MEMORANDUM

TO: File

FROM: Martha Haines

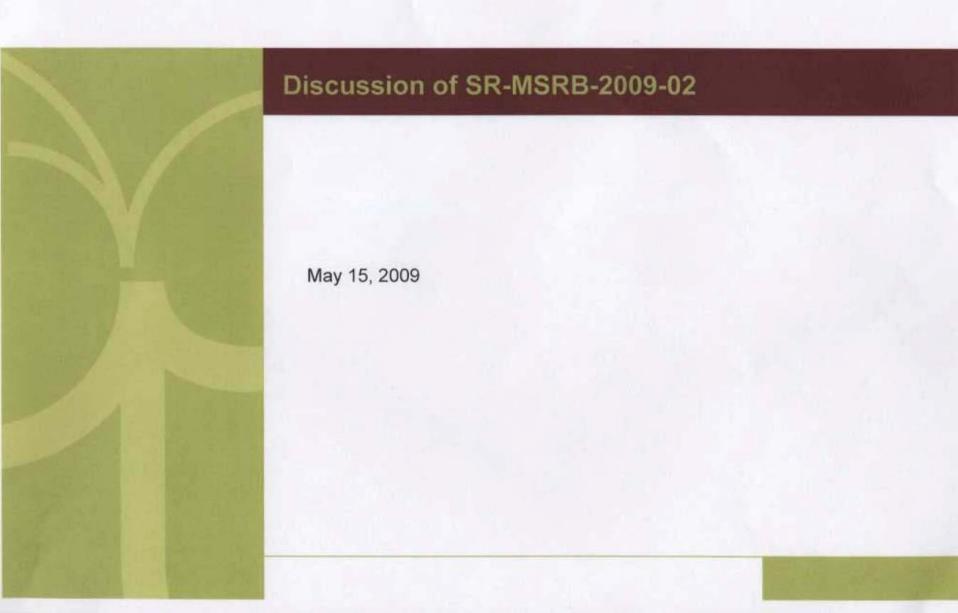
DATE: May 15, 2009

RE: Meeting with representatives of Broadridge Financial Solutions, Inc.

relating to SR-MSRB-2009-02

On May 15, 2009, Martha M. Haines, Chief, Office of Municipal Securities, and Mary N. Simpkins, Senior Special Counsel, Office of Municipal Securities, met with the following representatives of Broadridge Financial Solutions, Inc.: Robert Schifellite, President, Investor Communications Solutions, and Chuck Callan, SVP, Regulatory Affairs, Investor Communication Solutions. The discussion centered on the Municipal Securities Rulemaking Board's proposed rule change relating to the establishment of a primary market disclosure service and trade price transparency Service of the Electronic Municipal Market Access system (EMMA®) and amendments to MSRB Rules G-32 and G-36 (SR-MSRB-2009-02). Mr. Schifellite filed a comment letter related to this proposed rule change with the Commission on May 5, 2009. Mr. Schifellite and Mr. Callan provided additional materials for discussion related to their comments on this proposal. These materials are attached.





Commissioner Aguilar in SEC Speaks Improving Shareholder Participation Under Notice & Access

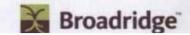
"A second way the SEC should act to enhance accountability to investors is addressing the empirical problems in the implementation of e-Proxy. As many of you are aware, the number of shareholders who voted through companies using the Notice & Access model dropped dramatically. Retail investor voting, in particular, plummeted. Some reports indicated less than 5 percent of individual investors voted at meetings held by companies that used e-Proxy in late 2007 and early 2008. Other statistics compared the level of participation by the same investors before and after the Notice & Access model was put in place, and found decreases of over 30% for large investors, and over 60% for smaller investors. For these investors, access clearly didn't equal delivery.

I recognize that there are significant cost savings to issuers who use e-Proxy, but we should make sure that cost savings come without compromising effectiveness and adversely impacting an investor's exercise of their rights. That seems to have happened here, and we need to fix e-Proxy or scrap it.

I know that the Division of Corporation Finance is aware of this situation. I strongly suggest we move quickly to reconsider e-Proxy, improving it if possible, repealing it if necessary, but with the goal of restoring investor participation."

(SEC Speaks in 2009, February 6, 2009, "Increasing Accountability and Transparency to Investors.")

There is broad interest in the SEC in fixing Notice & Access.



Observations on Notice & Access

Comments on Proposed Rules for Notice of Internet Availability of Proxy Materials

- Extensive research indicated there would be less viewing of information and less voting, e.g.:*
 - Three surveys of individual investors indicated that participation would decrease significantly.
 - Behavioral research on "default" programs indicated that introducing small "steps" impedes action.
- The potential for unintended consequences to participation is not limited to proxy materials.
- Several alternatives were identified -- to simultaneously increase efficiency and participation.

Actual Impact: Measurement of Viewing, Voting, and Efficiency

- Viewing and voting have fallen more sharply than expected:
 - · Fewer than one-half of one percent visit the specified URL and choose the "Read Materials" option.
 - Voting response rates fell by 73% among the same adopting issuers.
 - Voting response rates fell by 60% for the same investors.
- Issuers have realized net savings on printing and postage of over \$260 million, since July 1, 2007.

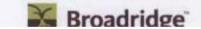
The MSRB's Proposal Relies on a Notice & Access Approach.

- Notification of Internet availability of official statements; with hard copies upon request.
- In the past twelve months, an estimated 1.4 million accounts invested in municipal securities and received official statements.
- The data suggest that as few as 2% of individual investors would take the extra steps necessary to view official statements.
- Potential savings on printing and postage could amount to a few million dollars, after fees, fulfillment costs, and capital expenditures.
- As a practical matter, a separate notice mailing would be sent, given the space limitations of trade confirmations.
- Use of a 'summary-like" document would provide most of the potential savings of a separate notice mailing.

SEC Rules for Mutual Fund Summary Prospectus: a More User-Friendly Document and an Additional Access Point.

- Delivery of key information using current preferences and defaults. (Detailed information is online and incorporated by reference.)
- The rules avoid the unintended consequence to viewing key information -- with estimated efficiencies of over \$190 million.**

** SEC File Number S7-28-07



^{*} SEC File Number S7-10-05, *Internet Availability of Proxy Materials, * comment letters from AARP, ADP, and others.

Few Individuals Visit the Specified URL to View the Information. Responses to Notice Mailing (July 1, 2008 – April 30, 2009)

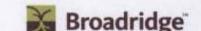
Recipients of Mailed Notices (#)	Visitors to the Specified URL Selecting "Vote" (#)	%	Visitors to the Specified URL Selecting "Read Materials" (#)	%
21,214,700	623,282	2.9	90,776	0.43

Notes

- Analysis of all 433 Notice & Access beneficial jobs with meeting dates from July 1, 2008 to April 30, 2009.
- A total of 21,214,700 account s received Notices by mail.
- A voting Control Number is used to access <u>www.proxyvote.com</u>, for purposes of reading proxy materials, voting ballots, requesting free hard copies, and enrolling in electronic delivery.
- The "Vote" option presents the ballot and provides a link to view the related proxy information.
- The "Read Materials" option presents the related proxy information and includes the option to vote.

Similarly, few individuals have taken advantage of the opportunity to request hard copies. Among all Notice & Access meetings for beneficial investors, fulfillment rates were as follows:

- During the first year (7/1/07 to 6/30/08), 1.05% requested copies.
- During the second year (7/1/08 to 3/31/09), only 0.58% made such requests.



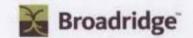
Voting Is Lower Under Notice & Access. Analysis of Same <u>Issuers</u> – *With* and *Without* Notice & Access

Voting Response Rates for Individual Investors at Same Issuers

Without	With (Notice)	With (Full Sets)
21.2%	5.7%	65.6%

Notes:

- Analysis of the 468 beneficial meetings voted from July 1, 2007 to May 31, 2008, including the 2008 proxy season.
- Compares voting rates at the same issuers: for their current meetings With N&A to their prior meeting Without N&A.
- "With Full Sets" includes stratified mailings (e.g., full package to larger shareholders) and full sets sent by prior consents
- · Based on Broadridge processing statistics. Details available on www.broadridge.com.



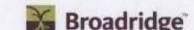
Voting Is Lower Under Notice & Access Analysis of Same Investors -- With and Without Notice & Access

Voting Response Rate for Same Individual Accounts, With and Without Notice & Access

Size of Accounts (share range)	Number of Matched Accounts	Number Voting <u>Without</u> N&A	Number Voting <u>With</u> N&A	Percent Change +/(-)
< 1000	5,982,606	868,027	343,941	(61)*
1,000 - 4,999	648,656	143,527	55,402	(61)
5,000 - 9,999	61,266	14,685	7,244	(51)
10,000 - 49,999	40,862	10,301	5,605	(46)
> 50,000	7,657	2,324	1,626	(30)
Total	6,741,047	1,038,864	413,818	(60)

[&]quot;Matched" accounts denotes same account number. Compares voting response rates With Notice & Access to voting response rates in the prior meeting Without Notice & Access. Based on all 164 corporate shareholder meetings from July 1, 2007 - April 30, 2008.

^{*} Includes mailings of a 2nd Notice (with a ballot) and full packages as a result of 'consents' and issuer stratification.



Statistics for Municipal Securities

Approximately 1.4 Million Accounts Invested in Municipal Securities During the Past Year:

Based on Broadridge's processing statistics for 3/31/08 – 4/1/09, share of market extrapolation to total volume sold through broker-dealers. Excludes municipal securities held in mutual funds.

Estimated Current Costs to Industry of Printing and Postage

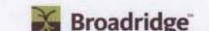
- Postage rates range from \$4.95 to \$8.25 based on priority mailing rates.
- Documents can contain over 150 pages and many are printed on demand.

Efficiency Savings:

- As a practical matter, there are space constraints to using a trade confirmation to provide instructions for: accessing documents, requesting free copies, and 'opting-in' to receive hard copies.
- This could necessitate sending notifications in a separate mailing from purchase confirmations:
 - An enclosed mailing would contain investor-specific information, e.g., a pin number could be used for requesting hard copies by website, email or automated voice response.
- There would be some offset to savings for fulfillment requirements.

Efficiency and Participation

- Sending a summary official statement, containing a notification legend, would provide most of the savings associated with sending a simple notice, and provide key information with existing preferences and defaults:
 - A legend specifying the URL, providing instructions for accessing the information, and including how to obtain hard copies
 - Estimated potential reduction in printing and postage savings vs. current costs: over 80%.
 - For a ten-page summary, for example, postage rates range from \$0.59 to \$1.00
 - Greater levels of automation could lower per image printing costs.



Appendix

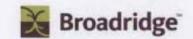
Research on Individual Investors Baseline Viewing Rates for Proxy Statements and Fund Prospectuses

Proxy Statements

- Before Notice & Access rules: approximately 85% read "some," "most," or "all."
- Detailed studies submitted by ADP (Broadridge) and AARP in comment letters filed on the SEC's proposed Notice & Access rules (File Number S7-10-05), including:
 - · Forrester Research (telephone survey of equity investors, 1506 respondents, January, 2006),
 - · comScore Networks (online survey of equity investors, 2026 respondents, January, 2006), and
 - Woelfel Research (telephone survey of equity and mutual fund investors, age 25+, 1493 respondents, January, 2006).
- NYSE proxy study (filed with recommendations from the Proxy Working Group):
 - Opinion Research Corporation (online survey of investors in stocks and bongs, age 18+, 579 respondents, April, 2007).

Mutual Fund Prospectus

- Forrester Research, Consumer Technographics, Q4'05, "Use of the Internet by Mutual Fund Shareholders," noted that 46% of fund investors use prospectuses several times each year to research fund investments.
- Investment Company Institute, "Understanding Investor Preferences for Mutual Fund Information," 2006, noted that approximately one-third of fund investors consult the prospectus prior to making an investment decision. Of those that do, over 75% prefer hard copy format (i.e., 32% prefer mail and, of the 28% that view online, approximately one-half print out information).
- Investor research submitted in comments on the SEC's proposed rules for a mutual fund summary prospectus (File Number S7-28-07).

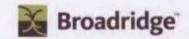


Notice & Access for Proxy Materials – Estimated Savings

	Year 1 (7/1/07 – 6/30/08)	Year 2 to date (7/1/08 – 3/31/09)	Total to date
Est. Savings (\$m)	124	143	267

Notes:

- Based on Broadridge processing statistics for 653 beneficial meetings in year 1 and 526 beneficial meetings during year 2-to-date, as published and provided to the SEC.
- · Unit costs for printing based on National Investor Relations Institute survey of issuers in 2008.
- · Unit costs for postage based on USPS rates.
- · Estimated savings are net of servicing fees.



"Fixing" Notice & Access Ways to Increase Participation with Low or No Cost to Issuers

Method	Description	Participation Increase	Status
Redesigned Notice and Envelope	New, more user-friendly design	Low	Completed
Educational Website	Broadridge site with proxy educational resources	Low	Broadridge rollout for proxy season '09.
Virtual Shareholder Meetings	Live participation and voting at the meeting, electronically	Low	Rollout for first issuer in May
Include Educational Insert with Notice	Unbiased explanation of voting process	Low	Draft reviewed with Corp Fin, possible modification to 14a-16 to permit insert with a Notice
Interactive Proxy Statements	XBRL-filed proxy statements, searchable, comparison enabled information, with link to vote execution	Medium	Open-source proxy statement taxonomy donated to XBRL U.S.
Client-Directed Voting *	Standing voting instructions for retail investors, akin to some institutional voting	Medium	Discussions with Corp Fin and interested parties. An alternative to the Broker Vote.
Investor Mailbox	Private label communications portal on brokers' websites	Medium	Made available to 14 million accounts. Integrated with account records and preferences
Dual Distribution	Dual mail and e-delivery to active email accounts for which no consents on file	Medium	Would require SEC encouragement of brokerage community. Could be implemented by Broadridge.
Investor Network	Secure, two-way communications for validated shareowners	High	Systemic change in investor engagement and participation

^{*} Proportional Voting, now implemented for a majority of accounts, reports un-voted shares in the same proportion as voted shares, for routine proposals.

