SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240, 249, 270, and 274

[Release Nos. 34–63123; IC–29463; File No. S7–30–10]

RIN 3235–AK67

Reporting of Proxy Votes on Executive Compensation and Other Matters

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission is proposing rule and form amendments under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 that, if adopted, would require an institutional investment manager that is subject to Section 13(f) of the Securities Exchange Act to report annually how it voted proxies relating to executive compensation matters as required by Section 14A of the Securities Exchange Act, which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

DATES: Comments should be received on or before November 18, 2010.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/proposed.shtml*);
- Send an e-mail to *rule-comments@sec.gov.* Please include File Number S7–30–10 on the subject line; or
- Use the Federal eRulemaking Portal (*http://www.regulations.gov*). Follow the instructions for submitting comments.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090.

All submissions should refer to File Number S7–30–10. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/proposed.shtml*). Comments are also available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Alberto H. Zapata, Senior Counsel; Michael C. Pawluk, Branch Chief; or Mark T. Uyeda, Assistant Director, at (202) 551–6784, Office of Disclosure Regulation, Division of Investment Management, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–8549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission ("Commission") is proposing new rule 14Ad–1 under the Securities Exchange Act of 1934 ("Exchange Act") [1] and amendments to Form N–PX [2] under the Exchange Act and the Investment Company Act of 1940 ("Investment Company Act").[3] The Commission is also proposing a technical amendment to rule 30b1–4 under the Investment Company Act.[4]

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I. Background

Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"),[5] enacted on July 21, 2010, added new Section 14A to the Exchange Act.[6] Section 14A requires issuers to provide shareholders with a vote on certain executive compensation matters, and it requires certain institutional investment managers to report how they voted on those matters.

Section 14A(a) requires that a proxy or consent or authorization for an annual or other meeting of the shareholders for which the proxy solicitation rules of the Commission require compensation disclosure include: (1) Not less frequently than once every three years, a separate resolution subject to shareholder vote to approve executive compensation; and (2) not less frequently than once every six years, a separate resolution subject to shareholder vote to determine whether the required executive compensation votes will occur every one, two, or three years. Section 14A(b) requires that any proxy or consent or authorization relating to a meeting at which shareholders are asked to approve an acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all the assets of an issuer include a separate resolution subject to shareholder vote to approve executive compensation agreements and understandings that relate to the transaction unless these agreements or understandings were subject to a shareholder vote under Section 14A(a). The requirements for a vote on executive compensation and on the frequency of the executive compensation vote required by Section 14A(a) are effective for shareholder meetings occurring on or after January 21, 2011.[7] The requirement for the vote on executive compensation agreements and understandings that relate to certain transactions required by Section 14A(b) will be effective when the Commission's rules implementing that provision become effective. In a companion release, we are proposing rules to implement the voting requirements of Sections 14A(a) and (b) of the Exchange Act.[8]

Section 14A(d) of the Exchange Act requires that every institutional investment manager subject to Section 13(f) of the Exchange Act report at least annually how it voted on the executive compensation-related shareholder votes

[1] 15 U.S.C. 78a *et seq.*

[2] 17 CFR 274.129. Currently, Form N–PX is adopted under the Investment Company Act only. In this release, we are proposing to amend Form N–PX under both the Exchange Act and the Investment Company Act.

[3] 15 U.S.C. 80a–1 *et seq.*

[4] 17 CFR 270.30b1–4.

[5] Public Law 111–203, 124 Stat. 1376 (2010).

[6] To be codified at 15 U.S.C. 78n–1.

[7] *See* Section 14A(a)(3) of the Exchange Act (making the requirements of Section 14A(a) effective for shareholder meetings occurring after the end of the six-month period beginning on the date of enactment of the Dodd-Frank Act).

[8] Exchange Act Release No. 63124 (Oct. 18, 2010).

required by Sections 14A(a) and (b) (the "Section 14A Votes"), unless such vote is otherwise required to be reported publicly by rule or regulation of the Commission. Today, we are proposing rule and form amendments to implement this reporting requirement.

II. Proposed Amendments

To implement Section 14A(d) of the Exchange Act, we are proposing new rule 14Ad–1 under the Exchange Act, which, if adopted, would require institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act to file their record of Section 14A Votes with the Commission annually on Form N–PX. We are also proposing to amend Form N–PX, which is currently used by registered management investment companies ("funds") to file their complete proxy voting records with the Commission, to accommodate the new filings by institutional investment managers. In addition, we are proposing certain technical and conforming amendments to our rules.

A. Class of Reporting Persons

We are proposing to require every institutional investment manager (as that term is defined in Section 13(f)(6)(A) of the Exchange Act [9]) that is required to file reports under Section 13(f) of the Act to file its record of Section 14A Votes on Form N–PX.[10] Thus, a person will become subject to the new reporting requirement if it meets two criteria: (1) The person is an institutional investment manager as defined in Section 13(f)(6)(A) of the Exchange Act; and (2) the person is required to file reports under Section 13(f) of the Exchange Act. As described in the following paragraph, these are the same persons that are required to report on Form 13F under the Exchange Act.[11]

Section 13(f)(6)(A) of the Exchange Act defines the term "institutional investment manager" to include "any person, other than a natural person, investing in or buying and selling securities for its own account, and any person exercising investment discretion with respect to the account of any other person." An institutional investment manager is required to file reports under Section 13(f) if the institutional investment manager exercises investment discretion [12] with respect to accounts holding Section 13(f) securities [13] having an aggregate fair market value on the last trading day of any month of any calendar year of at least $100 million.[14] Institutional investment managers meeting this threshold are required to file quarterly reports with the Commission on Form 13F disclosing their holdings of Section 13(f) securities for the final quarter of the calendar year in which the threshold is met and continuing for each of the first three quarters of the subsequent calendar year.[15] In order to implement the requirement of Section 14A(d) of the Exchange Act that "every institutional investment manager subject to section 13(f)" of the Exchange Act report its Section 14A Votes, we are proposing that an institutional investment manager required to report on Form 13F would also be required to report its Section 14A Votes on Form N–PX.

B. Scope of Reporting Obligation

We are proposing to require an institutional investment manager that is required to report on Form N–PX to include in the report the manager's proxy voting record (1) for each shareholder vote pursuant to Sections 14A(a) and (b) of the Exchange Act (2) with respect to which the manager, whether directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, had or shared the power to vote, or to direct the voting of, (3) any security.

1. Types of Votes Required To Be Reported

We are proposing to require an institutional investment manager that would be required to report on Form N–PX to include in the report the manager's record for each shareholder vote pursuant to Sections 14A(a) and (b) of the Exchange Act, *i.e.,* Section 14A Votes.[16] The scope of votes that would be required to be reported under the proposal is the same as the scope provided by new Section 14A(d) of the Exchange Act. The institutional investment manager, therefore, would be required to report votes required by Section 14A(a) on the approval of executive compensation and on the frequency of executive compensation approval votes, as well as votes required by Section 14A(b) on the approval of executive compensation that relates to an acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all the assets of an issuer. Institutional investment managers would not be required to include votes on any other matters in the reports on Form N–PX.[17]

2. Voting Power

Under the proposal, an institutional investment manager would be required to report a Section 14A Vote for a security only if the manager, whether directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, had or shared the power to vote, or to direct the voting of, the security.[18] An institutional

[9] To be codified at 15 U.S.C. 78m(f)(6)(A). Section 929X of the Dodd-Frank Act redesignated former Section 13(f)(5) of the Exchange Act as Section 13(f)(6).

[10] Proposed rule 14Ad–1.

[11] Form 13F [17 CFR 249.325] is the form used for quarterly securities holdings reports under Section 13(f) of the Exchange Act by institutional investment managers that exercise investment discretion with respect to accounts holding certain equity securities having an aggregate fair market value of $100 million or more.

[12] "Investment discretion" has the meaning set forth in Section 3(a)(35) of the Exchange Act [15 U.S.C. 78c(a)(35)]. In addition, an institutional investment manager is "deemed to exercise 'investment discretion' with respect to all accounts over which any person under its control exercises investment discretion." Rule 13f–1(b) under the Exchange Act [17 CFR 240.13f–1(b)].

Under Section 3(a)(35) of the Exchange Act, "a person exercises 'investment discretion' with respect to an account if, directly or indirectly, such person (A) is authorized to determine what securities or other property shall be purchased or sold by or for the account, (B) makes decisions as to what securities or other property shall be purchased or sold by or for the account even though some other person may have responsibility for such investment decisions, or (C) otherwise exercises such influence with respect to the purchase and sale of securities or other property by or for the account as the Commission, by rule, determines, in the public interest or for the protection of investors, should be subject to the operation of the provisions of this title and the rules and regulations thereunder."

[13] "Section 13(f) securities" mean "equity securities of a class described in section 13(d)(1) of the [Exchange] Act that are admitted to trading on a national securities exchange or quoted on the automated quotation system of a registered securities association." Rule 13f–1(c) under the Exchange Act [17 CFR 240.13f–1(c)]. Equity securities of a class described in Section 13(d)(1) of the Exchange Act [15 U.S.C. 78m(d)(1)] include, among other things, equity securities of a class which is registered pursuant to Section 12 of the Exchange Act, equity securities of an insurance company which would have been required to be so registered except for the exemption contained in Section 12(g)(2)(G) of the Exchange Act, and equity securities issued by a closed-end investment company registered under the Investment Company Act. The Commission publishes a list of Section 13(f) securities that is available on the Commission's Internet Web site at: *http://www.sec.gov/divisions/investment/13flists.htm.*

[14] Section 13(f)(1) of the Exchange Act [15 U.S.C. 78m(f)(1)]; rule 13f–1(a)(1) under the Exchange Act [17 CFR 240.13f–1(a)(1)].

[15] Rule 13f–1(a)(1).

[16] Proposed rule 14Ad–1(a); proposed Item 1 of Form N–PX.

[17] Funds would continue to be required to report their complete proxy voting record on Form N–PX. *See* rule 30b1–4 under the Investment Company Act; current and proposed Item 1 of Form N–PX (requiring disclosure of proxy voting information "for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the [fund] was entitled to vote").

[18] Proposed rule 14Ad–1(a); proposed Item 1 of Form N–PX. This is similar to the language of rule

Continued

investment manager would be required to report a Section 14A Vote if the manager had or shared voting power over the particular Section 14A Vote, without regard to whether the manager had voting power over other matters. Whether a manager has the requisite voting power would depend on an analysis of all the relevant facts and circumstances.[19]

Basing an institutional investment manager's requirement to report a Section 14A Vote on whether it has or shares voting power with respect to the Section 14A Vote appears to be consistent with the plain language of Section 14A(d), which requires a manager to report on "how it voted" on Section 14A Votes. In the case of Section 14A Votes where an institutional investment manager does not have or share voting power, the manager would not, in our view, have anything to report under this statutory language.[20]

We note that reporting on Form 13F is based on "investment discretion" rather than "voting power."[21] As a result, the use of a test based on voting power for Form N–PX may contribute to discrepancies between securities reported by an institutional investment manager on Form 13F and securities for which votes are reported on Form N–PX. For example, if an institutional investment manager exercises investment discretion with respect to a particular Section 13(f) security held in a client's account, but the client retains all rights to vote proxies with respect to the security, the manager would report that security on its holdings report on Form 13F if it held the security at the end of a calendar quarter, but would not report any Section 14A Votes with respect to that security under our proposal.[22] Similarly, an institutional investment manager that has or shares voting power over a security, but is not required to report the security on Form 13F because it does not have investment discretion over the security, would be required to report Section 14A Votes with respect to that security provided that the institutional investment manager is otherwise required to file reports under Section 13(f) of the Exchange Act.

We request comment on the use of voting power as the basis for determining which Section 14A Votes would be reported by an institutional investment manager and, in particular, on the following issues:

- Should the reporting requirement be based on having the power to vote with respect to Section 14A Votes or should we use some other basis, such as investment discretion? Should we, as proposed, base the requirement to file on a manager having either sole or shared voting power?
- Should we provide guidance concerning the circumstances under which a manager has sole or shared voting power? For example, would it be helpful for the Commission to provide guidance regarding the application of the Form N–PX "sole or shared voting power" standard as it would apply to ERISA plans? Commenters who believe that guidance would be helpful are asked to specify the nature of the guidance that would be helpful.

3. Securities With Respect to Which Votes Are Required To Be Reported

We are proposing that an institutional investment manager report Section 14A Votes with respect to "any security" with respect to which it meets the voting power test described above. Thus, we are not proposing to limit in any way the types of securities with respect to which an institutional investment manager must report its Section 14A Votes.[23] As a result, the proposal would require an institutional investment manager to report Section 14A Votes with respect to a security without regard to whether the manager had previously reported or been required to report the security as a holding on Form 13F. For example, on Form 13F, a manager reports its holdings as of the end of the quarterly reporting period and is permitted to omit holdings of fewer than 10,000 shares (or less than $200,000 principal amount in case of convertible debt securities) and less than $200,000 aggregate fair market value.[24] Under the proposal, an institutional investment manager would be required to report Section 14A Votes without regard to whether the securities were held as of the close of any quarter and without regard to the size of the holding.

We request comment on the securities for which institutional investment managers would be required to file proxy voting records on Form N–PX, and, in particular, on the following issues:

- Should we, as proposed, require institutional investment managers to report Section 14A Votes with respect to "any security?" Should we, instead, limit in any way the securities with respect to which Section 14A Votes are required to be reported? For example, should we require Section 14A Votes to be reported only with respect to securities that a manager has previously reported or been required to report on Form 13F?
- Should we prescribe any threshold position size below which a manager would not be required to report its Section 14A Votes? For example, consistent with Form 13F, should a manager be permitted to omit Section 14A Votes from Form N–PX reports with respect to securities where it held fewer than 10,000 shares (or less than $200,000 principal amount in case of convertible debt securities) and less than $200,000 aggregate fair market value? If we adopt a reporting threshold that is different from the Form 13F reporting threshold, or adopt no threshold, will this make the information required to be reported on Form N–PX more difficult to track or impose any other burdens?

13d–3(a) under the Exchange Act [17 CFR 240.13d–3(a)], which provides that a beneficial owner of a security includes any person who, "directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares * * * [v]oting power which includes the power to vote, or to direct the voting of, such security. * * *"

[19] *Cf.* Exchange Act Release No. 13291 (Feb. 24, 1977) [42 FR 12342, 12344 (Mar. 3, 1977)] (stating that "[a]n analysis of all relevant facts and circumstances in a particular situation is essential in order to identify each person possessing the requisite voting power" to be considered a beneficial owner within the meaning of rule 13d–3 under the Exchange Act).

[20] This could arise, for example, where an investment manager to a plan that is subject to the Employee Retirement Income Security Act of 1974 ("ERISA") [29 U.S.C. 1001 *et seq.*] is expressly precluded from voting proxies by the plan document or the investment management contract. *See* 29 CFR 2509.08–2 ("DOL Interpretive Bulletin").

[21] Rule 13f–1(a)(1); General Instruction 1 to Form 13F. *See supra* note 12 (explaining "investment discretion").

[22] There are other circumstances in which the securities reported by an institutional investment manager on Form 13F may not correspond to the securities for which Section 14A Votes are reported by the manager on Form N–PX. For example, a manager may have voted proxies for a particular security and subsequently disposed of the security prior to the end of the calendar quarter. Under these circumstances, the proxy votes would be disclosed on the manager's Form N–PX report, but the holdings would not be included on a Form 13F report. *See also* discussion *infra* Part II.B.3 (discussing differences in reporting between Form 13F and Form N–PX).

[23] Section 14A(a), by its terms, applies to a proxy or consent or authorization for a shareholder meeting "for which the proxy solicitation rules of the Commission require compensation disclosure." Section 14A(b), by its terms, applies to any proxy or consent or authorization relating to "proxy or consent solicitation material (the solicitation of which is subject to the rules of the Commission pursuant to [Section 14A(a)])." The proxy rules apply to the solicitation of any proxy or consent or authorization in respect of any security (other than an exempted security) registered pursuant to Section 12 of the Exchange Act. Section 14(a) of the Exchange Act [15 U.S.C. 78n(a)]. See note 13 for a description of the securities required to be reported on Form 13F.

[24] *See* General Instruction 3 and Special Instruction 10 to Form 13F.

C. Time of Reporting

We are proposing to require institutional investment managers to report their Section 14A Votes annually on Form N–PX not later than August 31 of each year, for the most recent twelve-month period ended June 30.[25] This is the same schedule on which funds are required to report their complete proxy voting records on Form N–PX.[26] This reporting schedule is intended to have the same advantages for institutional investment manager reporting that it has for funds, namely, each institutional investment manager's proxy voting record will be available within a relatively short period of time after the proxy voting season, and all institutional investment managers will provide their voting records over a uniform July 1–June 30 period.[27] A uniform reporting schedule for all institutional investment managers and funds also would facilitate joint reporting that would eliminate duplicative vote reporting by multiple entities.[28]

We are proposing transition rules that govern the timing of an institutional investment manager's Form N–PX filing obligations whenever the manager enters and exits from the obligation to file Form 13F reports. An institutional investment manager would not be required to file a Form N–PX report for the twelve-month period ending June 30 of the calendar year in which the manager's initial filing on Form 13F is due.[29] For this purpose, an "initial filing" on Form 13F means any quarterly filing on Form 13F if no filing on Form 13F was required for the immediately preceding calendar quarter.[30] This transition rule is intended to provide institutional investment managers who become subject to the requirement to file Form N–PX reports sufficient time to implement the systems needed to record and report proxy votes.

For example, assume that an institutional investment manager does not meet the $100 million threshold test on the last trading day of any month in 2012 but does meet the $100 million threshold test on the last trading day of at least one month in 2013. As a result, the institutional investment manager is not required to file a Form 13F report in 2013 but is required to file a Form 13F report no later than February 14, 2014, for the period ending December 31, 2013.[31] Under the proposal, the manager would not be required to file a Form N–PX report for the twelve-month period ending June 30, 2014, but would be required to file a Form N–PX report no later than August 31, 2015, for the twelve-month period from July 1, 2014, through June 30, 2015. The manager would have a minimum of six months (December 31, 2013–June 30, 2014) before it is required to begin recording its Section 14A Votes for the purposes of reporting on Form N–PX.[32]

In addition, an institutional investment manager would not be required to file a report on Form N–PX with respect to any shareholder vote at a meeting that occurs after September 30 of the calendar year in which the manager's final filing on Form 13F is due. For this purpose, a "final filing" on Form 13F means any quarterly filing on Form 13F if no filing on Form 13F is required for the immediately subsequent calendar quarter.[33] Instead, the manager would be required to file a report on Form N–PX for the period July 1 through September 30 of the calendar year in which the manager's final filing on Form 13F is due. This short-period Form N–PX filing would be due no later than February 28 of the immediately following calendar year.[34] An institutional investment manager's obligation to file Form 13F reports always terminates with the September 30 report,[35] and this transition rule conforms the ending date for reporting Schedule 14A Votes with the ending date for Form 13F reporting. The February 28 due date provides a two-month period for filing after December 31, when the manager's Form 13F filing status will be determined for the coming year.[36]

For example, assume that an institutional investment manager ceases to meet the $100 million threshold in 2015. The manager's final report on Form 13F would be filed for the quarter ended September 30, 2015. The manager's final report on Form N–PX would include all Section 14A Votes cast during the period from July 1, 2015, through September 30, 2015, and would be required to be filed no later than February 28, 2016.

We request comment on the proposed time of reporting rules for institutional investment managers required to file Form N–PX reports and, in particular, on the following issues:

- Should we, as proposed, require institutional investment managers to report their Section 14A Votes annually on Form N–PX not later than August 31, for the most recent twelve-month period ended June 30? Should we instead require reporting as of some other period end date (*e.g.,* May 31 or December 31), or with a shorter or longer lag period after the end of the reporting period (*e.g.,* 1 month, 3 months, or 6 months)? Should we require reporting to occur more frequently than annually (*e.g.,* monthly, quarterly, or semi-annually)? If we require reporting on a schedule other than that proposed, should we also change the schedule on which funds report so that institutional investment managers and funds would report on the same schedule?
- We are proposing that an institutional investment manager would not be required to file a Form N–PX report for the twelve-month period ending June 30 of the calendar year in which the manager's initial filing on Form 13F is due. Is this transition rule appropriate for managers entering the

[25] Proposed rule 14Ad–1(a); proposed General Instruction A to Form N–PX.

[26] Rule 30b1–4.

[27] *See* Investment Company Act Release No. 25922 (Jan. 31, 2003) [68 FR 6564, 6569 (Feb. 7, 2003)] ("Form N–PX Adopting Release") (noting that the approach taken under Form N–PX "will have the advantages of making each fund's proxy voting record available within a relatively short period of time after the proxy voting season, [footnote omitted] and of providing disclosure of all funds' proxy voting records over a uniform period of time").

[28] As outlined in Part II.D below, our proposal would, under some circumstances, permit an institutional investment manager to satisfy all or part of its reporting obligations by referencing the proxy voting record that is reported on Form N–PX by a fund or another institutional investment manager.

[29] Proposed rule 14Ad–1(b); proposed General Instruction A to Form N–PX.

[30] Proposed rule 14Ad–1(b); proposed General Instruction A to Form N–PX.

[31] The obligation to file Form 13F arises when an institutional investment manager exercises investment discretion over accounts holding at least $100 million in Section 13(f) securities as of the "last trading day of any month of any calendar year." However, the manager's obligation to file Form 13F commences with the report for December 31 of that year, which is required to be filed within 45 days after December 31. Rule 13f–1(a)(1); General Instruction 1 to Form 13F.

[32] An institutional investment manager who crosses the $100 million threshold for the first time on December 31, 2013, would have six months before it is required to begin recording Section 14A Votes on July 1, 2014. By contrast, an institutional investment manager that passes the $100 million threshold on January 31, 2013, would have 17 months before it is required to begin recording Section 14A Votes on July 1, 2014.

[33] Proposed rule 14Ad–1(c); proposed General Instruction A to Form N–PX.

[34] Proposed rule 14Ad–1(c); proposed General Instruction A to Form N–PX.

[35] *See* rule 13f–1(a) (institutional investment manager that meets $100 million threshold on last trading day of any calendar year is required to file Form 13F for December 31 of that year and the first three calendar quarters of the subsequent calendar year).

[36] An institutional investment manager is required to file a report on Form 13F in the coming year if it meets the $100 million threshold on the last trading day of any month of the current calendar year. As a result, in cases where the manager does not meet the threshold in January through November, its status will not be determined until December 31.

Form 13F and Form N–PX filing requirements, or is some other rule more appropriate? For example, should we require an institutional investment manager to report Section 14A Votes for the period commencing January 1 (rather than July 1) of the calendar year in which the manager's initial filing on Form 13F is due? Or should we require an institutional investment manager to report Section 14A Votes for the period commencing on the first day of the month immediately following the date on which it meets the $100 million threshold? That is, if a manager meets the $100 million threshold on the last trading day of August 2013, should the manager be required to report Section 14A Votes commencing September 1, 2013, rather than July 1, 2014, as proposed? If we require institutional investment managers to report Section 14A Votes for periods earlier than proposed, what, if any, implementation issues would this raise for managers?

- Should we, as proposed, not require an institutional investment manager to file a Form N–PX report with respect to any shareholder vote at a meeting that occurs after September 30 of the calendar year in which the manager's final filing on Form 13F is due? Should we, instead, require an institutional investment manager to report Section 14A Votes cast at meetings that occur during some period after September 30 of the calendar year in which the manager's final filing on Form 13F is due? If so, what should that period be?

D. Joint Reporting of Proxy Votes

Section 14A(d) of the Exchange Act requires an institutional investment manager to report any Section 14A Vote "unless such vote is otherwise required to be reported publicly by rule or regulation of the Commission." In order to implement this provision and prevent duplicative reporting, we are proposing amendments to Form N–PX that would permit (1) a single institutional investment manager to report Section 14A Votes in cases where multiple institutional investment managers share voting power; and (2) an institutional investment manager to satisfy its reporting obligations by reference to the Form N–PX report of a fund that includes the manager's Section 14A Votes. This method for prevention of duplicative reporting is similar to that employed by Form 13F, which permits a single manager to include information regarding securities with respect to which multiple managers exercise investment discretion.[37]

We are proposing that if two or more institutional investment managers, each of which is required to report on Form N–PX for the reporting period, shared the power to vote, or to direct the voting of, the same securities on a Section 14A Vote, only one such manager must include the information regarding that vote in its Form N–PX report.[38] In addition, an institutional investment manager would not be required to report Section 14A Votes that are reported on a Form N–PX report that is filed by a fund.[39] An institutional investment manager may, however, choose to report Section 14A Votes that are also reported by another institutional investment manager or a fund.

If an institutional investment manager's Section 14A Votes are reported by another institutional investment manager or a fund, the non-reporting manager must file a Form N–PX report that identifies each institutional investment manager and fund reporting on its behalf.[40] The Form N–PX report of an institutional investment manager that, as permitted, reports Section 14A Votes that are subject to shared voting power must identify any other institutional investment managers on whose behalf the filing is made.[41] The Form N–PX report of a fund that reports proxy votes that would otherwise be required to be reported by an institutional investment manager must identify any institutional investment managers on whose behalf the filing is made.[42] This information is intended to help users of Form N–PX to readily identify all reports that contain Section 14A Votes of a particular manager.

We request comment on the proposal to address duplicative reporting and, in particular, on the following issues:

- Should we, as proposed, permit a single institutional investment manager to report Section 14A Votes in cases where multiple institutional investment managers share voting power? Should we, as proposed, permit an institutional investment manager to satisfy its reporting obligations by reference to the Form N–PX report of a fund that includes the manager's Section 14A Votes? Is there any reason not to permit joint reporting, *e.g.,* would it confuse users of Form N–PX or make Form N–PX harder to use? Are there other ways to address potentially duplicative reporting that are consistent with Section 14A(d) of the Exchange Act and that we should consider? Should we prohibit an institutional investment manager from reporting Section 14A Votes that are also reported by another manager or a fund? Would it confuse users of Form N–PX if, as permitted, joint reporting of Section 14A Votes is optional?

E. Form N–PX Reports

We are proposing to amend Form N–PX to accommodate reporting of Section 14A Votes by institutional investment managers. The amended form, as proposed, consists of three parts: Cover Page, Summary Page, and required proxy voting information.[43] The Cover Page and the Summary Page information would be required to be presented in the format and order provided in the form, and additional information would not be permitted in the Cover Page or Summary Page.[44] A report filed by an institutional investment manager would be required to be signed on behalf of the manager by an authorized person.[45]

1. The Cover Page

The Cover Page of Form N–PX would, as it does today, require the name of the reporting person, the address of its principal executive offices, the name and address of the agent for service, the telephone number of the reporting person, identification of the reporting period, and the reporting person's file number.[46] We are proposing to delete the requirement that the Cover Page include the date of the reporting person's fiscal year end which currently applies to Form N–PX filings by funds

[37] *See* Section 13(f)(6)(B) of the Exchange Act [to be codified at 15 U.S.C. 78m(f)(6)(B)] (directing the Commission to "adopt such rules as it deems necessary or appropriate to prevent duplicative reporting * * * by two or more institutional investment managers exercising investment discretion with respect to the same amount"); General Instruction 2 to Form 13F.

[38] Proposed General Instruction D.1 to Form N–PX.

[39] Proposed General Instruction D.2 to Form N–PX. Because Form N–PX will permit cross-references to Form N–PX reports filed by other institutional investment managers and by funds, we propose to delete the current instruction that prohibits incorporating any information by reference. *See* current General Instruction D to Form N–PX.

[40] Proposed General Instruction D.3 to Form N–PX.

[41] Proposed General Instruction D.4 to Form N–PX.

[42] Proposed General Instruction D.5 to Form N–PX.

[43] Proposed Special Instruction A.1 to Form N–PX.

[44] Proposed Special Instruction A.2 to Form N–PX.

[45] Proposed General Instruction E.2.a to Form N–PX. A report filed by a fund would continue to be required to be signed on behalf of the fund by its principal executive officer or officers. *Id.;* current General Instruction F.2 to Form N–PX.

[46] In the case of a fund, the file number is an Investment Company Act number beginning "811–." In the case of an institutional investment manager, the file number is a Form 13F number beginning "28–."

because the fiscal year end of the reporting person appears to be unrelated to the information reported on Form N–PX, which would be filed on a uniform July 1–June 30 basis. In addition, for funds, the fiscal year end information in Form N–PX duplicates information that is required in other Commission filings.[47]

Currently, Form N–PX does not expressly provide for amendments to a previously filed report. We are proposing to include a new section on the Cover Page of Form N–PX to be used in cases where the filing is an amendment to a previously filed Form N–PX report, *e.g.,* to correct errors in a previous filing or as part of the confidential treatment process.[48] This information is intended to facilitate the ability of users to link the information in multiple Form N–PX filings for a single reporting person that all relate to the same filing period. Amendments to a Form N–PX report must either restate the Form N–PX report in its entirety or include only information that is being reported in addition to the information already reported in a Form N–PX report for the same period. If a Form N–PX report is filed as an amendment, then the reporting person must check the amendment box on the Cover Page, enter the amendment number, and check the appropriate box to indicate whether the amendment is a restatement or adds new proxy voting entries.[49]

We are also proposing to require that the Cover Page include information that will help users to identify whether the reporting person is a fund or an institutional investment manager. If the reporting person is an institutional investment manager, this information would also help users to identify reports filed by other institutional investment managers and funds that contain Section 14A Votes of the reporting person under the provisions to prevent duplicative reporting. Specifically, the reporting person would be required to check a box in order to identify the report as one of the following four types: (1) Registered management investment company report; (2) institutional investment manager "voting" report when the report contains all Section 14A Votes of the manager; (3) institutional investment manager "notice" when the report contains no Section 14A Votes of the manager and all Section 14A Votes are reported by other institutional investment managers or funds under the provisions to prevent duplicative reporting; and (4) institutional investment manager "combination" report when the report contains some Section 14A Votes of the manager and some Section 14A Votes of the manager are reported by other institutional investment managers or funds under the provisions to prevent duplicative reporting. In addition, when the report type is in the third or fourth category, the Cover Page would be required to include a list of the file numbers and names of the other institutional investment managers and funds whose Form N–PX reports include Section 14A Votes of the reporting manager.[50]

We request comment on the proposed Cover Page of Form N–PX and, in particular, on the following issues:

- Should we adopt the Cover Page as proposed, or should we modify it in any way, *e.g.,* by adding or removing information? Would the proposed Cover Page adequately identify the reporting person and the reporting period? Would the proposed Cover Page adequately enable users to identify a reporting person's Form N–PX report for a given period and any amendments to that report? Would the proposed Cover Page adequately enable users to identify the type of reporting person? In the case of a report filed by an institutional investment manager, would the proposed Cover Page adequately enable users to identify reports filed by other persons that contain Section 14A Votes for which the manager had, or shared, voting power?

2. The Summary Page

We are proposing to add a new Summary Page to Form N–PX that is similar to the Summary Page in Form 13F and that is intended to enable users to readily identify any institutional investment managers (in addition to the person filing the report) whose Section 14A Votes are included on the Form N–PX report under the provisions to prevent duplicative reporting.[51] The Summary Page would be required to be included in any Form N–PX report that is filed by a fund.[52] It would also be required in any Form N–PX report filed by an institutional investment manager other than a "notice" report.[53] The Summary Page would not be required in a "notice" report because a notice report could not contain any Section 14A Votes at all and, therefore, would not contain any Section 14A Votes of other institutional investment managers.

The Summary Page of a Form N–PX report would be required to state the total number of institutional investment managers, not counting the reporting person, whose Section 14A Votes are included in the report. If there are no such institutional investment managers, the number zero ("0") should be entered.[54] The Summary Page would also be required to include a list of the institutional investment managers, other than the reporting person, whose Section 14A Votes are included. This information would be required to be provided using the title (*i.e.,* "List of Included Institutional Managers"), column headings, and format indicated in Form N–PX.[55] If a Form N–PX report does not report the proxy votes of an institutional investment manager other than the reporting person, the word "NONE" would be entered under the title and the column headings and list entries would not be included.[56] If a Form N–PX report does report the proxy votes of one or more institutional investment managers other than the reporting person, the list would be required to include all such managers (not including the reporting person) together with their respective Form 13F file numbers. In addition, each such manager in the list should be assigned a number (which need not be consecutive), and the list should be presented in sequential order.[57] These numbers would be used in identifying the particular manager(s) who had or shared the power to vote, or to direct the voting of, the securities voted.[58] Requiring the list to be sequential is intended to make the list easier to use. Permitting the list to be non-consecutive is intended to facilitate assigning the same number to the same manager across filings of different reporting persons and different time periods.

[47] *See, e.g.,* Form N–CSR [17 CFR 249.331 and 274.128] (cover page); Form N–Q [17 CFR 249.332 and 274.130] (cover page).

[48] *See, e.g.,* proposed Confidential Treatment Instruction 7 to Form N–PX (regarding the filing of amendments upon the final adverse disposition of a confidential treatment request or the expiration of previously granted confidential treatment).

[49] Proposed Special Instruction B.1 to Form N–PX.

[50] Proposed Special Instruction B.2 to Form N–PX.

[51] *See* Special Instructions to Form 13F (discussing the Summary Page).

[52] Proposed Special Instruction B.2.a to Form N–PX.

[53] Proposed Special Instructions B.2.b–d to Form N–PX.

[54] Proposed Special Instruction C.1 to Form N–PX.

[55] Proposed Special Instruction C.2 to Form N–PX.

[56] Proposed Special Instruction C.2.a to Form N–PX.

[57] Proposed Special Instruction C.2.b to Form N–PX. *Cf.* Special Instruction 8.b to Form 13F (requirement to assign sequential numbers to managers included in another manager's report on Form 13F).

[58] *See infra* note 87 and accompanying text.

We request comment on the proposed Summary Page of Form N–PX and, in particular, on the following issues:

• Should we adopt the Summary Page, as proposed, or should we modify it in any way? Will the Summary Page enable users to readily identify any institutional investment managers whose Section 14A Votes are included in a Form N–PX report?

3. Proxy Voting Information

We are proposing to require an institutional investment manager to disclose information for each Section 14A Vote relating to any security considered at any shareholder meeting held during the reporting period and with respect to which the manager had voting power.[59] If an institutional investment manager does not have any Section 14A Votes to report for the reporting period, the manager would be required to file a report with the Commission stating that the manager does not have proxy votes to report.[60] However, an institutional investment manager that files a "notice" report to indicate that the manager's Section 14A Votes are reported by other institutional investment managers or funds should file a Cover Page and required signature only and should not include a statement that the manager does not have proxy votes to report.[61]

We are proposing to require that the following information be disclosed for each proxy vote that is required to be included in a Form N–PX report of an institutional investment manager or a fund.[62] The information would be required to be disclosed in the order presented below.[63]

• The name of the issuer of the security;[64]

• The exchange ticker symbol of the security;[65]

• The Council on Uniform Securities Identification Procedures ("CUSIP") number for the security;[66]

• The shareholder meeting date;[67]

• A brief identification of the matter voted on;[68]

• For reports filed by funds (but not by institutional investment managers), whether the matter was proposed by the issuer or by a security holder;[69]

• The number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers);[70]

• The number of shares that were voted;[71]

• How the reporting person voted those shares (*e.g.,* for or against proposal, or abstain; for or withhold regarding election of directors) and, if the votes are cast in multiple manners (*e.g.,* for and against), the number of shares voted in each manner;[72]

• Whether the vote was for or against management's recommendation;[73] and

• Identification of each institutional investment manager on whose behalf the Form N–PX report is filed (other than the reporting person) and who had or shared voting power as to the securities voted by the number assigned to the institutional investment manager in the Summary Page.[74]

This information, which is intended to identify the security voted, the matter with respect to which the vote occurred, and how the reporting person voted, is substantially the same as the information currently required by Form N–PX. However, we are proposing to modify the format and content of the information that is currently required by Form N–PX in the following ways: (1) The information would be required to appear in a standardized order; (2) institutional investment managers would not be required to disclose whether a matter was proposed by the issuer or by a security holder; (3) information would be required about the number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers), and the number of shares that were voted; (4) the institutional investment managers who had or shared voting power for a matter would be identified; and (5) standardized descriptions would be required for Section 14A Votes.

As noted above, we are proposing to amend Form N–PX to require that information be disclosed in a standardized order.[75] This change is intended to facilitate comparisons of voting records among reporting persons.[76] This requirement would apply to both institutional investment managers and funds.

As proposed, Form N–PX would continue to require funds to disclose whether a matter was proposed by the issuer or by a security holder, but would not extend this requirement to institutional investment managers.[77] We are not proposing that institutional investment managers make this disclosure because Section 14A Votes relate exclusively to matters proposed by issuers and not by security holders.

We are proposing to amend Form N–PX to provide information about the number of shares voted which will, among other things, accommodate different votes on the same matter by the same reporting person.[78] This could occur, for example, when an institutional investment manager votes for a matter, on behalf of one client, and against the same matter, on behalf of a different client. We are concerned that, if we do not make specific provision for this situation, the information filed on Form N–PX could, in a number of cases, be rendered largely meaningless because it would indicate that a manager voted in multiple ways without providing any measure of the magnitude of the different votes.

[59] Proposed Item 1 of Form N–PX. As is currently the case, a fund would be required to disclose information for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the fund was entitled to vote. *See* current and proposed Item 1 of Form N–PX.

[60] Proposed Item 1 of Form N–PX.

[61] Proposed Special Instruction B.2.c to Form N–PX.

[62] As is currently the case, if a fund offers multiple series of shares, the required information must be provided separately for each series. The term "series" means shares offered by a fund that represent undivided interests in a portfolio of investments and that are preferred over all other series of shares for assets specifically allocated to that series in accordance with rule 18f–2(a) under the Investment Company Act [17 CFR 270.18f–2(a)]. Proposed Special Instruction D.5 to Form N–PX; current Instruction 1 to Item 1 of Form N–PX.

[63] Proposed Special Instruction D.1 to Form N–PX.

[64] Proposed Item 1(a) of Form N–PX.

[65] Proposed Item 1(b) of Form N–PX. As is currently the case, the exchange ticker symbol may be omitted if it is not available through reasonably practicable means, *e.g.,* in the case of certain securities of foreign issuers. Proposed Special Instruction D.2 to Form N–PX; current Instruction 2 to Item 1 of Form N–PX.

[66] Proposed Item 1(c) of Form N–PX. As is currently the case, the CUSIP number may be omitted if it is not available through reasonably practicable means, *e.g.,* in the case of certain securities of foreign issuers. Proposed Special Instruction D.2 to Form N–PX; current Instruction 2 to Item 1 of Form N–PX.

[67] Proposed Item 1(d) of Form N–PX.

[68] Proposed Item 1(e) of Form N–PX.

[69] Proposed Item 1(f) of Form N–PX.

[70] Proposed Item 1(g) of Form N–PX.

[71] Proposed Item 1(h) of Form N–PX.

[72] Proposed Item 1(i) of Form N–PX. In the case of votes on the frequency of executive compensation votes, there would be four potential ways of voting (1-year frequency, 2-year frequency, 3-year frequency, or abstain).

[73] Proposed Item 1(j) of Form N–PX.

[74] Proposed Item 1(k) of Form N–PX.

[75] *See* proposed Special Instruction D.1 to Form N–PX.

[76] In July of this year, we published a concept release in which we requested comment on amending Form N–PX to require either a standardized reporting format or tagged information in order to facilitate comparisons of proxy voting records among funds. *See* Exchange Act Release No. 62495 (July 14, 2010) [75 FR 42982, 43008 (July 22, 2010)] ("Concept Release"). The comment period for the Concept Release closes on October 20, 2010.

[77] *See* proposed Item 1(f) of Form N–PX; *cf.* current Item 1(f) of Form N–PX (requirement currently applicable to funds).

[78] *See* Concept Release, *supra* note 76, 75 FR at 42994–95 (requesting comment on amending Form N–PX to require funds to disclose the actual number of shares voted).

For that reason, we are proposing to require disclosure of (1) The number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers); [79] (2) the number of those shares that were voted; [80] and (3) how the reporting person voted those shares (*e.g.,* for or against proposal, or abstain; for or withhold regarding election of directors) and, if the votes were cast in multiple manners (*e.g.,* for and against), the number of shares voted in each manner.[81] Because these disclosures will make it clear whether the reporting person cast a vote on the matter, we are also proposing to amend Form N–PX to remove the related disclosure requirement currently found in Item 1(g).[82] In disclosing the number of shares over which an institutional investment manager had or shared voting power, the manager would be required to report the number of shares over which it had sole voting power separately from the number of shares over which it had shared voting power. The manager would also be required to separately report shares when the groups of institutional investment managers who share voting power are different.[83]

We are proposing to extend the disclosures relating to the number of shares the reporting person was entitled to vote and the number of those shares that were voted in each manner to funds. In the case of Section 14A Votes, we believe these disclosures by funds are necessary to achieve consistent reporting with respect to institutional investment manager votes because a portion of the votes of those managers may be reported on Form N–PX reports filed by funds under the provisions to prevent duplicative reporting.[84] Therefore, unless we require funds to report this information, the record of institutional investment managers will be incomplete. In addition, information about the magnitude of a fund's voting power and the number of votes cast contribute to the transparency of proxy voting. For that reason, we are also proposing to extend the new requirements to the complete proxy voting records of funds. This is intended to improve transparency of fund proxy voting records and enable fund shareholders to better monitor their funds' involvement in the governance activities of portfolio companies.[85]

As described above, in order to prevent duplicative reporting, the Section 14A Votes of an institutional investment manager may, in some cases, be reported on the Form N–PX report of another institutional investment manager or a fund.[86] In order to ensure that the particular votes with respect to which each institutional investment manager had or shared voting power may be identified, we are proposing to require that the reporting person identify each institutional investment manager on whose behalf the Form N–PX report is filed and who had or shared the power to vote, or to direct the voting of, the securities voted. A manager would be identified by entering the number assigned to the manager in the Form N–PX Summary Page.[87]

In addition, we are proposing to require that, in the case of Section 14A Votes, standardized descriptions be used to provide the required brief identification of the matter voted on.[88] This standardization is intended to facilitate the ability of users to compare proxy voting records among reporting persons and would be required of funds as well as institutional investment managers. We are proposing standardization of descriptions with respect to Section 14A Votes because they can be readily identified in three different categories, because these votes were selected by Congress for special disclosure in Section 951 of the Dodd-Frank Act, and because uniform identification may make it easier to find these votes within the complete proxy voting records filed by funds. Under our proposal, votes pursuant to Section 14A(a)(1) of the Exchange Act would be identified as "14A Executive Compensation," votes pursuant to Section 14A(a)(2) of the Exchange Act would be identified as "14A Executive Compensation Vote Frequency," and votes pursuant to Section 14A(b) of the Exchange Act would be identified as "14A Extraordinary Transaction Executive Compensation." [89]

Finally, we are proposing a technical amendment to Form N–PX that would require reporting persons to disclose whether each reported vote was "for or against management's recommendation." [90] Currently, Form N–PX requires funds to disclose whether the vote was "for or against management." [91] This amendment is intended to clarify that the report is required to disclose how the vote was cast in relation to management's recommendation, as opposed to how the vote may have affected management.

We request comment on the information that we propose to require be disclosed in Form N–PX reports, and, in particular, on the following issues:

- We are proposing to require the disclosure of substantially the same information under amended Form N–PX that we currently require funds to disclose on Form N–PX. Should we modify the proposed content requirements in any way for either institutional investment managers or funds? Is there any information that we propose to require that should not be required? Is there additional information that should be required?
- Should we, as proposed, require the information in Form N–PX reports to be disclosed in a standardized order? Would this facilitate comparisons or be otherwise useful to users of this information? What costs, if any, would be associated with standardization? Should the requirement to standardize apply to institutional investment managers, funds, or both? If we standardize the order of the information in Form N–PX reports, should we use the order set forth in our proposal, or would some other order of information be more appropriate?
- Are there methods other than standardizing the order of information that would render the information reported on Form N–PX more useful? Should we require reporting persons to

[79] Proposed Item 1(g) of Form N–PX.

[80] Proposed Item 1(h) of Form N–PX.

[81] Proposed Item 1(i) of Form N–PX. In the case of a shareholder vote on the frequency of executive compensation votes, a reporting person would be required to disclose the number of shares, if any, voted in favor of each of 1-year frequency, 2-year frequency, or 3-year frequency, and the number of shares, if any, that abstained.

[82] *See* current Item 1(g) of Form N–PX (requiring disclosure of whether the fund cast its vote on a matter).

[83] *See* proposed Special Instruction D.4 to Form N–PX. For example, if the reporting institutional investment manager shares voting power with respect to 10,000 shares with Manager A and shares voting power with respect to 50,000 shares with Managers A and B, then the groups of 10,000 and 50,000 shares would be required to be separately reported. Similarly, a fund would be required to separately report shares with respect to which different institutional investment managers or groups of institutional investment managers have or share voting power.

[84] *See* discussion *supra* Part II.D.

[85] *See* Form N–PX Adopting Release, *supra* note 27, at 6580 (noting Commission's belief "that requiring funds to disclose their complete proxy voting records will benefit investors by improving transparency and enabling fund shareholders to monitor their funds' involvement in the governance activities of portfolio companies").

[86] *See* discussion *supra* Part II.D.

[87] *See* proposed Item 1(k) of Form N–PX. Form 13F includes a similar requirement. *See* Special Instruction 12.b.vii to Form 13F (identification of managers with shared investment discretion).

[88] Proposed Item 1(e) of Form N–PX; proposed Special Instruction D.3 to Form N–PX.

[89] *See* proposed Special Instruction D.3 to Form N–PX.

[90] Proposed Item 1(j) of Form N–PX. Management's recommendation would include any recommendation from a company's board of directors or any board committee (e.g., audit committee or compensation committee).

[91] Current Item 1(i) of Form N–PX.

provide the information reported on Form N–PX in interactive data format? Is it feasible for reporting persons to tag Form N–PX in a manner that provides for uniform identification of each matter voted (*e.g.,* for every reporting person to assign the same tag to a particular matter) if issuers of securities do not themselves create these tags by tagging their proxy statements? What alternatives exist, other than having issuers of portfolio securities tag their proxy statements and assign tags to each matter on their proxy statements, that could result in uniform tags being assigned by all reporting persons on Form N–PX to each matter? What, if any, costs would be associated with these alternative methods?

• Should we amend Form N–PX, as proposed, to require disclosure of the number of shares the reporting person was entitled to vote or had voting power over, the number of shares voted, and the number of shares voted in each manner? Is this quantitative information necessary to make the reports of institutional investment managers meaningful? Would this quantitative information make the reports of funds more useful than they are today? Should these requirements apply to both institutional investment managers and funds? For funds, should they apply to all matters or only to Section 14A Votes? What, if any, costs would be associated with disclosure of this quantitative information?

• Should we, as proposed, require a reporting person to identify, for each vote reported, each institutional investment manager who had or shared voting power as to the securities voted? Or is it sufficient to require a reporting person to disclose on the Summary Page the institutional investment managers for whom it is reporting, without identifying, for each vote reported, the institutional investment managers who have or share voting power? If we require identification of the institutional investment managers that have or share voting power for each vote reported, should we use the sequential numbering system that we have proposed for the Summary Page, or should we instead use the managers' Form 13F file numbers, *i.e.,* the numbers beginning "28–?"

• Should we, as proposed, require standardized descriptions to be used to identify Section 14A Votes? Is the proposed standardization likely to be useful to users of the information? Should we modify the proposed descriptions in any way? What would be the benefits and costs of requiring this standardization? What are the benefits of standardizing descriptions only with respect to Section 14A Votes while not standardizing descriptions with respect to other matters? Are there alternative methods for achieving any benefits that would accrue from such standardization, *e.g.,* by requiring standardized computer tags to be used to identify various types of proxy vote matters? What would be the costs associated with these alternatives?

F. Requests for Confidential Treatment

The Commission intends to make the information filed on Form N–PX publicly available through the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system.[92] Pursuant to rule 24b–2 under the Exchange Act,[93] which governs requests for confidential treatment of information required to be filed under the Act, an institutional investment manager could request confidential treatment of information reported on Form N–PX.[94] Generally, it does not appear that confidential treatment would be appropriate in order to prevent proxy voting information from being made public. It appears that confidential treatment could be appropriate, if at all, only in narrowly circumscribed circumstances where an institutional investment manager has filed a confidential treatment request for information reported on Form 13F that is pending or has been granted and where confidential treatment of information filed on Form N–PX would be appropriate in order to protect information that is the subject of the Form 13F confidential treatment request.[95]

We are proposing to include instructions in Form N–PX that prescribe the specific procedures to be used in requesting confidential treatment of information filed on Form N–PX, the required content of a confidential treatment request, and the required filing of information that is no longer entitled to confidential treatment.[96] These instructions are based on the Form 13F confidential treatment instructions, which apply in similar circumstances.[97] We note that current Form N–PX does not include any confidential treatment instructions. Currently, there is transparency of fund portfolio holdings information apart from Form N–PX,[98] and, as a result, we are not aware of any situation in which confidential treatment would be appropriate for information filed by funds on Form N–PX.

We request comment on the confidential treatment provisions of the proposed amendments to Form N–PX and, in particular, on the following issues:

• In what, if any, circumstances would it be appropriate for the Commission to grant confidential treatment to information filed on Form N–PX by institutional investment managers? Should Form N–PX or rules of the Commission identify certain circumstances in which confidential treatment may be appropriate?

• Are the proposed instructions to Form N–PX that prescribe the specific procedures to be used by institutional investment managers that are requesting confidential treatment, the required content of a confidential treatment request, and the required filing of information that is no longer entitled to confidential treatment appropriate? Should these instructions be modified in any way to address any aspect of confidential treatment requests?

G. Technical and Conforming Amendments

We are proposing two technical and conforming amendments. We are proposing to amend the heading of Subpart D of Part 249 of the Code of Federal Regulations to include new Section 14A of the Exchange Act and to indicate that Exchange Act reports are filed by both issuers and other persons (*e.g.,* institutional investment managers). We are also proposing amendments to reflect the fact that Form N–PX will be an Exchange Act form, as well as an Investment Company Act form.[99]

[92] *See* proposed Paperwork Reduction Act Information in Form N–PX (explaining that the Commission will make information filed on Form N–PX public); *see also* rule 80(c)(3) promulgated under the Freedom of Information Act [17 CFR 200.80(c)(3)] (stating that filings made through the EDGAR system are publicly available on the Commission's Web site).

[93] 17 CFR 240.24b–2.

[94] *See* proposed Confidential Treatment Instruction 1 to Form N–PX.

[95] Section 13(f)(3) of the Exchange Act provides that the Commission, as it determines to be necessary or appropriate in the public interest or for the protection of investors, may delay or prevent public disclosure of information filed on Form 13F in accordance with the Freedom of Information Act. Section 13(f)(3) also provides that any information filed on Form 13F that identifies the securities held by the account of a natural person or an estate or trust (other than a business trust or investment company) shall not be disclosed to the public.

[96] *See* proposed Confidential Treatment Instructions to Form N–PX.

[97] *See* Form 13F Instructions for Confidential Treatment Requests.

[98] Portfolio holdings information is required to be disclosed by funds on a quarterly basis with a 60-day lag, through semi-annual shareholder reports pursuant to rule 30e–1 under the Investment Company Act [17 CFR 270.30e–1] and Form N–Q.

[99] Proposed rule 30b1–4; proposed 17 CFR 249.326 and 274.129.

H. Compliance Dates

If the proposed amendments are adopted, the Commission expects to require institutional investment managers to file their first reports on Form N–PX covering Section 14A Votes at meetings that occur on or after January 21, 2011 (the first date on which the voting requirements of Section 14A apply to shareholder meetings), and ending on June 30, 2011. The reports would be required to be filed not later than August 31, 2011. We also expect to require that funds comply with the amendments to Form N–PX in their reports filed for the period July 1, 2010, through June 30, 2011, which are required to be filed not later than August 31, 2011, except that, for votes at meetings that occur before January 21, 2011, funds would be permitted to include the information currently required by Form N–PX in the format currently required by Form N–PX. The compliance dates are intended to provide a uniform mechanism of reporting votes at meetings that occur on or after January 21, 2011, because funds will be permitted to report Section 14A Votes for institutional investment managers. However, in order to reduce the burden of compliance, funds would not be required to report pre-January 21, 2011 votes using the new requirements.

We request comment on the proposed compliance dates and, in particular, on the following issues:

- Would the proposed compliance dates provide adequate lead time for institutional investment managers that would be required to file Form N–PX for the first time? Would the proposed compliance dates provide adequate lead time for funds that would be required to comply with the amendments to Form N–PX? What, if any, implementation issues would be raised for institutional investment managers, funds, and their service providers in complying with the proposals?
- How should we address any implementation issues? Should we, for example, permit delayed filing (*e.g.,* to September 30, October 31, November 30, or December 31, 2011) of Form N–PX for institutional investment managers, funds, or both for the period ended June 30, 2011, in order to provide more time to prepare the initial filings on revised Form N–PX? As another alternative, should we not require institutional investment managers to report Section 14A Votes that occur before July 1, 2011, on Form N–PX, with the result that institutional investment managers would file their first report on Form N–PX not later than August 31, 2012, for the period July 1, 2011, through June 30, 2012? If so, should we require institutional investment managers to report their Section 14A Votes that occur from January 21, 2011, through June 30, 2011, in some other manner, such as on their Web sites? For what period, if any, should we delay required compliance by funds with the revised Form N–PX requirements?

III. General Request for Comments

The Commission requests comment on the amendments proposed in this release, whether any further changes to our rules or forms are necessary or appropriate to implement the objectives of our proposed amendments, and on other matters that might affect the proposals contained in this release.

IV. Paperwork Reduction Act

Certain provisions of our proposal contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 ("PRA").[100] We are submitting the proposed collections of information to the Office of Management and Budget ("OMB") for review in accordance with the PRA.[101] The title for the existing collection of information is: "Form N–PX—Annual Report of Proxy Voting Record of Registered Management Investment Companies."[102] An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Section 14A(d) of the Exchange Act requires that every institutional investment manager subject to Section 13(f) of the Exchange Act report at least annually how it voted on the executive compensation-related shareholder votes required by Sections 14A(a) and (b) (the "Section 14A Votes"), unless such vote is otherwise required to be reported publicly by rule or regulation of the Commission. To implement Section 14A(d), we are proposing new rule 14Ad–1 under the Exchange Act, which, if adopted, would require institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act to file their record of Section 14A Votes with the Commission annually on Form N–PX. We are also proposing to amend Form N–PX (OMB Control No. 3235–0582), which was adopted pursuant to Section 30 of the Investment Company Act[103] and is currently used by funds to file their complete proxy voting records with the Commission, to accommodate the new filings by institutional investment managers.

Form N–PX, including the proposed amendments, contains collection of information requirements. Form N–PX is currently used by funds to file their complete proxy voting records with the Commission. Compliance with the disclosure requirements of the form is mandatory. Responses to the disclosure requirements would not be kept confidential unless granted confidential treatment.

The proposed amendments to Form N–PX would accommodate reporting of Section 14A Votes by institutional investment managers. The amended form, as proposed, would consist of three parts: An amended Cover Page, a new Summary Page, and proxy voting information. Under the proposed amendments, funds and institutional investment managers would be required to disclose the following proxy voting information: (a) The name of the issuer of the security; (b) the exchange ticker symbol of the security; (c) the CUSIP number for the security; (d) the shareholder meeting date; (e) a brief identification of the matter voted on; (f) for reports filed by funds, whether the matter was proposed by the issuer or by a security holder; (g) the number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers); (h) the number of shares that were voted; (i) how the reporting person voted those shares (*e.g.,* for or against proposal, or abstain; for or withhold regarding election of directors) and, if the votes are cast in multiple manners (*e.g.,* for and against), the number of shares voted in each manner; (j) whether the vote was for or against management's recommendation; and (k) an identification of each institutional investment manager on whose behalf the Form N–PX report is filed (other than the reporting person) and who had or shared voting power as to the securities voted.

The Commission estimates that there are approximately 2,800 funds registered with the Commission, representing approximately 10,100 fund portfolios that are required to file Form N–PX reports. The 10,100 portfolios are comprised of approximately 6,200 portfolios holding equity securities and 3,900 portfolios holding no equity

[100] 44 U.S.C. 3501 *et seq.*

[101] 44 U.S.C. 3507(d) and 5 CFR 1320.11.

[102] We intend to rename the title for the collection of information relating to Form N–PX as "Form N–PX—Annual Report of Proxy Voting Record."

[103] 15 U.S.C. 80a–29.

securities.[104] The current PRA burden associated with Form N–PX is estimated to be 14.4 hours per response for portfolios holding equity securities and 0.17 hours (10 minutes) per response for portfolios holding no equity securities, for a total annual hour burden of approximately 89,900 hours when calculated using the current number of portfolios.[105] There are currently no external costs associated with Form N–PX for purposes of the PRA.

We are proposing to revise our current PRA estimates of the burden to funds of complying with Form N–PX. It is our understanding that most funds hire third-party service providers, such as proxy advisory firms, to assist with the administrative tasks associated with voting, recording voting decisions, and preparing the reports to be filed on Form N–PX. As a result, we are proposing to reduce our estimate of the current PRA burden of Form N–PX for portfolios holding equity securities from 14.4 hours to 7.2 hours[106] and add external costs of $1,000 per portfolio paid to third-party service providers.[107] We propose no changes to our current estimate for portfolios holding no equity securities because they generally have no proxy votes to report and therefore do not require third-party service providers to assist with proxy voting and preparing reports on Form N–PX. The revised aggregate annual PRA burden is approximately 45,300 internal hours[108] and $6.2 million in external costs.[109] We request comment on any aspect of the proposed revised PRA burden to funds of complying with Form N–PX.

We are also proposing to revise our estimates of the PRA burden associated with Form N–PX to reflect our proposed amendments to Form N–PX. For funds, the Commission estimates that compliance attorneys would spend an average of 1.5 hours per portfolio holding equity securities[110] and funds would incur no external costs[111] to comply with the proposed amendments to Form N–PX, which would include preparation of the amended Cover Page and the new Summary Page, disclosure of the proposed additional proxy voting information relating to the number of shares the fund was entitled to vote and the number of shares that were voted, the identification of each institutional investment manager on whose behalf the Form N–PX report is filed, and compliance with the requirements that information appear in a standardized order and use standardized descriptions for Section 14A Votes. We further estimate that the proposed amendments would not increase the hour burden for funds holding no equity securities because their reporting requirements would remain substantially the same. Therefore, we estimate that the proposed amendments would increase the total annual PRA burden for funds to comply with Form N–PX by approximately 9,300 hours[112] and would not increase or decrease external costs.

The Commission estimates that there are approximately 4,000 institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act that would be required under the proposed amendments to file their record of Section 14A Votes with the Commission annually on Form N–PX.[113] We also estimate that approximately 200 amendments to Form N–PX reports will be filed annually by institutional investment managers as a result of the final adverse disposition of a request for confidential treatment or upon expiration of previously granted confidential treatment.[114] We further estimate that for each institutional investment manager required to file its record of Section 14A Votes on Form N–PX, compliance attorneys would spend an average of 8.7 hours per year to review filings on Form N–PX made under the proposal,[115] and 1 hour per amendment to review confidential treatment-related amendments to filings on Form N–PX under the proposal.[116] We also estimate that the proposed

[104] The estimate of 2,800 funds is based on the number of management investment companies currently registered with the Commission. The Commission staff estimates that there are approximately 5,700 portfolios that invest primarily in equity securities, 500 "hybrid" or bond portfolios that may hold some equity securities, 3,200 bond portfolios that hold no equity securities, and 700 money market fund portfolios, for a total of 10,100 portfolios required to file Form N–PX reports. The staff has based its portfolio estimates on a number of publications. *See* Investment Company Institute, Trends in Mutual Fund Investing (June 2010); Investment Company Institute, Closed-End Fund Assets (Second Quarter 2010); Investment Company Institute, Exchange Traded Fund Assets (June 2010); Investment Company Institute, Supplemental Trends Tables (June 2010).

[105] (6,200 portfolios that hold equity securities × 14.4 hours per year) + (3,900 portfolios holding no equity securities × 0.17 hours per year) = 89,943 hours. *See also* 74 FR 475 (Jan. 6, 2009) (most recent submission to OMB to request extension of the previously approved collection of information for Form N–PX).

[106] When we adopted Form N–PX in 2003, we estimated a PRA burden of 14.4 hours and no external costs. Form N–PX Adopting Release, *supra* note 27, at 6573–74. We also estimated that attorneys and programmers would divide time equally on compliance with the proxy voting disclosure requirements. *Id.* at 6576 n.77. Our revised estimate removes the estimated hours allocated to programmers because we believe that this burden is now generally borne through external costs charged by third-party service providers.

[107] This estimate is based on the Commission staff's consultations with third-party service providers that assist funds with the administrative tasks associated with voting, recording voting decisions, and preparing reports to be filed on Form N–PX.

[108] (6,200 portfolios holding equity securities × 7.2 hours per year) + (3,900 portfolios holding no equity securities × 0.17 hours per year) = 45,303 hours.

[109] (6,200 portfolios holding equity securities × $1,000 per year) + (3,900 portfolios holding no equity securities × $0 per year) = $6,200,000.

[110] We estimate that the revised current PRA burden of Form N–PX is 7.2 hours. For our proposed changes, we estimate an additional 1.5 hours based on the scope of the proposed additional disclosures in Form N–PX as compared to the current disclosures in Form N–PX.

[111] Based on Commission staff consultations with third-party service providers, we believe that the external costs of the proposed amendments will be included in the current fees already charged by the service providers for Form N–PX compliance.

[112] 6,200 portfolios holding equity securities × 1.5 hours per year = 9,300 hours per year.

[113] Based on Commission staff analysis of Form 13F reports filed with the Commission.

[114] *See* proposed Confidential Treatment Instructions 6 and 7 to Form N–PX. Our estimate is based on the number of Form 13F amendments received by the Commission during the year ended June 30, 2010, divided by four. We have assumed there will be fewer amendments for Form N–PX because we believe that an annual filing (as opposed to quarterly filings in the case of Form 13F) will result in fewer confidential treatment requests for Form N–PX. For purposes of this estimate, we are conservatively assuming that all 200 amendments filed are related to the adverse disposition of a request for confidential treatment or the expiration of previously granted confidential treatment, although some may be amendments filed to correct errors or omissions in a previous filing. Like the current PRA estimate for Form N–PX, our proposed estimate does not allocate a separate burden to amendments that merely correct errors or omissions in a separate filing. For that reason, and because we do not expect funds to file confidential treatment-related amendments, we are not including a burden estimate for amendments filed by funds. *See supra* text accompanying note 98.

[115] This estimate for institutional investment managers is the same as the revised estimate for funds under the proposed amendments (7.2 hours under the revised estimate + 1.5 hours under the proposed amendments). In arriving at this estimate, we are taking a conservative approach in assuming that institutional investment managers will incur the same hourly burden for filing reports on Form N–PX as funds, even though managers will only be required to report Section 14A Votes whereas funds are required to file their complete voting record. In addition, for purposes of this estimate, we are assuming that every manager will file its full record of Section 14A Votes on an institutional investment manager "voting" report, and not file an institutional investment manager "notice" or institutional investment manager "combination" report. The "notice" and "combination" reports would likely require a lesser hourly burden than the "voting" report because, while the "voting" report requires a manager to report all of its Section 14A Votes, the "notice" and "combination" reports permit a manager to reference another manager's report that includes all or part of the first manager's Section 14A Votes.

[116] We estimate that the burden for amendments to Form N–PX reports will be the same as the current hour burden for amendments to Form 13F reports, which is estimated to be 1 hour per amendment. *See* 74 FR 28076 (June 12, 2009) (most recent submission to OMB to request extension of the previously approved collection of information for Form 13F).

amendments would result in certain external costs for institutional investment managers to generate and maintain the information disclosed in Form N–PX reports, which we estimate to be $1,000 per year.[117] We estimate that the proposed amendments would result in a total annual PRA burden for institutional investment managers to comply with Form N–PX of approximately 35,000 hours[118] and $4 million in external costs.[119]

We estimate that if the proposed amendments to Form N–PX are adopted, the total annual PRA burden for all reporting persons (both funds and institutional investment managers) to comply with the requirements of Form N–PX would be approximately 89,600 hours[120] and approximately $10.2 million in external costs.[121] We do not believe that there will be any initial PRA burden that will be incurred beyond the annual PRA burden.[122] We further believe that many reporting persons are already tracking the data required to be reported by our proposal.[123]

Request for Comment

Pursuant to 44 U.S.C. 3506(c)(2)(B), we request comments to: (1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) evaluate the accuracy of the Commission's estimate of burden of the proposed collections of information; (3) determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected; and (4) evaluate whether there are ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology. We request comment and supporting empirical data on our burden and cost estimates for the proposed amendments, including the external costs that reporting persons may incur.

Persons wishing to submit comments on the collection of information requirements of the proposed amendments should direct them to the Office of Management and Budget, Attention Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503 and should send a copy to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090, with reference to File No. S7–30–10. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7–30–10, and be submitted to the Securities and Exchange Commission, Office of Investor Education and Advocacy, 100 F Street, NE., Washington, DC 20549–0213. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days after publication of this release.

V. Cost/Benefit Analysis

Section 14A(d) of the Exchange Act requires that every institutional investment manager subject to Section 13(f) of the Exchange Act report at least annually how it voted on Section 14A Votes, unless such vote is otherwise required to be reported publicly by rule or regulation of the Commission. To implement Section 14A(d), the Commission is proposing new rule 14Ad–1 under the Exchange Act, which, if adopted, would require institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act to file their record of Section 14A Votes with the Commission annually on Form N–PX. The Commission is also proposing to amend Form N–PX, which is currently used by funds to file their complete proxy voting records with the Commission, to accommodate the new filings by institutional investment managers. The Commission is sensitive to the costs and benefits imposed by its rules and has identified certain costs and benefits of the proposed rule and form amendments, as described below.

A. Benefits

The proposed new rule and form amendments would make important information about Section 14A Votes by institutional investment managers publicly available. The information would include the number of shares over which the manager had or shared voting power, the number of shares voted, and how the shares were voted by the manager. For funds, the proposed amendments to Form N–PX would require funds to disclose enhanced information by presenting the information in a standardized order and by disclosing the number of shares that the fund was entitled to vote and the number of shares voted. We believe that the information required to be provided by our proposal would increase the transparency regarding Section 14A Votes by institutional investment managers and funds.

The proposed new rule and amendments to Form N–PX may benefit the securities markets by providing access to information about how institutional investment managers exercise proxies with respect to Section 14A Votes. We note that institutional investment managers that file reports on Form 13F exercised investment discretion over approximately $11.1 trillion in Section 13(f) equity securities as of December 31, 2009.[124] In many cases, the institutional investment managers also have or share the power to vote proxies relating to these equity securities. This voting power gives institutional investment managers significant ability collectively, and in some cases individually, to affect the outcome of shareholder votes and influence the governance of corporations. Institutional investment managers are thus in a position to significantly affect the future of corporations and, as a result, the future value of corporate securities.

The proposed amendments to Form N–PX would require both institutional investment managers and funds to disclose information in a standardized order. This change is likely to benefit investors and other market participants and users of the information by facilitating comparisons of voting records among reporting persons. We are also proposing to require that, in the case of Section 14A Votes, standardized descriptions be used to provide the

[117] The external cost estimate for institutional investment managers is the same as our revised estimate for funds. Based on the Commission staff's consultations with third-party service providers, we believe that the external costs to institutional investment managers under the proposed amendments would be approximately the same as the external costs to funds.

[118] (4,000 institutional investment managers making annual filings × 8.7 hours per filing) + (200 amendments filed annually × 1 hour per amendment) = 35,000 hours per year.

[119] 4,000 institutional investment managers × $1,000 per year = $4,000,000 per year.

[120] 45,303 hours under revised current burden for funds + 9,300 hours estimated to be incurred by funds under proposed amendments + 35,000 hours estimated to be incurred by institutional investment managers under proposed amendments = 89,603 hours.

[121] $6,200,000 under revised current burden for funds + $4,000,000 estimated to be incurred by institutional investment managers under proposed amendments = $10,200,000.

[122] Based on Commission staff consultations with funds and third-party service providers.

[123] *Id. See also* DOL Interpretive Bulletin, *supra* note 20 (noting the Department of Labor's view that an investment manager or other ERISA plan fiduciary would be required to maintain accurate records as to proxy voting decisions).

[124] Based on information obtained from the Thomson Reuters Institutional (13F) Holdings database.

required brief identification of the matter voted on. This standardization is intended to facilitate the ability of users to compare proxy voting records among reporting persons. We believe that fund investors may benefit because uniform identification should make it easier to find the Section 14A Votes within the complete proxy voting records filed by funds.

We are proposing amendments to Form N–PX to require disclosure of (1) the number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers); (2) the number of those shares that were voted; and (3) how the reporting person voted those shares and, if the votes were cast in multiple manners (*e.g.,* for and against), the number of shares voted in each manner. The proposed amendments to Form N–PX provide more detailed information as compared to the current form. The additional information is necessary to accommodate the possibility of different votes on the same matter by a reporting person. This information would be required of funds, as well as institutional investment managers, and we believe that the additional information may benefit fund investors by helping them to understand a fund's proxy voting record.

B. Costs

The new rule and form amendments would lead to some additional costs for institutional investment managers and funds and fund investors. The resulting costs may include both internal costs (for compliance attorneys to review the required disclosures) and external costs (such as costs associated with third-party service providers to collect and report the information disclosed in Form N–PX reports). If an institutional investment manager has voting power with respect to a client's securities, these costs may be passed on to the client.

First, if adopted, our proposals would impose costs on institutional investment managers because they would implement the disclosure requirements of Section 14A by requiring institutional investment managers to file their record of Section 14A Votes with the Commission annually on Form N–PX. Based on our PRA analysis, we estimate that the costs for each institutional investment manager attributable to the proposed new rule and form amendments would be approximately $2,350 in internal costs for compliance attorneys per annual filing,[125] $270 in internal costs for compliance attorneys per amendment,[126] and $1,000 in external costs for third-party service providers[127] to prepare, review, and submit the required disclosure. We estimate that the aggregate annual costs imposed by the proposed rule and form amendments on institutional investment managers would be approximately $13.5 million.[128]

Second, if adopted, our proposals would impose costs on funds because the proposals would modify the format and content of the information required by Form N–PX in the following ways: (1) The information would be required to appear in a standardized order; (2) information would be required about the number of shares the fund was entitled to vote and the number of shares that were voted; (3) the institutional investment managers who had or shared voting power for a matter would be identified; and (4) standardized descriptions would be required for Section 14A Votes. Based on our PRA analysis, we estimate that the costs for each portfolio that holds equity securities attributable to the proposed form amendments would be approximately $400 per year in internal costs for compliance attorneys to review the required disclosure.[129] We estimate that the aggregate annual costs imposed by the proposed form amendments on funds would be approximately $2.5 million.[130]

These proposals are intended to implement the disclosure required by Section 14A(d) of the Exchange Act, which was added by Section 951 of the Dodd-Frank Act. In general, the costs and other economic effects that result from requiring such disclosure are mandated under Section 14A(d). We believe that our proposal to use Form N–PX to implement the congressionally mandated proxy vote reporting requirements would mitigate the costs of compliance, because the existing form is supported by a number of third-party service providers and is already used by the many institutional investment managers who currently file Form N–PX reports on behalf of funds. We further believe that many reporting persons are already tracking the data required to be reported by our proposal. Finally, the proposal would mitigate compliance costs by including provisions intended to prevent duplicative reporting of Section 14A Votes.

C. Request for Comments

We request comments on all aspects of this cost-benefit analysis, including identification of any additional costs or benefits of, or suggested alternatives to, the proposed amendments. Commenters are requested to provide empirical data and other factual support for their views to the extent possible.

VI. Consideration of Burden on Competition and Promotion of Efficiency, Competition, and Capital Formation

Section 23(a)(2) of the Exchange Act requires the Commission, in adopting rules under the Exchange Act, to consider the impact that any new rule would have on competition and prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.[131] Further, Section 3(f) of the Exchange Act requires the Commission, when engaging in rulemaking that requires it to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.[132] Section 2(c) of the Investment Company Act requires the Commission, when

[125] We estimate that compliance attorneys will spend 8.7 hours to review annual filings on Form N–PX. *See supra* note 115 and accompanying text. The hourly wage rate of $270 for a compliance attorney is based on the salary information from the Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2009, modified to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. Therefore, the internal costs associated with this burden equal approximately $2,350 per institutional investment manager (8.7 hours × $270 per hour = $2,349).

[126] We estimate that compliance attorneys will spend 1 hour per amendment to review amendments to filings on Form N–PX. *See supra* note 116 and accompanying text. For hourly wage rate information, *see supra* note 125. Therefore, the internal costs associated with this burden equals approximately $270 per amendment (1 hour × $270 per hour = $270).

[127] *See supra* note 117 and accompanying text.

[128] ($2,349 in internal costs per annual filing × 4,000 institutional investment managers) + ($270 in internal costs per amendment × 200 amendments) + ($1,000 in external costs per institutional investment manager × 4,000 investment managers) = $13,450,000.

[129] We estimate that compliance attorneys would spend an additional 1.5 hours to review the materials. *See supra* note 110 and accompanying text. For hourly wage rate information, *see supra* note 125. Therefore, the internal costs associated with this burden equal approximately $400 per fund (1.5 hours × $270 per hour = $405). We estimate that no additional external costs would result from the proposal. *See supra* note 111.

[130] 6,200 portfolios holding equity securities × $405 in internal costs per year = $2,511,000.

[131] 15 U.S.C. 78w(a)(2).

[132] 15 U.S.C. 78c(f).

engaging in rulemaking that requires it to consider or determine whether an action is consistent with the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.[133]

The proposed new rule and form amendments are intended to implement the disclosure required by Section 14A(d) of the Exchange Act, which was added by Section 951 of the Dodd-Frank Act. In general, the burden on competition and effects on efficiency, competition, and capital formation, if any, that result from requiring such disclosure are mandated under Section 14A(d). We believe that our proposal to use Form N–PX to implement the congressionally mandated proxy vote reporting requirements would promote efficiency because the existing form is supported by a number of third-party service providers and is already used by the many institutional investment managers who currently file Form N–PX reports on behalf of funds.

Because the proposed new rule 14Ad–1 and amendments to Form N–PX apply equally to all institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act, we do not anticipate that any competitive disadvantages would be created. To the contrary, we anticipate that our proposed new rule and form amendments may encourage competition by raising awareness about institutional investment manager voting on Section 14A Votes and facilitate differentiation among institutional investment managers. Although we recognize that the proxy vote reporting requirements may require institutional investment managers and funds to expend resources that could be used for other purposes, we do not anticipate that the proposed new rule and form amendments would impose an undue burden on competition or efficiency because we believe that many reporting persons are already tracking the data required to be reported by our proposal. Our proposal implements the requirements of Section 14A(d) in a manner that is intended to minimize the costs for reporting persons and may have a positive effect on capital formation.

We request comment on whether the proposed rule and form amendments, if adopted, would promote efficiency, competition, and capital formation. We also request comment on whether the proposed rule and form amendments would impose a burden on competition. Commenters are requested to provide empirical data and other factual support for their views if possible.

VII. Initial Regulatory Flexibility Analysis

This Initial Regulatory Flexibility Analysis has been prepared in accordance with the Regulatory Flexibility Act.[134] It relates to the Commission's proposed new rule 14Ad–1 under the Exchange Act and proposed amendments to Form N–PX under the Exchange Act and the Investment Company Act.

A. Reasons for, and Objectives of, Proposed New Rule and Proposed Form Amendments

Section 14A(d) of the Exchange Act requires that every institutional investment manager subject to Section 13(f) of the Exchange Act report at least annually how it voted on Section 14A Votes, unless such vote is otherwise required to be reported publicly by rule or regulation of the Commission. To implement Section 14A(d), the Commission is proposing new rule 14Ad–1 under the Exchange Act, which, if adopted, would require institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act to file their record of Section 14A Votes with the Commission annually on Form N–PX. The Commission is also proposing to amend Form N–PX, which is currently used by funds to file their complete proxy voting records with the Commission, to accommodate the new filings by institutional investment managers.

B. Legal Basis

The Commission is proposing new rule 14Ad–1 pursuant to the authority set forth in Sections 13, 14A, 23(a), 24, and 36 of the Exchange Act. The Commission is proposing amendments to Form N–PX pursuant to the authority set forth in sections 13, 14A, 23(a), 24, and 36 of the Exchange Act and sections 8, 30, 31, 38, and 45 of the Investment Company Act.

C. Small Entities Subject to the Rule

The Regulatory Flexibility Act defines "small entity" to mean "small business," "small organization," or "small governmental jurisdiction."[135] The Commission's rules define "small business" and "small organization" for purposes of the Regulatory Flexibility Act for each of the types of entities regulated by the Commission.

The Commission's rules under the Exchange Act that define a "small business" and "small organization" do not provide a definition specifically covering institutional investment managers. The Commission's rules do, however, provide definitions with respect to the terms "person" and "broker or dealer." Under our rules, "small business" and "small organization," when used with reference to (1) a person other than an investment company, generally means a person with total assets of $5 million or less on the last day of its most recent fiscal year; and (2) a broker or dealer, generally means a broker or dealer that has total capital of less than $500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared and is not affiliated with any person that is not a small business or small organization.[136]

We believe that the categories "person" and "broker or dealer" are appropriate categories of entities for purposes of analyzing whether the proposed rule and form amendments would have a significant economic impact on a substantial number of small entities that are institutional investment managers that are required to file reports under Section 13(f). We believe that institutional investment managers that invest in or buy and sell securities for their own account would be covered under the "person" category. Institutional investment managers that exercise investment discretion with respect to the account of another person generally will be either a "broker or dealer" or otherwise be in the "person" category. Therefore, we believe that the affected managers would be covered under the categories "person" or "broker or dealer."

With respect to institutional investment managers that invest in or buy and sell securities for their own account, such managers are only required to file reports under Section 13(f) if they hold at least $100 million in Section 13(f) securities as of the last trading day of any calendar month during any year.[137] Because of this threshold, these institutional investment managers are unlikely to hold $5 million or less in total assets at the end of their fiscal year. Therefore, we do not believe that these types of institutional investment managers would be small entities for purposes of the Regulatory Flexibility Act.

For institutional investment managers that exercise investment discretion with respect to accounts of other persons, we believe that such managers generally will be either broker-dealers or other

[133] 15 U.S.C. 80a–2(c).

[134] 5 U.S.C. 603 *et seq.*

[135] 5 U.S.C. 601(6).

[136] 17 CFR 240.0–10.

[137] 17 CFR 240.13f–1.

persons. The Commission believes that it is unlikely that an institutional investment manager that exercises investment discretion over at least $100 million in Section 13(f) securities will hold $5 million or less in total assets, or have total capital of less than $500,000 if it is a broker-dealer. Therefore, the Commission believes that few, if any, of these types of institutional investment managers would be considered small entities for purposes of the Regulatory Flexibility Act.

The Commission's rules under the Investment Company Act define a "small business" or "small organization" for purposes of the Regulatory Flexibility Act to mean an investment company that, together with other investment companies in the same group of related investment companies, has net assets of $50 million or less as of the end of its most recent fiscal year.[138] We estimate that approximately 154 funds meet this definition. The proposed amendments to Form N–PX may affect the 154 funds that may be considered small entities.

D. Reporting, Recordkeeping, and Other Compliance Requirements

We are proposing new rule 14Ad–1 under the Exchange Act, which, if adopted, would require institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act to file their record of how they voted on Section 14A Votes with the Commission annually on Form N–PX. We are also proposing to amend Form N–PX, which is currently used by funds to file their complete proxy voting records with the Commission, to accommodate the new filings by institutional investment managers.

Proposed new rule 14Ad–1, if adopted, would apply to institutional investment managers required to file reports under Section 13(f) of the Exchange Act. We are proposing to require an institutional investment manager that is required to report on Form N–PX to include in the report the manager's proxy voting record for each Section 14A Vote with respect to which the manager, whether directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, had or shared the power to vote, or to direct the voting of, any security. We are also proposing to require institutional investment managers to report their Section 14A Votes annually on Form N–PX not later than August 31 of each year, for the most recent twelve-month period ended June 30.

The proposed amendments to Form N–PX would apply to institutional investment managers and funds, including those that are small entities. We are proposing to include a new section on the Cover Page of Form N–PX where the reporting person would provide information in cases where the form is filed as an amendment to a previously filed Form N–PX report. We are also proposing to require that the Cover Page include information that would help users to identify whether the reporting person is a fund or an institutional investment manager. We are proposing to add a new Summary Page to Form N–PX, on which a reporting person would be required to state the total number of institutional investment managers, not counting the reporting person, whose Section 14A Votes are included in the report, and include a list of such institutional investment managers, together with their respective Form 13F file numbers.

In addition, we are proposing to amend Form N–PX to require that information be disclosed in a standardized order. Under the proposed amendments, funds and institutional investment managers would be required to disclose the following proxy voting information: (a) The name of the issuer of the security; (b) the exchange ticker symbol of the security; (c) the CUSIP number for the security; (d) the shareholder meeting date; (e) a brief identification of the matter voted on; (f) for reports filed by funds, whether the matter was proposed by the issuer or by a security holder; (g) the number of shares the reporting person was entitled to vote (for funds) or had or shared voting power over (for institutional investment managers); (h) the number of shares that were voted; (i) how the reporting person voted those shares and, if the votes are cast in multiple manners, the number of shares voted in each manner; (j) whether the vote was for or against management's recommendation; and (k) an identification of each institutional investment manager on whose behalf the Form N–PX report is filed (other than the reporting person) and who had or shared voting power as to the securities voted.

To prevent duplicative reporting, we are proposing amendments to Form N–PX that would permit (1) a single institutional investment manager to report Section 14A Votes in cases where multiple institutional investment managers share voting power; and (2) an institutional investment manager to satisfy its reporting obligations by reference to the Form N–PX report of a fund that includes the manager's Section 14A Votes.

Finally, we are proposing to require that, in the case of Section 14A Votes, standardized descriptions be used to provide the required brief identification of the matter voted on. Under our proposal, votes pursuant to Section 14A(a)(1) of the Exchange Act would be identified as "14A Executive Compensation," votes pursuant to Section 14A(a)(2) of the Exchange Act would be identified as "14A Executive Compensation Vote Frequency," and votes pursuant to Section 14A(b) of the Exchange Act would be identified as "14A Extraordinary Transaction Executive Compensation."

For purposes of the cost/benefit analysis, we have estimated that the aggregate annual costs imposed by the proposed rule and form amendments on institutional investment managers would be approximately $13.5 million.[139] We have further estimated that the aggregate annual costs imposed by the proposed form amendments on funds would be approximately $2.5 million.[140]

The Commission solicits comment on these estimates and the anticipated effect the proposed amendments would have on small entities subject to the rule.

E. Duplicative, Overlapping, or Conflicting Federal Rules

The Commission believes that there are no rules that duplicate, overlap, or conflict with the proposed rule and rule and form amendments.

F. Significant Alternatives

The Regulatory Flexibility Act directs us to consider significant alternatives that would accomplish our stated objective, while minimizing any significant adverse impact on small issuers. In connection with the proposed amendments, the Commission considered the following alternatives: (i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (ii) the clarification, consolidation, or simplification of compliance and reporting requirements under the proposed amendments for small entities; (iii) the use of performance rather than design standards; and (iv) an exemption from coverage of the proposed amendments, or any part thereof, for small entities.

The Commission believes that, at the present time, special compliance or

[138] 17 CFR 270.0–10.

[139] *See supra* note 128 and accompanying text.

[140] *See supra* note 130 and accompanying text.

reporting requirements for small entities, or an exemption from coverage for small entities, would not be appropriate or consistent with investor protection. Proposed new rule 14Ad–1 and amendments to Form N–PX, if adopted, would apply to institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act. Our proposal is intended to implement the disclosure required by Section 14A(d) of the Exchange Act, which was added by Section 951 of the Dodd-Frank Act. In light of the congressional mandate, we believe it is important for the disclosure to apply to all institutional investment managers that are required to file reports under Section 13(f) of the Exchange Act, regardless of their size.

The proposed amendments to Form N–PX would also apply to funds. In the case of Section 14A Votes, we believe this is necessary to achieve consistent reporting with respect to institutional investment manager votes because a portion of the votes of those managers will be reported on Form N–PX reports filed by funds under the provisions to prevent duplicative reporting. Therefore, unless we require funds to report this information, the record of institutional investment managers will be incomplete. In addition, information about the magnitude of a reporting person's voting power and the number of votes cast contributes to the transparency of proxy voting. For that reason, we are also proposing to extend the new requirements to the complete proxy voting records of funds. This is intended to improve transparency of fund proxy voting records and enable fund shareholders to better monitor their funds' involvement in the governance activities of portfolio companies. Therefore, we believe it is important for the proposed amendments to apply to all funds, regardless of size.

We have endeavored through the proposed amendments to Form N–PX to minimize the regulatory burden on institutional investment managers and funds, including small entities, while meeting our regulatory objectives. Form N–PX is supported by a number of third-party service providers and is already used by the many institutional investment managers who currently file Form N–PX reports on behalf of funds. We have endeavored to clarify, consolidate, and simplify the requirements applicable to institutional investment managers and funds, including those that are small entities. Finally, we do not consider the use of performance rather than design standards to be consistent with the congressional mandate in the Dodd-Frank Act.

G. Request for Comment

The Commission encourages the submission of written comments with respect to any aspect of this analysis. Comment is specifically requested on the number of small entities that would be subject to the proposed rule and form amendments and the likely impact of the proposal on those small entities. Commenters are asked to describe the nature of any impact and provide empirical data supporting the extent of the impact. These comments will be considered in the preparation of the Final Regulatory Flexibility Analysis if the proposed amendments are adopted and will be placed in the same public file as comments on the proposed amendments themselves.

VIII. Consideration of Impact on the Economy

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996 ("SBREFA"),[141] a rule is "major" if it results or is likely to result in:

- An annual effect on the economy of $100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.

We request comment on whether our proposal would be a "major rule" for purposes of SBREFA. We solicit comment and empirical data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment, or innovation.

IX. Statutory Authority

The Commission is proposing new rule 14Ad–1 pursuant to the authority set forth in Sections 13, 23(a), 24, and 36 of the Exchange Act [15 U.S.C. 78m, 78w(a), 78x, and 78mm] and Section 951(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Commission is proposing amendments to rule 30b1–4 pursuant to the authority set forth in Section 951(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Sections 8, 30, 31, 38, and 45 of the Investment Company Act [15 U.S.C. 80a–8, 80a–29, 80a–30, 80a–37, and 80a–44]. The Commission is proposing amendments to Form N–PX pursuant to the authority set forth in Sections 13, 23(a), 24, and 36 of the Exchange Act [15 U.S.C. 78m, 78w(a), 78x, and 78mm]; Section 951(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and Sections 8, 30, 31, 38, and 45 of the Investment Company Act [15 U.S.C. 80a–8, 80a–29, 80a–30, 80a–37, and 80a–44].

[141] Public Law 104–21, Title II, 110 Stat. 857 (1996).

List of Subjects

17 CFR Parts 240 and 249

Reporting and recordkeeping requirements, Securities.

17 CFR Parts 270 and 274

Investment companies, Reporting and recordkeeping requirements, Securities.

Text of Proposed Rule and Form Amendments

For the reasons set out in the preamble, the Commission proposes to amend Title 17, Chapter II, of the Code of Federal Regulations as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for part 240 is amended by adding the following citation in numerical order to read as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j–1, 78k, 78k–1, 78*l,* 78m, 78n, 78o, 78p, 78q, 78s, 78u–5, 78w, 78x, 78*ll,* 78mm, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, 80b–11, and 7201 *et seq.;* and 18 U.S.C. 1350 and 12 U.S.C. 5221(e)(3) unless otherwise noted.

* * * * *

Section 240.14Ad–1 is also issued under sec. 951(d), Pub. L. 111–203, 124 Stat. 1376.

* * * * *

2. Section 240.14Ad–1 is added to read as follows:

§ 240.14Ad–1 Report of proxy voting record.

(a) Subject to paragraphs (b) and (c) of this section, every institutional investment manager (as that term is defined in section 13(f)(6)(A) of the Act (15 U.S.C. 78m(f)(6)(A))) that is required to file reports under section 13(f) of the Act (15 U.S.C. 78m(f)) shall file an annual report on Form N–PX (§§ 249.326 and 274.129 of this chapter) not later than August 31 of each year, for the most recent twelve-month period ended June 30, containing the institutional investment manager's proxy voting record for each shareholder vote pursuant to sections 14A(a) and (b) of the Act (15 U.S.C.

78n–1(a) and (b)) with respect to which the manager, whether directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, had or shared the power to vote, or to direct the voting of, any security.

(b) An institutional investment manager is not required to file a report on Form N–PX (§§ 249.326 and 274.129 of this chapter) for the twelve-month period ending June 30 of the calendar year in which the manager's initial filing on Form 13F (§ 249.325 of this chapter) is due pursuant to § 240.13f–1 of this part. For purposes of this paragraph, "initial filing" on Form 13F means any quarterly filing on Form 13F if no filing on Form 13F was required for the immediately preceding calendar quarter.

(c) An institutional investment manager is not required to file a report on Form N–PX (§§ 249.326 and 274.129 of this chapter) with respect to any shareholder vote at a meeting that occurs after September 30 of the calendar year in which the manager's final filing on Form 13F (§ 249.325 of this chapter) is due pursuant to § 240.13f–1 of this part. An institutional investment manager is required to file a Form N–PX for the period July 1 through September 30 of the calendar year in which the manager's final filing on Form 13F is due pursuant to § 240.13f–1 of this part; this filing is required to be made not later than February 28 of the immediately following calendar year. For purposes of this paragraph, "final filing" on Form 13F means any quarterly filing on Form 13F if no filing on Form 13F is required for the immediately subsequent calendar quarter.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

3. The authority citation for part 249 is amended by adding the following citation in numerical order to read as follows:

Authority: 15 U.S.C. 78a *et seq.* and 7201 *et seq.;* and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

Section 249.326 is also issued under sec. 951(d), Pub. L. 111–203, 124 Stat. 1376.

* * * * *

4. The heading for Subpart D is revised to read as follows:

Subpart D—Forms for Annual and Other Reports of Issuers and Other Persons Required Under Sections 13, 14A, and 15(d) of the Securities Exchange Act of 1934

5. Section 249.326 is added to read as follows:

§ 249.326 Form N–PX, annual report of proxy voting record.

This form shall be used by institutional investment managers to file an annual report pursuant to § 240.14Ad–1 of this chapter containing the manager's proxy voting record.

Note: The text of Form N–PX does not, and these amendments will not, appear in the Code of Federal Regulations.

PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

6. The authority citation for part 270 is amended by adding the following citation in numerical order to read as follows:

Authority: 15 U.S.C. 80a–1 *et seq.,* 80a–34(d), 80a–37, and 80a–39, unless otherwise noted.

* * * * *

Section 270.30b1–4 is also issued under sec. 951(d), Pub. L. 111–203, 124 Stat. 1376.

* * * * *

§ 270.30b1–4

7. Section 270.30b1–4 is amended by removing the phrase "Form N–PX (§ 274.129 of this chapter)" and adding in its place "Form N–PX (§§ 249.326 and 274.129 of this chapter)".

PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

8. The authority citation for part 274 is amended by adding the following citation in numerical order to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78*l,* 78m, 78n, 78o(d), 80a–8, 80a–24, 80a–26, and 80a–29, unless otherwise noted.

* * * * *

Section 274.129 is also issued under sec. 951(d), Pub. L. 111–203, 124 Stat. 1376.

* * * * *

9. The heading of § 274.129 is revised to read as follows:

§ 274.129 Form N–PX, annual report of proxy voting record.

* * * * *

10. Form N–PX (referenced in §§ 249.326 and 274.129) is revised to read as follows:

Note: The text of Form N–PX does not, and these amendments will not, appear in the Code of Federal Regulations.

OMB APPROVAL
OMB Number:
Expires:
Estimated average burden hours per response

Form N–PX

Annual Report of Proxy Voting Record

General Instructions

A. Rule as to Use of Form N–PX.

Form N–PX is to be used for reports pursuant to Section 30 of the Investment Company Act of 1940 ("Investment Company Act") and Rule 30b1–4 under the Investment Company Act (17 CFR 270.30b1–4) by all registered management investment companies, other than small business investment companies registered on Form N–5, to file their complete proxy voting record. Form N–PX is also to be used for reports pursuant to Section 14A(d) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 14Ad–1 under the Exchange Act (17 CFR 240.14Ad–1) by institutional investment managers subject to Section 13(f) of the Exchange Act ("Institutional Managers") to file their proxy voting record regarding votes pursuant to Sections 14A(a) and (b) of the Exchange Act. Form N–PX is to be filed not later than August 31 of each year for the most recent twelve-month period ended June 30.

An Institutional Manager is not required to file a report on Form N–PX for the twelve-month period ending June 30 of the calendar year in which the manager's initial filing on Form 13F is due pursuant to Rule 13f–1 under the Exchange Act. An Institutional Manager is not required to file a report on Form N–PX with respect to any shareholder vote at a meeting that occurs after September 30 of the calendar year in which the manager's final filing on Form 13F is due pursuant to Rule 13f–1 under the Exchange Act. An Institutional Manager is required to file a Form N–PX for the period July 1 through September 30 of the calendar year in which the manager's final filing on Form 13F is due pursuant to Rule 13f–1 under the Exchange Act; this filing is required to be made not later than February 28 of the immediately following calendar year. For purposes of this paragraph, an "initial filing" on Form 13F means any quarterly filing on Form 13F if no filing on Form 13F was required for the immediately preceding calendar quarter, and "final filing" on Form 13F means any quarterly filing on

Form 13F if no filing on Form 13F is required for the immediately subsequent calendar quarter.

B. Application of General Rules and Regulations.

The General Rules and Regulations under the Investment Company Act and the Exchange Act contain certain general requirements that are applicable to reporting on any form under those Acts. These general requirements should be carefully read and observed in the preparation and filing of reports on this form, except that any provision in the form or in these instructions shall be controlling.

C. Preparation of Report.

1. This form is not to be used as a blank form to be filled in, but only as a guide in preparing the report in accordance with Rules 12b–11 (17 CFR 240.12b–11) and 12b–12 (17 CFR 240.12b–12) under the Exchange Act (for reports filed by Institutional Managers) and Rules 8b–11 (17 CFR 270.8b–11) and 8b–12 (17 CFR 270.8b–12) under the Investment Company Act (for reports filed by registered management investment companies). The Commission does not furnish blank copies of this form to be filled in for filing.

2. The instructions to this form are not to be filed with the report. When preparing the report, omit all bracketed text.

D. Rules To Prevent Duplicative Reporting.

1. If two or more Institutional Managers, each of which is required by Rule 14Ad–1 to file a report on Form N–PX for the reporting period, shared the power to vote, or to direct the voting of, the same securities on a vote pursuant to Section 14A(a) or (b) of the Exchange Act, only one such Institutional Manager must include the information regarding that vote in its report on Form N–PX.

2. An Institutional Manager is not required to report proxy votes that are reported on a Form N–PX report that is filed by a registered management investment company.

3. An Institutional Manager that had or shared the power to vote, or to direct the voting of, any security with respect to proxy votes that are reported by another Institutional Manager or Managers pursuant to General Instruction D.1, or are reported on a Form N–PX report filed by a registered management investment company, must identify each Institutional Manager and registered management investment company reporting on its behalf in the manner described in Special Instruction B.2.c. and d.

4. An Institutional Manager reporting proxy votes that are subject to shared voting power pursuant to Instruction D.1 must identify any other Institutional Managers on whose behalf the filing is made in the manner described in Special Instruction C.2.

5. A registered management investment company reporting proxy votes that would otherwise be required to be reported by an Institutional Manager must identify any Institutional Managers on whose behalf the filing is made in the manner described in Special Instruction C.2.

E. Signature and Filing of Report.

1. If the report is filed in paper pursuant to a hardship exemption from electronic filing (*see* Item 201 *et seq.* of Regulation S–T (17 CFR 232.201 *et seq.*)), eight complete copies of the report shall be filed with the Commission. At least one complete copy of the report filed with the Commission must be manually signed. Copies not manually signed must bear typed or printed signatures.

2. a. For reports filed by registered management investment companies, the report must be signed on behalf of the registered management investment company by its principal executive officer or officers. For reports filed by Institutional Managers, the report must be signed on behalf of the Institutional Manager by an authorized person.

b. The name and title of each person who signs the report shall be typed or printed beneath his or her signature. Attention is directed to Rule 12b–11 under the Exchange Act and Rule 8b–11 under the Investment Company Act concerning manual signatures and signatures pursuant to powers of attorney.

Special Instructions

A. Organization of Form N–PX

1. This form consists of three parts: the Form N–PX Cover Page ("Cover Page"), the Form N–PX Summary Page ("Summary Page"), and the proxy voting information required by the form ("Proxy Voting Information").

2. Present the Cover Page and the Summary Page information in the format and order provided in the form. Do not include any additional information on the Cover Page or Summary Page.

B. Cover Page

1. Amendments to a Form N–PX report must either restate the Form N–PX report in its entirety or include only proxy voting information that is being reported in addition to the information already reported in a current public Form N–PX report for the same period. If the Form N–PX report is filed as an amendment, then the reporting person must check the amendment box on the Cover Page, enter the amendment number, and check the appropriate box to indicate whether the amendment (a) is a restatement or (b) adds new Proxy Voting Information. Each amendment must include a complete Cover Page and, if applicable, a Summary Page.

2. Designate the Report Type for the Form N–PX report by checking the appropriate box in the Report Type section of the Cover Page, and include, where applicable, the List of Other Persons Reporting for this Manager (on the Cover Page), the Summary Page, and the Proxy Voting Information, as follows:

a. For a report by a registered management investment company, check the box for Report Type "Registered Management Investment Company Report," omit from the Cover Page the List of Other Persons Reporting for this Manager, and include both the Summary Page and the Proxy Voting Information.

b. For a report by an Institutional Manager that includes all proxy votes required to be reported by the Institutional Manager, check the box for Report Type "Institutional Manager Voting Report," omit from the Cover Page the List of Other Persons Reporting for this Manager, and include both the Summary Page and the Proxy Voting Information.

c. For a report by an Institutional Manager, when all proxy votes required to be reported by the Institutional Manager are reported by another Institutional Manager or Managers or by one or more registered management investment companies, check the box for Report Type "Institutional Manager Notice," include (on the Cover Page) the List of Other Persons Reporting for this Manager, and file the Cover Page and required signature only.

d. For a report by an Institutional Manager, if only part of the proxy votes required to be reported by the Institutional Manager are reported by another Institutional Manager or Managers or one or more registered management investment companies, check the box for Report Type "Institutional Manager Combination Report," include (on the Cover Page) the List of Other Persons Reporting for this Manager, and include both the Summary Page and the Proxy Voting Information.

C. Summary Page

1. Include on the Summary Page the number of included Institutional Managers. Enter as the number of included Institutional Managers the total number of Institutional Managers listed in the list of included Institutional Managers on the Summary Page, and do not count the reporting person filing this report. *See* Special Instruction C.2. If none, enter the number zero ("0").

2. Include on the Summary Page the list of included Institutional Managers. Use the title, column headings, and format provided.

a. If this Form N–PX report does not report the proxy votes of any Institutional Manager other than the reporting person, enter the word "NONE" under the title and omit the column headings and list entries.

b. If this Form N–PX report reports the proxy votes of one or more Institutional Managers other than the reporting person, enter in the list of included Institutional Managers all such Institutional Managers together with their respective Form 13F file numbers, if known. (The Form 13F file numbers are assigned to Institutional Managers when they file their first Form 13F.) Assign a number to each Institutional Manager in the list of included Institutional Managers, and present the list in sequential order. The numbers need not be consecutive. Do not include the reporting person filing this report.

D. Proxy Voting Information

1. Disclose the information required by Item 1 in the order presented in paragraphs (a)–(k) of Item 1.

2. The exchange ticker symbol or CUSIP number required by paragraph (b) or (c) of Item 1 may be omitted if it is not available through reasonably practicable means, *e.g.,* in the case of certain securities of foreign issuers.

3. Item 1(e) requires a brief identification of the matter for all matters. In responding to Item 1(e), the reporting person should identify any matter that is a shareholder vote pursuant to Section 14A of the Exchange Act in the following manner:

a. Identify a Section 14A(a)(1) vote as "14A Executive Compensation."

b. Identify a Section 14A(a)(2) vote as "14A Executive Compensation Vote Frequency."

c. Identify a Section 14A(b) vote as "14A Extraordinary Transaction Executive Compensation."

4. In responding to Item 1(g), an Institutional Manager must report the number of shares over which the Institutional Manager had sole voting power separately from the number of shares over which the Institutional Manager had shared voting power. In responding to Item 1(g), an Institutional Manager also must separately report shares when the groups of Institutional Managers who share voting power are different. For example, if the reporting Institutional Manager shares voting power with respect to 10,000 shares with Manager A and shares voting power with respect to 50,000 shares with Managers A and B, then the groups of 10,000 and 50,000 shares must be separately reported. In responding to Item 1(g), a registered management investment company must separately report shares with respect to which different Institutional Managers or groups of Institutional Managers have or share voting power.

5. In the case of a reporting person that is a registered management investment company that offers multiple series of shares, provide the information required by Item 1 separately for each series. The term "series" means shares offered by a registered management investment company that represent undivided interests in a portfolio of investments and that are preferred over all other series of shares for assets specifically allocated to that series in accordance with Rule 18f–2(a) under the Investment Company Act (17 CFR 270.18f–2(a)).

Confidential Treatment Instructions

1. A reporting person should make requests for confidential treatment of information reported on this form in accordance with Rule 24b–2 under the Exchange Act (17 CFR 240.24b–2).

2. Paragraph (b) of Rule 24b–2 requires a person filing confidential information with the Commission to indicate at the appropriate place in the public filing that the confidential portion has been so omitted and filed separately with the Commission. A reporting person should comply with this provision by including on the Summary Page, after the number of included Institutional Managers and prior to the list of included Institutional Managers, a statement that confidential information has been omitted from the public Form N–PX report and filed separately with the Commission.

3. A reporting person must file in paper, in accordance with Rule 101(c)(1)(i) of Regulation S–T (17 CFR 232.101(c)(1)(i)), all requests for and information subject to the request for confidential treatment. If a reporting person requests confidential treatment with respect to information required to be reported on Form N–PX, the reporting person must file in paper with the Secretary of the Commission an original and two copies of the Form N–PX reporting information for which the reporting person requests confidential treatment.

4. A reporting person requesting confidential treatment must provide enough factual support for its request to enable the Commission to make an informed judgment as to the merits of the request. If a request for confidential treatment of information filed on Form N–PX relates to a request for confidential treatment of information included in an Institutional Manager's filing on Form 13F, the Institutional Manager should so state and identify the related request. In such cases, the Institutional Manager need not repeat the analysis set forth in the request for confidential treatment in connection with the Form 13F filing. The Institutional Manager's request, however, must explain whether and, if so, how the Form N–PX and Form 13F confidential treatment requests are related.

5. State the period of time for which confidential treatment of the proxy voting information is requested. The time period specified may not exceed one (1) year from the date that the Form N–PX report is required to be filed with the Commission. The request must include a justification of the time period for which confidential treatment is requested, as required by Rule 24b–2(b)(2)(ii).

6. At the expiration of the period for which confidential treatment has been granted (the "Expiration Date"), the Commission, without additional notice to the reporting person, will make the proxy voting information public unless a *de novo* request for confidential treatment of the information that meets the requirements of Rule 24b–2 and these Confidential Treatment Instructions is filed with the Commission at least fourteen (14) days in advance of the Expiration Date.

7. Upon the final adverse disposition of a request for confidential treatment, or upon the expiration of the confidential treatment previously granted for a filing, unless a hardship exemption is available, the reporting person must submit electronically, within six (6) business days of the expiration or notification of the final disposition, as applicable, an amendment to its publicly filed Form N–PX report that includes the proxy voting information as to which the Commission denied confidential treatment or for which confidential treatment has expired. An amendment filed under such circumstances must not be a restatement; the reporting

person must designate it as an amendment which adds new proxy voting information. The reporting person must include at the top of the Form N–PX Cover Page the following legend to correctly designate the type of filing being made:

This filing lists proxy vote information reported on the Form N–PX filed on (date) pursuant to a request for confidential treatment and for which (that request was denied/confidential treatment expired) on (date).

Paperwork Reduction Act Information

Form N–PX is to be used by a registered management investment company, other than a small business investment company registered on Form N–5 (17 CFR 239.24 and 274.5), to file reports with the Commission pursuant to Section 30 of the Investment Company Act and Rule 30b1–4 thereunder. Form N–PX is also to be used by an institutional investment manager subject to Section 13(f) of the Exchange Act to file reports with the Commission as required by Section 14A(d) of the Exchange Act and Rule 14Ad–1 thereunder. Form N–PX is to be filed not later than August 31 of each year, containing the reporting person's proxy voting record for the most recent twelve-month period ended June 30. The Commission may use the information provided on Form N–PX in its regulatory, disclosure review, inspection, and policymaking roles.

Registered management investment companies and institutional investment managers are required to disclose the information specified by Form N–PX, and the Commission will make this information public. Registered management investment companies and institutional investment managers are not required to respond to the collection of information contained in Form N–PX unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. 3507.

Form N–PX

Annual Report of Proxy Voting Record

Form N–PX Cover Page

_____

(Name of reporting person) (For registered management investment companies, provide exact name of registrant as specified in charter)

_____

(Address of principal executive offices) (Zip code)

_____

(Name and address of agent for service)

Telephone number of reporting person, including area code:

_____

Report for the [year ended June 30, ____] [period July 1, ____ to September 30, ____]

Commission Investment Company Act or Form 13F File Number: [811-] [28-]____

Check here if amendment ☐; Amendment number: _____

This Amendment (check only one):

☐ is a restatement.

☐ adds new proxy voting entries.

Report Type (check only one):

☐ Registered Management Investment Company Report.

☐ Institutional Manager Voting Report (Check here if all proxy votes of this reporting manager are reported in this report.)

☐ Institutional Manager Notice (Check here if no proxy votes reported are in this report, and all proxy votes are reported by other reporting person(s).)

☐ Institutional Manager Combination Report (Check here if a portion of the proxy votes for this reporting manager are reported in this report and a portion are reported by other reporting person(s).)

List of Other Persons Reporting for this Manager:

[If there are no entries in this list, omit this section.]

Investment Company Act or Form 13F File Number	Name
[811–] [28–]	.....

[Repeat as necessary.]

FORM N–PX SUMMARY PAGE

Number of Included Institutional Managers: ____

List of Included Institutional Managers:

Provide a numbered list of the name(s) and 13F file number(s) of all Institutional Managers with respect to which this report is filed, other than the reporting person filing this report.

[If there are no entries in this list, state "NONE" and omit the column headings and list entries.]

No.	Form 13F File No.	Name
.....	28-	.....

[Repeat as necessary.]

Form N–PX

Item 1. Proxy Voting Record.

If the reporting person is a registered management investment company, disclose the following information for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the reporting person was entitled to vote. If the reporting person is an Institutional Manager, disclose the following information for each shareholder vote pursuant to Sections 14A(a) and (b) of the Exchange Act considered at any shareholder meeting held during the period covered by the report and with respect to which the reporting person, whether directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, had or shared the power to vote, or to direct the voting of, any security. If a reporting person does not have any proxy votes to report for the reporting period, the reporting person shall file a report with the Commission stating that the reporting person does not have proxy votes to report.

(a) The name of the issuer of the security;

(b) The exchange ticker symbol of the security;

(c) The Council on Uniform Securities Identification Procedures ("CUSIP") number for the security;

(d) The shareholder meeting date;

(e) A brief identification of the matter voted on;

(f) For reports filed by registered management investment companies, disclose whether the matter was proposed by the issuer or by a security holder;

(g) The number of shares the reporting person was entitled to vote (for registered management investment

companies) or had or shared voting power over (for Institutional Managers);

(h) The number of shares in (g) that were voted;

(i) How the reporting person voted the shares in (h) (*e.g.,* for or against proposal, or abstain; for or withhold regarding election of directors) and, if the votes were cast in multiple manners (*e.g.,* for and against), the number of shares voted in each manner;

(j) Whether the votes disclosed in (i) represented votes for or against management's recommendation; and

(k) Identify each Institutional Manager on whose behalf this Form N–PX report is being filed (other than the reporting person) and who had or shared the power to vote, or to direct the voting of, the securities voted by entering the number assigned to the Institutional Manager in the List of Included Managers.

Signature

[See General Instruction E]

Pursuant to the requirements of the [Securities Exchange Act of 1934 (for Institutional Managers)] [Investment Company Act of 1940 (for registered management investment companies)], the reporting person has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Reporting Person) _____

By (Signature and Title)* _____

Date _____

* Print the name and title of each signing officer under his or her signature.

By the Commission.

Dated: October 18, 2010.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2010–26536 Filed 10–27–10; 8:45 am]

BILLING CODE 8011–01–P