

December 14, 2021

Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549



1211 Avenue of the Americas  
19<sup>th</sup> Floor  
New York, NY 10036



Dear Ms. Countryman:

RE: Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers, File Number S7-11-21

Thank you for the opportunity to comment on the proposal, Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers. We support the efforts of the Commission to expand upon, and to enhance the functionality of the information funds report about their proxy votes on Form N-PX. Requiring the data to be reported in structured, machine-readable format will make the data easier to analyze than the data that today is reported in HTML or ASCII. We do, however, urge the Commission to consider opting for XBRL-CSV, rather than creating a new custom XML schema as is currently proposed.

XBRL US is a nonprofit standards organization, with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical specification for eXtensible Business Reporting Language (XBRL). XBRL is a free and open data standard widely used in the United States, and around the world, for reporting by public and private companies, as well as banks and government agencies.

The XBRL-CSV approach would meet the proposal's objective to improve the ease of analysis, but would have the added benefit of reducing the size of the file issuers need to report and streamlining the preparation process; and issuers could use the same applications they use today to prepare their financials. It would also prove more beneficial to end users of the data because they too, could leverage the same tools they use today to extract financial statement data from SEC reporting entities.

This letter will respond to specific questions posed in the proposal:

*Question 41. Should we, as proposed, require the information in Form N-PX reports to be disclosed in a standardized order? Would this facilitate comparisons or be otherwise useful to users of this information? What costs, if any, would be associated with standardization? Should the requirement to standardize apply to managers, funds, or both? If we standardize the order of*

*the information in Form N-PX reports, should we use the order set forth in our proposal, or would some other order of information be more appropriate?*

Consistent ordering of content would be helpful for manual reading of data; however it is not needed when data is reported in structured format. In structured, machine-readable format, the data can be extracted in any sequence requested or by any parameter chosen, for example, by stock, proposal, vote cast, number of shares voted (which is proposed to be added to reporting requirements), or by any combination of these parameters. For example, a data user may wish to see the number of “For” counts cast for a particular director for Caesars Entertainment Corporation. The structured data reporting requirement would enable that request with ease.

*Question 44. We are proposing to require reporting of only one security identifier (either the CUSIP or the ISIN) on Form N-PX. Should we require reporting persons to disclose both identifiers? If so, why? Should we also require the ticker symbol in order to identify a security? Why or why not? Is there a more appropriate identifier of securities?*

We recommend the adoption of a single, open, nonproprietary security identifier. This approach would be more efficient and cost-effective both for reporting entities and data users. Furthermore, we ask that the Commission consider requiring the use of the Financial Instrument Global Identifier (FIGI) rather than either the CUSIP or ISIN.

The FIGI is an established open, nonproprietary global securities identifier that would be more beneficial to the market than either identifier proposed. The CUSIP is a proprietary identifier owned by the American Bankers Association and used mainly in the United States. Users pay to issue a CUSIP and pay again to distribute it.

Unlike the CUSIP, the FIGI is open and freely available with no licensing terms or fees. The FIGI advantage over the ISIN is that the FIGI is more unique and may be more stable over time. ISIN identifies financial instruments at a global level so one ISIN is assigned to a specific issue of stock, regardless of where it trades. FIGI identifies at the global level, and also at the country and exchange level, providing a finer level of specificity.

Governments are moving away from using proprietary standards because of the licensing issues that limit their use to those who can afford them. The recent merger of IHS and S&P Global prompted the European Commission to require S&P to divest CUSIP Global Service (CUSIP). With securities identifiers like FIGI available, regulators are beginning to take note that there are alternatives that are much more cost-effective for the market.

*Question 43. Are there other ways we could make the disclosure in Form N-PX easier to review and compare among reporting persons? If so, what are they?*

*Question 71. Should we require, as we are proposing, Form N-PX reports to be filed in a custom XML language? Is a custom XML language the appropriate type of data language for Form N-PX*

*reports? Why or why not? If another structured data language would be more appropriate, which one, and why?*

Structured data reporting will improve the functionality of data in Form N-PX, however we ask the Commission to consider the use of XBRL, rather than custom XML. The XBRL-CSV specification allows data to be prepared in a simple CSV file which can then be opened in Excel. Data prepared using XBRL-CSV can be loaded automatically with no need to understand the meaning of individual columns (which would need to be reviewed if ingesting a custom XML file). Document and Entity information, such as name of reporting entity, ticker symbol, and identifiers are already available in the US GAAP Taxonomy, and other concepts can be easily added.

A custom XML file would require the recreation of the identifying tags over and over, row by row, because the data model would be included in every XML file prepared. In an XBRL file, the data model is referenced in the taxonomy, therefore identifying labels do not have to be repeated. Some Form N-PX files may contain hundreds or even thousands of repetitive rows. A custom XML file prepared to represent a file like this would be very large. An XBRL file prepared to represent the same data would be much smaller.

The SEC's Regulation AB, for example, requires issuers of asset-backed securities to file exhibits EX-102 (Asset Data File) and EX-103 (Asset Related Document) as XML files. These XML data files can be quite large, in some cases ranging from 400 to 800 megabytes.

*Question 72. Would this proposed requirement yield reported data that is more useful to investors, compared with not requiring Form N-PX to be filed in a custom XML language, or requiring Form N-PX to be filed in a structured data language other than a custom XML language?*

Requiring data to be reported in structured format such as custom XML or XBRL will make it more useful to investors and researchers. Data reported in XBRL format would be more useful than data reported in custom XML, however. Analytical and querying applications, data collection systems and data preparation tools that are used with XBRL financial statement content, could also be used with Form N-PX data, if it was prepared in XBRL format. This would reduce cost and burden across the reporting supply chain.

*Question 73. Are the standardized identification requirements we are proposing compatible with the proposed reporting data language?*

Yes, the XBRL standard can easily handle the text, boolean, identifier, and quantitative data currently reported and proposed. Validations available with XBRL can be much more robust than with XML, and there is already precedent for how rules can be created. For example, both the SEC and the FERC taxonomies have XBRL validation rules to assist issuers. Even validating an identifier can be easily done in XBRL.

*Question 74. Should any subset of funds or managers be exempt from the proposed structured data reporting requirement? If so, what subset and why?*

No, while the Commission may wish to consider a phase-in with large funds first, followed by smaller funds, we believe that all funds should be required to comply, to ensure that a full dataset is available to users.

In addition to our responses to the questions posed in the SEC proposal, we also ask that the Commission consider the optimal implementation of this program once it moves to final rule.

The SEC has recently conducted a number of beta programs to assist vendors and issuers by providing them a test environment. A pilot or beta program would aid both vendors and filers in understanding the full implications of the rule changes, and ensure smooth compliance once deadlines set in. Ideally, a new implementation would involve access to a draft taxonomy (if one is needed) and technical materials, 3 months before a Beta test period begins, followed by a 6-month Beta period, then a 6-month voluntary filing period - all prior to the first compliance date. This approach has been proposed by the XBRL US Regulatory Modernization Working Group<sup>1</sup>, which is composed of 12 XBRL providers, which serve the majority of the issuer market.

We appreciate the opportunity to provide input to this proposal, and would be happy to respond to any questions you may have. Contact me by emailing [REDACTED] or at [REDACTED].

Respectfully,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with the first name being more prominent.

Campbell Pryde,  
President and CEO

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<sup>1</sup> XBRL US Regulatory Modernization Working Group: <https://xbrl.us/xbrl-reference/rmwg/>