

# THE STA

## SECURITIES TRANSFER ASSOCIATION, INC.

Established 1911

October 15, 2018

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CAROL A. GAFFNEY

Brent J. Fields, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

### **RE: FILE NUMBER 4-725**

Dear Secretary Fields;

The Securities Transfer Association (“STA”) appreciates the opportunity to submit this letter in anticipation of the SEC’s upcoming Roundtable on the Proxy Process. Founded in 1911, the STA is the professional association of transfer agents and represents more than 130 commercial stock transfer agents, bond agents, mutual fund agents, and related service providers within the United States and Canada.

STA membership consists of banks and independent transfer agents that perform record keeping services for publicly traded companies and mutual funds, corporate transfer agents that perform the same service for their own corporations, and companies that support organizations involved in the transfer of securities. Collectively, STA members serve as transfer agents for more than 15,000 publicly traded corporations, providing record keeping and other services to more than 100 million shareholders.

On September 25th, we filed a letter to the SEC that pointed out some topics that we hope the upcoming Proxy Roundtable will address with respect to the current proxy voting system. We now respectfully submit, on behalf of the STA, more information outlining some of the problems with respect to over-voting, and statistics, compiled by the STA Proxy Committee this year that will support our recommendation that pre-mailing reconciliation should be mandated. The following represents a sample of meetings tabulated by our members this year:

# of meetings tabulated:	183
# of meetings experiencing suspected over voting:	136
# of suspected over voting incidents/shares:	757 / 178,675,863
# of true over voting incidents / shares:	134 / 5,879,883

As you can see from the figures above, tabulators are still encountering numerous situations where a vote is presented and there is no obvious position against which to tabulate it. Of the 757 situations encountered, all but 134 were resolved using a variety of means, such as broker association tables or phone calls, which ultimately allowed the tabulator to identify the entity validly holding the position in question and tabulate the vote. However, it is estimated that each of the 623 resolved instances required at least 3-5 minutes to complete.

For the remaining 134 instances identified in our sample, we have no direct information on time expended to investigate before ultimately determining that they could not be resolved. However, we estimate that they will have required significantly more time than the resolved instances.

While the rate of unresolved broker over voting instances and related shares has dropped significantly over the years, this is likely due to the 'street' service providers implementing measures to prevent their clients from submitting votes to the tabulator in excess of their position as reflected in DTC's record date securities position report. We addressed this issue in our letter to you of 25<sup>th</sup> September.

Despite the reduced incidence, the 757 incidents occurring just in this limited sample of the total meeting population required more than 50 person-hours to address and still resulted in some 5.8 million shares going un-voted, cast by holders who, no doubt, thought their vote was counted. This places an undue burden on tabulators, in addition to the risk of investor votes not being appropriately counted.

An improvement in the process of recording legal/omnibus proxies should be considered to address the circumstances presented by those 623 instances in our sample that arose due to problems with appropriately passing voting authority. Further, the continued existence of unresolved instances of over-voting remains a strong argument for pre-mailing reconciliation of stock records.

Thank you again for providing the STA with the opportunity to submit further this information.

Very truly yours,

A handwritten signature in black ink that reads "Todd J. May". The signature is written in a cursive style with a large, sweeping flourish at the end.

Todd, J. May

President

The Securities Transfer Association, Inc.