STA recommends, will likely polarize the industry even further and remove the ability to build on recent incremental but positive changes to the system. This would, in our view, jeopardize some of the very worthy and sensible policy goals, noted above, that have been outlined and documented by issuers and interested stakeholders for many years.

In reference to the Commission's call for further comments on SR- NYSE-2020-98 ('gifted shares'), we believe this rule should be adopted to give some relief to issuers. In our view, there does not appear to be any significant policy reason to hold it up, in particular if the position as it relates to the resolution of SR-NYSE-2020-96 one way or another with a clear timetable to move to a negotiated outcome that will both (i) support and underpin the industry for years to come and (ii) remove the need for NYSE to remain as a fee setter or rate maker. We understand the reasons why the NYSE wants to step-out of the fee-setting role, and we support that, at the right time, as noted above.

In short, we recommend disallowance of SR-NYSE-2020-96 (re NYSE), with conditions (see above) and approval of SR-NYSE-2020-98 (re gifted shares).

If you have any questions, please contact me (email: [redacted]), or Claire Corney (email: [redacted]).

Thank you for your consideration. We look forward to continuing to participate in this critical policy debate and to working with industry to negotiating a fair and equitable way forward for US capital markets. The issues have been aired over many years. The time for change is now.

Paul Conn,
President, Global Capital Markets,
Computershare