

CII Asks SEC to Require Broadridge to Provide Vote Tallies to Proponents

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The Council of Institutional Investors is urging the SEC to take action in response to [news reports](#) that Broadridge will discontinue its practice of providing voting tallies to proponents of shareholder proposals. It is unclear whether many were even aware that Broadridge was providing this information to shareholder proponents who used the company to distribute materials to investors.

Its [letter](#) urges the SEC to immediately end the “patently unfair and arbitrary change in practice” as well as to determine whether regulatory reform is necessary. The letter indicates that Broadridge’s decision, the timing in particular, “raises deeply troubling questions about the fairness and impartiality of the proxy system,” a repeated theme throughout the brief communication.

CII expands its outrage with respect to the availability of vote tallies by complaining generally about Broadridge’s near monopoly over proxy distribution, advocating for additional time to further consider proposed changes to the NYSE rules related to fees charged for distributing proxy materials. These are fees that issuers ultimately pay, and represent a highly expensive burden for many companies.

CII complains that, given its broad coverage, Broadridge should be obligated to, on its own or as required by regulators, demonstrate “fairness” to all interested parties. CII also cites the prior Broadridge practice of having a “vote all items with management” button, which was removed after involvement by the SEC staff, and its belief that Broadridge processes shareholder communications to investors more slowly, as further evidence that Broadridge is biased toward issuers. Ultimately, CII wants the SEC to prioritize a review of the role of proxy distributors and “lack of impartiality in the proxy process.”

Apparently a spokesman for Broadridge has indicated that they would like the SEC to settle the issue, so there may be additional interest in having the SEC weigh in.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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