

SEC Invitation of Comments on Proxy System Reform

Many participants in the Shareholder Forum's "E-Meetings" program have been interested in the SEC's announced review of the "proxy plumbing" involved in shareholder communications.¹ While the debates about administrative details of managing stock ownership and voting records may be too complicated for some of us, the ultimate objectives of decision-making information exchanges should be clear to every investor and corporate manager. This "user" perspective, as distinguished from the interests of service providers,² is important to the SEC's understanding of what communications need to be supported.

The SEC has shown its interest in considering your objectives by initiating a request for the Forum's submission of its [October 6, 2010 Forum Report: Survey of Investor Communication Priorities for Voting Decisions](#), so that it can be formally available for their reference. My responsive cover letter³ offered this summary of investor interests:

The survey shows that there is significant investor interest in direct communication with corporate managers for information relating to voting decisions, and also provides indications of the types of communication processes that may be appropriate to respond to investor information requirements. The viability of these means of information exchange will of course depend on the SEC's response to the issues raised in the Concept Release.

Stating your own interests now will help to guide the development of regulations that effectively support those interests. We can assume that the SEC appreciates the need to update our obsolete "proxy plumbing" during the next year or two, one way or another, to make it globally competitive. While some improvements can be made by marketplace adaptations – for example, the [independent shareholder verification process](#) developed in the Forum's special project – essential functions such as the counting of valid votes will require regulatory reform. It is important that this regulatory reform be designed to support the ultimate interests of investors and corporate managers in informed decision-making, and it is up to you to help the SEC understand these interests.

¹ See [July 14, 2010 U.S. Securities and Exchange Commission: "SEC Votes to Seek Public Comment on U.S. Proxy System."](#)

² Examples of a range of views submitted by experts who have been actively involved in the Forum's E-Meetings program include these, posted on the SEC's web site for [Comments on Concept Release on the U.S. Proxy System](#):

- [Oct. 12, 2010 | Carl T. Hagberg, Chairman CEO, Carl T. Hagberg and Associates, Jackson, New Jersey](#)
- [Oct. 6, 2010 | Charles V. Callan, SVP, Regulatory Affairs, Broadridge Financial Solutions](#)
- [Sep. 29, 2010 | Mark Latham, Founder, VoterMedia.org, Vancouver, Canada](#)
- [Aug. 4, 2009 | Niels Holch, Executive Director, Shareholder Communications Coalition](#)

³ The responding October 8, 2010 letter and accompanying copy of the Forum survey report have been posted on the [SEC web site](#), listed as [Oct. 8, 2010 | Gary Lutin, The Shareholder Forum](#).

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Any Forum participant with an interest in improved communication and voting processes is encouraged to offer comments to the SEC by October 20, 2010. Instructions for doing so are available on the [SEC's web site](#), and the following article provides very useful guidance:

- [October 7, 2010 IR Magazine | Inside Investor Relations: "How to submit comments on SEC rulemaking"](#)

While it is the Forum's normal practice to address marketplace decision-making rather than regulatory processes, we will in this case be pleased to report to the SEC any comments of Forum participants who wish to offer their observations anonymously for public consideration.

GL – October 14, 2010

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