

July 19, 2010

SEC issues concept release on proxy mechanics reform

On July 14, the Chair and commissioners of the SEC voted unanimously to issue the SEC's awaited "concept release" regarding proxy mechanics reform. The concept release can be read in full [here](#); among the topics covered are:

- > Over-voting and under-voting of shares
- > Proxy vote confirmation
- > Proxy voting by institutional securities lenders
- > Proxy distribution fees
- > Issuers' ability to communicate with beneficial owners of securities
- > Potential means to facilitate retail investor voting participation
- > Data-tagging proxy-related materials
- > The role of proxy advisory firms
- > Dual record date
- > Empty voting

If implemented, changes in these areas could provide issuers with more control of shareholder communications costs, greater accuracy in the voting process, improved participation by holders in the voting process, and overall enhanced ability to communicate directly with all holders - both registered and beneficial.

The [Shareholder Communications Coalition](#) has taken an active role in advocating for many of these changes to the proxy mechanics process and Computershare and Georgeson strongly support the Coalition's efforts. These changes will greatly benefit both issuers and investors. The Coalition issued a statement on July 14 applauding the issuance of the concept release and outlining the core issues addressed in the release. You can read the Coalition's statement [here](#).

The [National Investor Relations Institute](#) also voiced its approval of the SEC's review of proxy mechanics. In a statement, NIRI President and CEO Jeffrey D. Morgan said, "We are pleased the SEC is opening up this discussion as our shareholder proxy voting system is decades old and needs to be updated and reformed. This is a unique opportunity for investors, issuers and all involved to come together to develop a better system." You can read the NIRI statement [here](#).

After a 90-day comment period on the concept release, the SEC will begin the rulemaking process, which will include further opportunities to comment. Computershare and Georgeson will provide you with a summary of key issues and recommendations based upon our comprehensive review.

Over the past several years Computershare and Georgeson have also been actively seeking many of these changes on behalf of our clients. The concept release now provides the issuer community with an opportunity to seek many positive reforms in order to create a more transparent and competitive system that works in the interest of issuers and investors alike.

It has been 30 years since the last comprehensive review of the proxy/shareholder communications system. Now is the opportunity to create a system that will assist both issuers and their investors. In the coming weeks, you will be hearing from us about how you can help drive these important regulatory changes.

We're interested in your thoughts about the issues presented and any proposals made. Please feel free to contact your account executive with comments or questions, or contact **Richard Gottcent** at 212 440 9950 or rgottcent@georgeson.com.

Please also visit our web site at www.georgeson.com/usa.