



Broadridge Financial Solutions, Inc.  
51 Mercedes Way, Edgewood, NY 11717

631 254 7448 Phone 631 254 7616 Fax  
www.broadridge.com

**Robert Schifellite**  
President  
Investor Communication Solutions  
robert.schifellite@broadridge.com

November 23, 2009

Elizabeth M. Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: Proposed Rule: Amendments to Rules Requiring Internet Availability of Proxy Materials – Release Nos. 33-9073; 34-60825; IC – 28946; File No. S7-22-09**

Dear Ms. Murphy:

Broadridge appreciates the opportunity to comment on the Securities and Exchange Commission (“SEC” or “Commission”) proposed rule, *Amendments to Rules Requiring Internet Availability of Proxy Materials* (the “proposed rule”). We support the SEC’s goals of utilizing technology to enhance shareholder participation in accessing proxy materials and to assist them in making informed voting decisions. We also support the goals of reducing the costs of proxy solicitations to issuers and to other participants in the proxy process.<sup>1</sup>

We have worked closely with the SEC, NYSE, issuers, shareholders and financial intermediaries to develop the systems, processes, infrastructure, education programs and new services necessary to support the “Notice and Access” model. As a leading provider of Notice and Access services, Broadridge has regularly provided the SEC and other interested parties with factual information on performance of the model, and offered ideas that could improve its use for issuers and shareholders.<sup>2</sup>

Broadridge believes the proposed amendments will contribute to efforts by issuers, and others, to improve the model. Greater “flexibility” in design of the Notice, guidance about matters intended to be acted on at the shareholder meeting, and inclusion of educational materials should all contribute to greater understanding of the Notice process by shareholders. The proposed revisions to the timeframe for delivering a Notice by a ‘soliciting person other than an issuer’ can be efficiently and effectively

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<sup>1</sup> Broadridge does not opine on policy matters, other than to describe the impact that alternative policy decisions might have on proxy processing performance, costs, and participation.

<sup>2</sup> The Attachment to this letter presents a Notice and Access Statistical Overview of Use with Beneficial Shareholders, June 30, 2009. It contains detailed information and comparative statistics on adoption and voting.

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facilitated by financial intermediaries and their agents with appropriate notice in advance of a required mailing date.

We also appreciate the opportunity to offer ideas that may help the rules more fully achieve their stated goals, including ways to significantly increase shareholder participation and voting.

### **Notice and Access Adoption Rates**

During the year ended June 30, 2009, Notice and Access was used by issuers who collectively accounted for more than 50% of all beneficial accounts. This exceeds the best case scenario outlined by the SEC in the cost/benefit analysis contained in the original rules.

The number of issuers choosing the Notice and Access model more than doubled from year one (7/1/07-6/30/08) to year two (7/1/08-6/30/09), increasing from 653 to 1,363 meetings. During the year ended June 30, 2009, 20.2% of all eligible issuers utilized the new model. (Refer to page 1 of the Attachment)

Usage of the model varies by company size (as indicated by an issuer's beneficial shareholder base), given the relative magnitude of savings available on printing and postage. Issuer adoption rates range from 3.2%, for issuers with fewer than 1,000 beneficial shareholders, to 56.9%, for issuers with more than 300,000 beneficial shareholders. (Refer to page 2 of the Attachment)

Issuers indicate that many factors enter into their decision regarding whether to utilize Notice and Access, including the size and composition of their shareholder base, the nature of their business or industry, the relative number of shares held by retail investors, filing timelines, the nature of the proposals to be voted on, voter participation experience, and other criteria. Issuers also indicate that a number of factors enter into their decision regarding how to utilize the model, consistent with options contained in the rules for stratifying mailings by shareholder size, voting experience and other factors. (Refer to page 3 of the Attachment)

For 2010, the elimination of the broker vote for elections of directors may also factor into usage rates and hybrid distribution strategies.

### **Impact on Shareholder Voting Response Rates**

The data indicate that voting response rates vary by method of distribution and that Notice and Access, overall, results in less voting by retail account holders. For retail accounts receiving a mailed Notice, the voting response rate was 5.0% in year one and 4.0% in year two. This compares to historic rates of retail voting of approximately 20%. For all retail accounts at firms using Notice and Access (including mailed Notices, stratified mailings, and full package by consent), the total retail voting response rate was 12.28% in year one and 12.72% in year two. This compares with retail voting response rates of 20.46% and 19.39% in companies that did not use Notice and Access during these two years.

Full package delivery is associated with higher retail voting response rates in companies using Notice and Access than is a Notice-only approach. For years one and two, the voting response rates were 68.4% and 64.3%, respectively, for retail shareholders who had previously requested full packages of materials. Consistent with the rules, shareholders that request mailed copies of proxy materials have their preferences applied to all positions in a beneficial account. The highest response rates came from retail shareholders that received a Notice and requested a full package; their voting response rates were over 79% in year one and nearly 74% in year two, although this group made up a relatively minor segment of all retail shareholders. For accounts that received a full package by stratification, the response rates were 19.4% for year one and 19.8% for year two. (Refer to page 4 of the Attachment)

On the basis of *shares* (instead of accounts), retail voting responses in year two were 15.3% for Notice-only recipients, 73.9% for full package by consent, 81.9% for full package by fulfillment, and 29.2% for full package by stratification. (Refer to page 6 of the Attachment)

Analyses and surveys also suggest that Notice and Access may unintentionally result in lower rates of viewing of proxy materials, as relatively few individuals visit the specified URL to view the proxy information. Based on data for the period July 1, 2008 to April 30, 2009, covering over 21 million beneficial account holders, only 2.9% of recipients of a mailed Notice visited the URL indicated on the Notice and selected "Vote," and only 0.43% selected the "Read Material" section of the site.<sup>3</sup> Several surveys indicated that baseline viewing rates of proxy materials by retail shareholders were substantially higher prior to the effective date of the Notice and Access rules.<sup>4</sup>

### **Savings in Printing and Postage**

Broadridge estimates that incremental savings, net of fees, totaled \$143 million for the 653 issuers that opted to use Notice and Access in the first year and \$239 million for the 1,363 issuers that used the model during its second year.<sup>5</sup>

### **Ways to Increase Voter Participation**

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<sup>3</sup> Differences between the viewing rates and the 12-month voting rates are explained by differences in time periods measured.

<sup>4</sup> Extensive surveys of retail investor proxy viewing habits were submitted in comments to the original Notice and Access proposal. Refer to comment letters from Broadridge (Forrester, comScore), AARP, and the NYSE's Proxy Working Group. Responses in these surveys were consistent, e.g., fewer than 15% of respondents indicated that they never looked at proxy information sent to them.

<sup>5</sup> Refer to page 11 of the Attachment. These estimates are based on NIRI's estimate of the median unit cost of printed proxy materials from its 2008 survey (\$4.32/unit) and the average actual postage rate per package based on USPS rates (\$1.45/unit). These savings in total exceed the range of estimates calculated by the SEC in its Notice and Access rule making. In addition, Broadridge's Notice and Access Resource Center provides an online estimating tool which issuers can use to determine potential savings based on assumptions they provide ([www.Broadridge.com](http://www.Broadridge.com)). It also provides examples.

The SEC release asks, "How best to advance the Commission's regulatory interest in informed shareholder participation." Broadridge has been addressing ways to use technology, through current and new applications, to improve communications between issuers and shareholders and to increase shareholder participation in proxy voting.

### **Investor Network**

Social networking technologies can enable issuers to hold two-way communications with shareholders in ways that validate participants as actual shareholders, preserve anonymity and provide accountability. These technologies can enable communications between shareholders of a given issuer, facilitate surveys on specific issues, and establish a medium for the exchange of regulatory filings, new ideas and discussions. The Investor Network is one example of a social networking technology that is available to brokerage firm account holders. It provides an easy "on ramp" from a brokerage website to shareholder forums initiated by issuers and for communications between investors.

Broker-dealers provide a powerful communications channel between issuers and their shareholders. Links between broker-dealer websites and issuer forums can provide the infrastructure for delivering issuer information, educational material, annual meeting notices and voting reminders. As beneficial account holders become more accustomed to using these sites, and as more clients participate, the opportunities to link with issuer forums should improve communications and voting participation. If issuers were given the option to more easily connect in social networks through broker websites, we believe significant increases in participation and engagement would occur. Once shareholders are on the site, access to materials and voting becomes a convenient, one-step process.

### **Client-Directed Voting (CDV)**

Some industry participants have discussed CDV as a means to improve voting participation among retail shareholders. Participants would continue to receive proxy materials, or notification of such, along with a reminder of their standing instructions, and could override these instructions at any time. Shareholders, at their option, could voluntarily create their standing instructions for accounts already in place and when new accounts are opened. The standing instructions would apply to all equity positions in a given brokerage account unless otherwise directed.

Currently, clients of brokerage firms are permitted to provide standing instructions for such things as electronic delivery of statements and trade confirmations, reinvestment of dividends, and sweep investments of cash. Once shareholders become accustomed to their options with respect to standing instructions for proxy voting, it would become an easier process, involving fewer steps to vote.

Proponents of CDV point out that it would benefit issuers by increasing shareholder participation, at reasonable cost -- and it would also directly benefit shareholders, who would be afforded greater convenience and functionality -- similar to what some institutions and professional money managers enjoy today.

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## Conclusion

Broadridge is committed to working with the SEC, NYSE, issuers, financial intermediaries, and shareholders to develop the systems, processes, infrastructure, and education programs necessary to support improvements in shareholder communications and voting, and to facilitate greater engagement in the proxy process. We believe the proposed amendments to the Notice and Access rules, along with a number of additional ideas, can be implemented at relatively little cost to issuers and investors.

We thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Schifano". The signature is written in a cursive, flowing style.

## Attachment

cc: Honorable Mary L. Schapiro, Chairman  
Honorable Luis A. Aguilar, Commissioner  
Honorable Kathleen L. Casey, Commissioner  
Honorable Troy A. Paredes, Commissioner  
Honorable Elisse B. Walter, Commissioner  
Meredith B. Cross, Director, Division of Corporation Finance  
Brian V. Breheny, Deputy Director, Division of Corporation Finance  
Felicia Kung, Chief, Office of Rulemaking, Division of Corporation Finance



**Broadridge®**

## **Notice and Access**

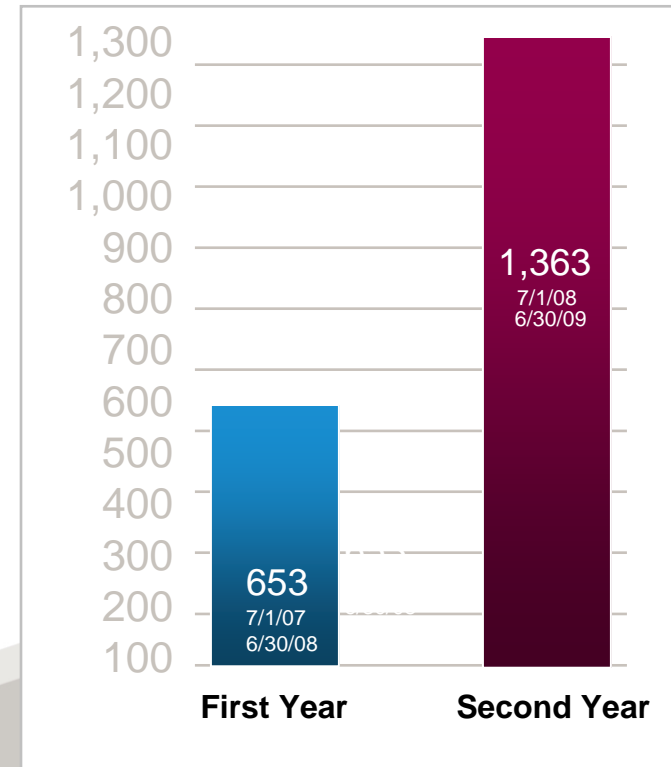
### **Statistical Overview of Use with Beneficial Shareholders**

**As of June 30, 2009**

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# Overview

- This report contains statistical information on use of the Notice and Access method of proxy material delivery (N&A) with beneficial shareholders
- Broadridge supports the use of Notice and Access for any issuer choosing this model
  - First Year – (7/1/07 – 6/30/08)  
653 corporate issuers utilized N&A
  - Second Year - (7/1/08 – 6/30/09)  
1,363 corporate issuers utilized N&A
- Retail, retail accounts and retail shares refer to accounts and/or shares the holders of which have not consented for any form of electronic delivery and are not managed accounts



# Characteristics of Companies Using Notice and Access As of June 30, 2009

## By distribution size range

Size Range*	<1,000	1,000 - 4,999	5,000 - 9,999	10,000 - 49,999	50,000 - 149,999	150,000 - 299,999	> 300,000	Total
Corporate Issuers Using N&A/Total Corp. Issuers	60 / 1,897	262 / 1,935	198 / 824	447 / 1,298	226 / 492	87 / 161	83 / 146	1,363 / 6,753
Percentage of Issuers Using N&A	3.2%	13.5%	24%	34.4%	45.9%	54%	56.9%	20.2%
Percentage of positions processed for Issuers choosing N&A	.03%	.6%	1.2%	8.7%	15.2%	15.4%	58.8%	100%
Meetings that include only routine proposals	51	170	128	241	97	30	17	734
Meetings that include at least one non-routine proposal (submitted by mgmt.)	9	89	66	177	87	31	11	470
Meetings that include at least one non-routine proposal (submitted by shareholders)	0	3	4	29	42	26	55	159

\* Size of Issuer is based on number of beneficial positions

In previous reports, Broadridge reported rates of adoption of Notice & Access on the basis of all meetings processed. Beginning with this report, the adoption rate is calculated on the basis of total eligible meetings. This excludes meetings of Canadian companies and certain others for whom Notice & Access is not an option.

Note: there was one instance in which a "soliciting person other than an issuer" used Notice and Access for distribution to shareholders. The matter was settled before the meeting.



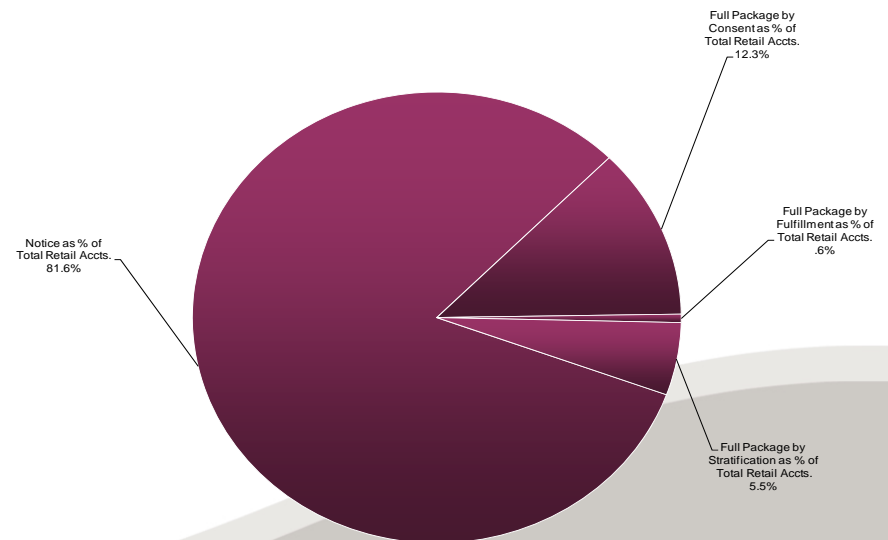
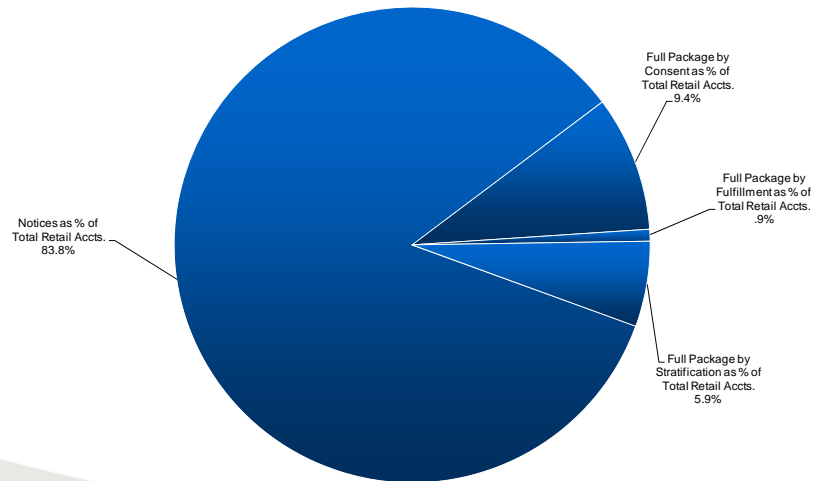


# Companies Using Notice and Access Retail Distribution Method by Accounts

## Accounts

■ First Year (7/1/07 - 6/30/08)

■ Second Year (7/1/08 - 6/30/09)



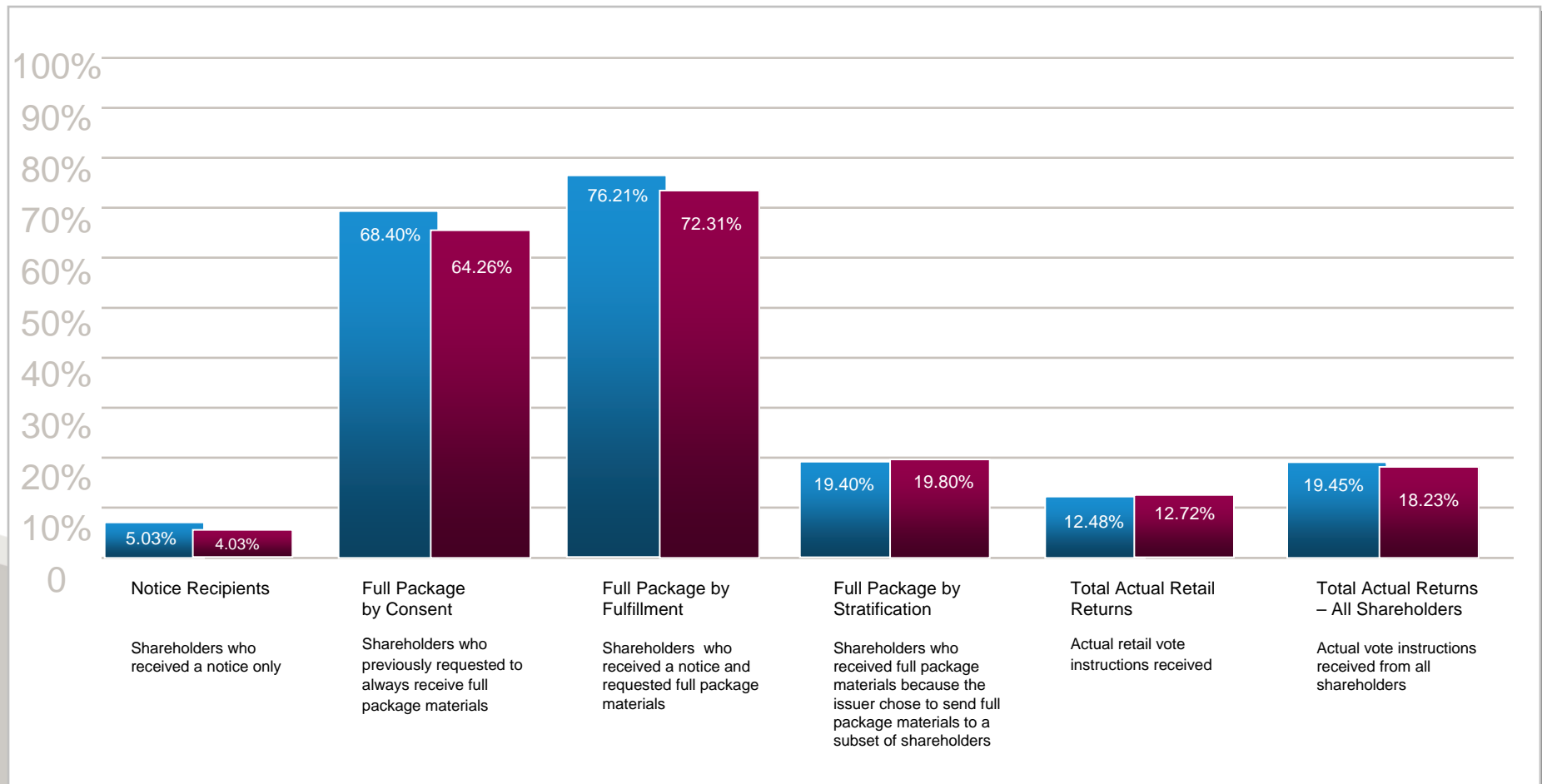
# Companies Using Notice and Access

## Retail Voting Response by Distribution Method by Accounts

### % Accounts Voted

■ First Year (7/1/07-6/30/08)

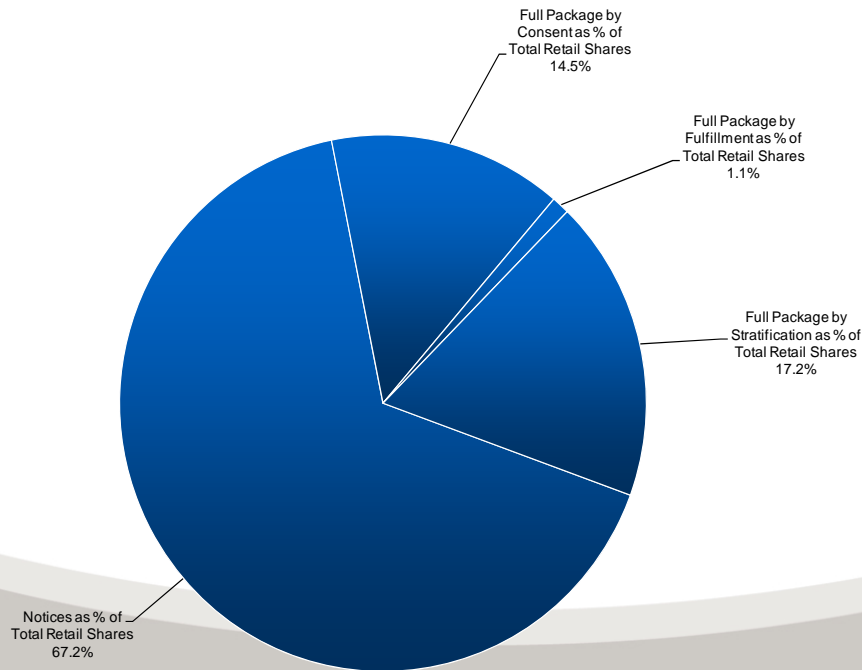
■ Second Year (7/1/08-6/30/09)



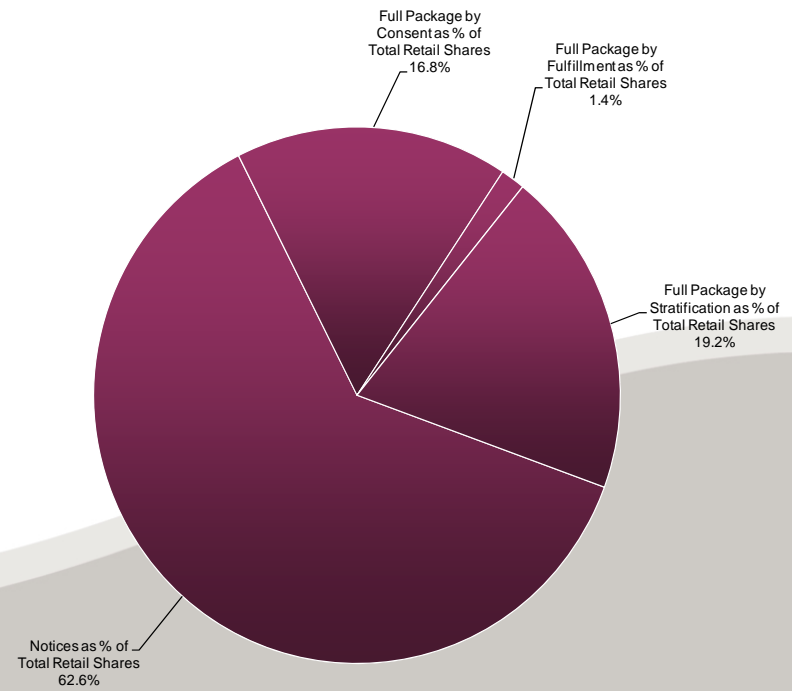
# Companies Using Notice and Access Retail Distribution Method by Shares

## Shares

■ First Year (7/1/07-6/30/08)

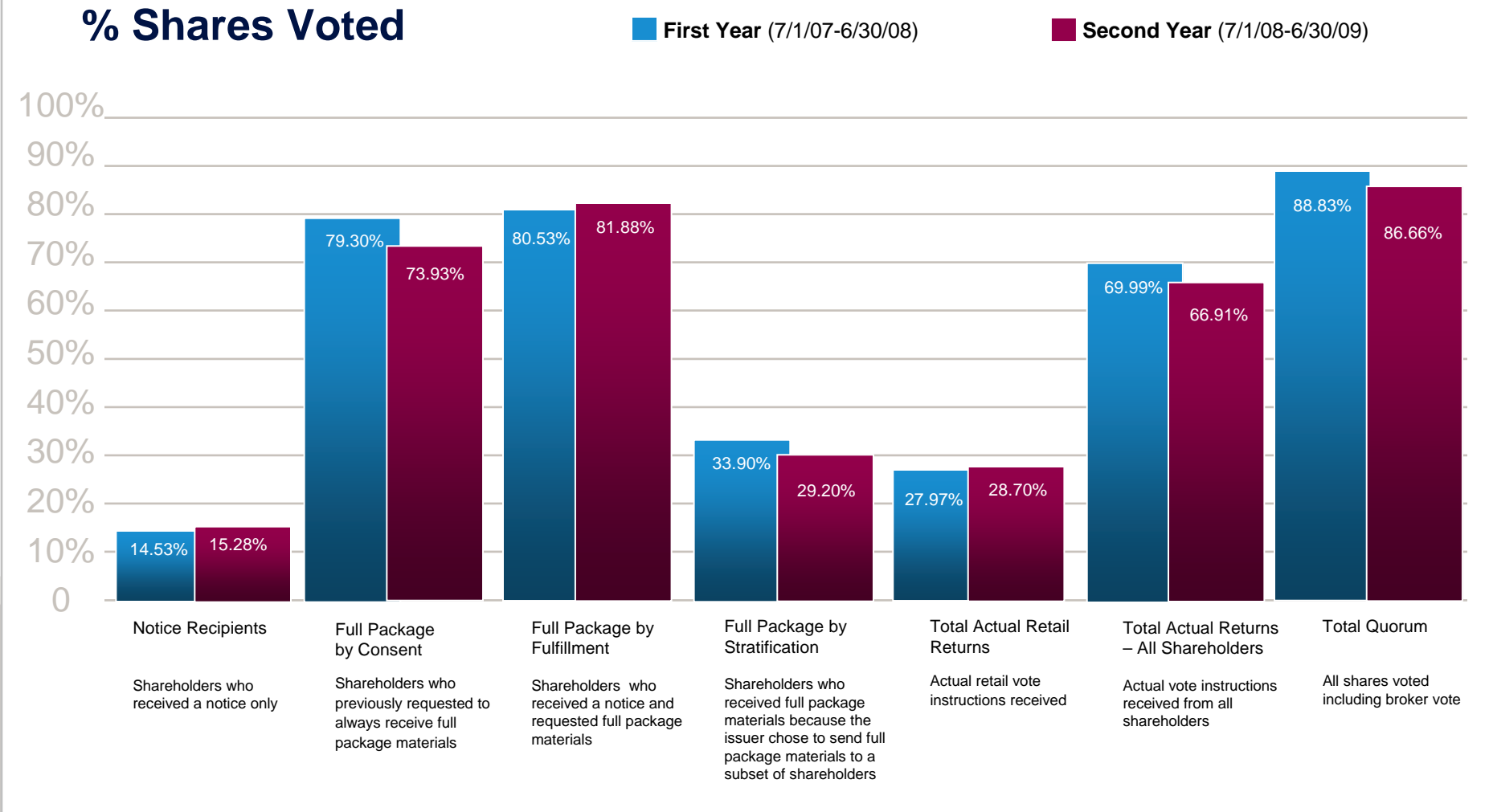


■ Second Year (7/1/08-6/30/09)



# Companies Using Notice and Access

## Retail Voting Response by Distribution Method by Shares

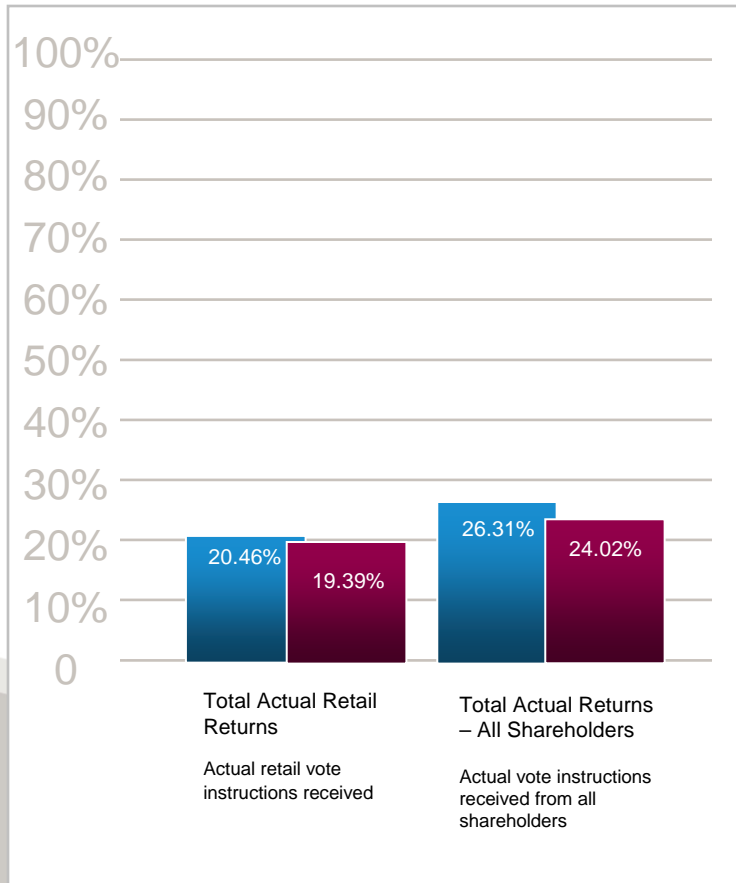


# Companies **NOT** Using Notice and Access Retail Voting Response

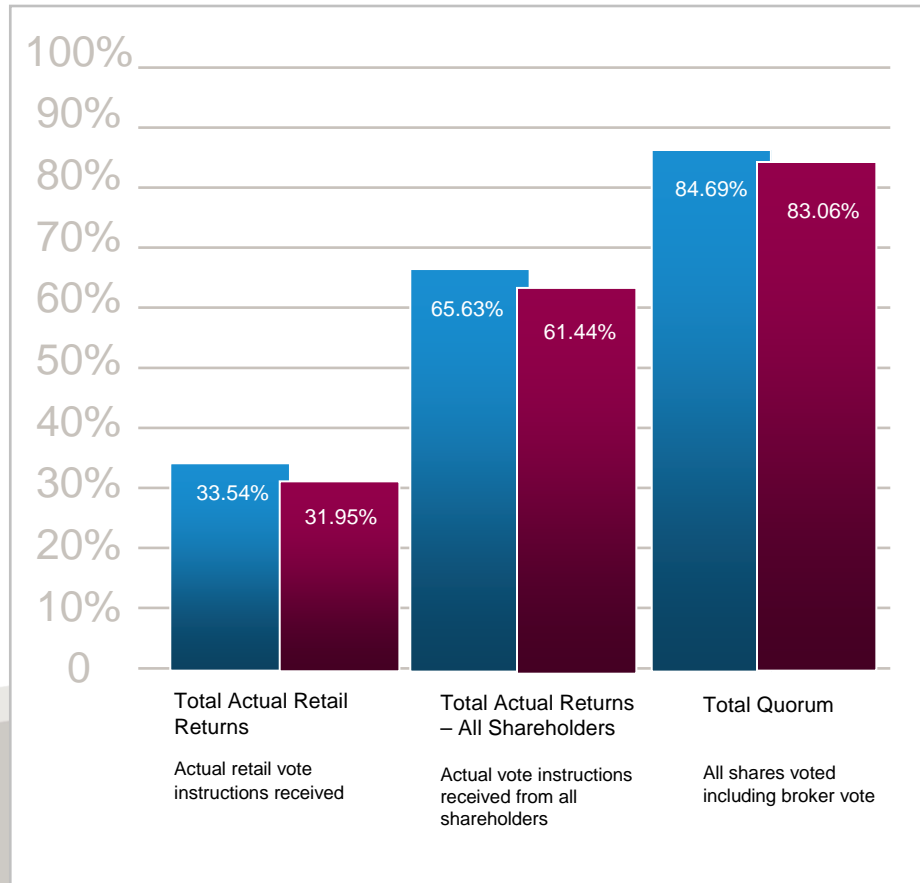
■ First Year (7/1/07-6/30/08)

■ Second Year (7/1/08-6/30/09)

## % Accounts Voted



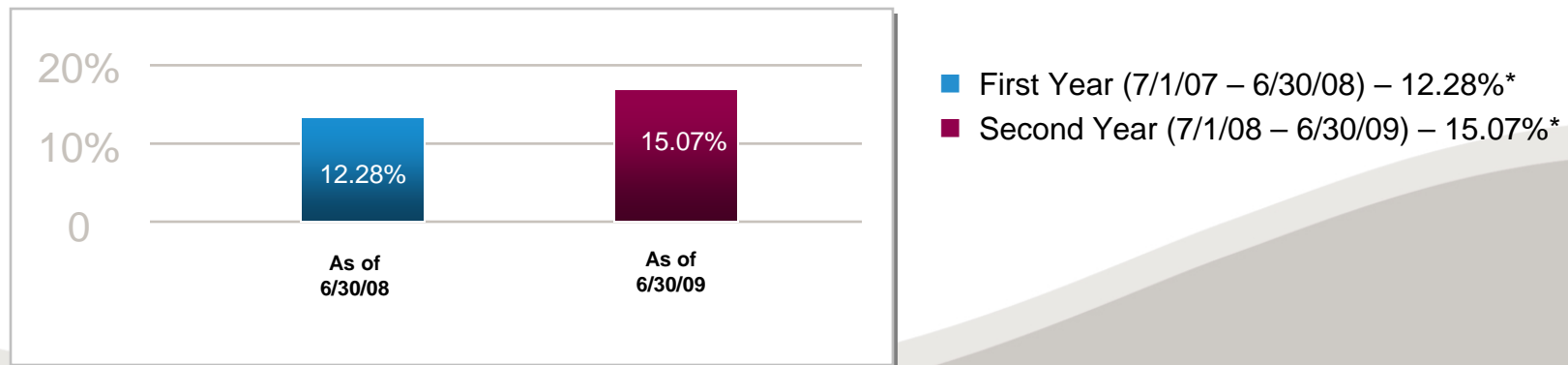
## % Shares Voted



# Full Sets of Proxy Materials

## Shareowners who received a full set of proxy materials due to:

- Prior consent by shareholders to receive a full set of proxy materials
- Requests for fulfillment of materials after receipt of Notice
- Issuer-directed stratification of mailings (e.g., sending full sets to larger shareholders, foreign shareholders, or frequent voters)
- In general, increasing numbers of issuers are stratifying their mailings

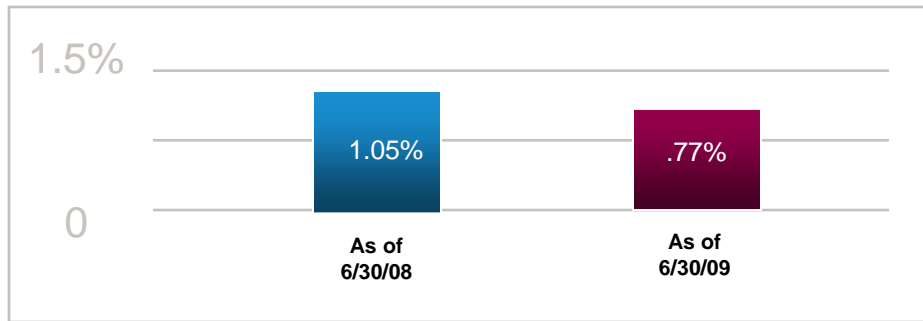


\* Represents an average of averages across issuers utilizing N&A for that time period

# Full Sets of Proxy Materials

## Percentage of shareowners who received a Notice and then requested a full set of proxy materials

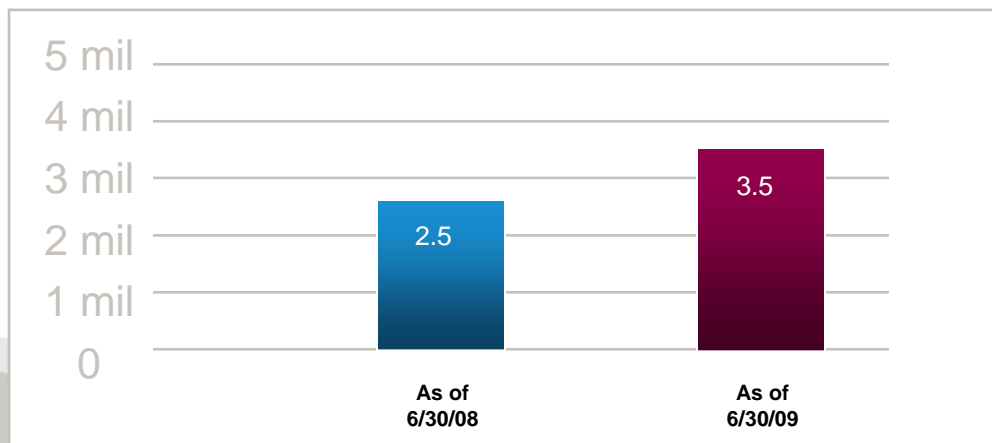
- First Year (7/1/07 – 6/30/08) – 1.05%
- Second Year (7/1/08 – 6/30/09) - .77%
- Requests for fulfillment of full packages, after receipt of Notice, have decreased over time



# Full Sets of Proxy Materials

## Full set delivery

- As of June 30, 2009, 3.5 million investor preferences for full-set delivery have been collected. These preferences are used in processing Notice and Access jobs.
  - First Year (7/1/07 – 6/30/08) – 2.5 million
  - Second Year (7/1/08 – 6/30/09) – 3.5 million

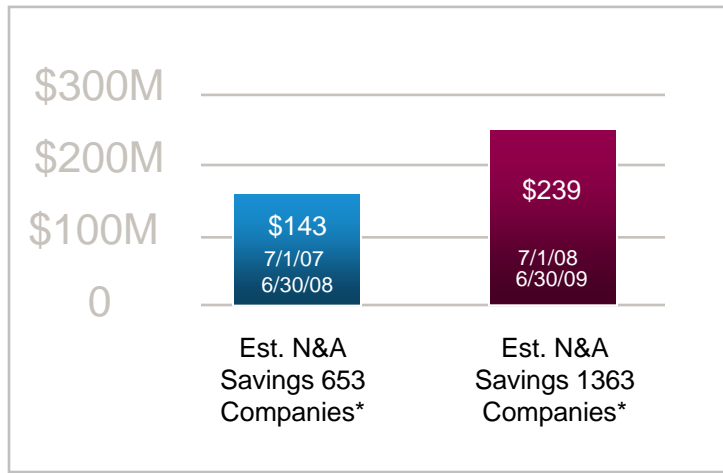




# Companies Realized Additional Savings on Print and Postage

## Estimated Savings for FY09 from Notice and Access: \$239 Million

### Estimated Savings from Use of Notice and Access with Beneficial Shareholders



\* Net of service fees.

By sending a Notice instead of a full set of materials, Notice and Access provides an additional tool to save on printing and postage. Since July 2007, 2,016 distributions have utilized Notice and Access model, resulting in estimated savings, net of fees, of **\$382 million**.

The 2009 unit savings estimate is based on information from NIRI and Broadridge internal data. It includes a median Annual Report cost of \$ 4.32 per NIRI, and an average actual postage cost per package of \$ 1.45 per Broadridge.

The 2008 unit savings estimate is based on comparable data from NIRI and Broadridge.

