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August 9, 2013

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Sent via email to: policy.submissions@asic.gov.au

RE: Consultation Paper 211, *Facilitating electronic offers of securities: Update to RG 107*

This letter represents the comments of Broadridge Financial Solutions, Inc.¹ (“Broadridge”) in response to the Australian Securities and Investments Commission (ASIC) Consultation Paper 211, *Facilitating electronic offers of securities: Update to RG 107*, (CP211) which proposes updates to *Regulatory Guide 107 Electronic Prospectuses*, (RG107).

For more than 25 years, Broadridge has been an active participant in the dialogue on shareholder communication issues globally. We provide the benefits of our operational processing experience and technology expertise, as well as access to important quantitative data for regulators and other market participants. In addition, we value and invest heavily in continuous improvement, particularly in technological solutions that support the principles of efficient information access and delivery, high levels of investor engagement and participation, and improved transparency and governance in investor communications.

There is significant interest from market participants around the world to improve the way capital markets function. We’re developing locally-tailored investor communication solutions to address the needs of both mature and emerging markets, within local regulatory frameworks. Broadridge supports ASIC’s objective of reviewing the effectiveness of the mechanisms that support best practices in investor communications, in support of the underlying objective:

¹ Broadridge is a technology services company focused on global capital markets. Broadridge is the market leader enabling secure and accurate processing of information for communications and securities transactions among issuers, investors and financial intermediaries. Broadridge builds the infrastructure that underpins investor and proxy communications in 90 countries. For more information about Broadridge, please visit www.broadridge.com.

“The underlying objective of our proposals is to balance the benefits of improved efficiency and business with the need to ensure that investors are confident and informed and the principles underlying Ch 6D are observed.”

Fundamentally, electronic communication solutions provide an opportunity for policy makers to improve market efficiency, reduce costs to participants, and support a model of investor choice in the way communications are received. A significant body of data and analyses demonstrate that an investor choice model is a critical component of policies to increase shareholder engagement and participation.

For example in Canada, Broadridge, has developed electronic delivery channels for sending investor materials ranging from proxy meeting communications to prospectus and financial reports. Electronic delivery has been available in Canada since 2000 when Broadridge applied for and received exemptive relief from financial regulators to deliver material electronically. As a result multiple delivery channels are available with a rigorous focus on the guiding principle of investor preference. Investors can receive material electronically to email accounts, electronic mailboxes maintained with their banks or brokerage, by mobile to their smart phone and tablets and shortly, to digital mailboxes. By giving investors choices as to how and where they want to receive information, the investor experience and access are improved.

We believe the questions raised by ASIC in all aspects of electronic communications between an offeror and its shareholders are relevant and important. However, we have limited our comments to those questions where our processing experience and technology expertise are particularly relevant, and where possible, included quantitative data to illustrate key points.

Proposal B1

B1Q1 - Do you agree with our proposed revocation of [CO 00/44]? If not, why not?

We agree with the proposed revocation of [CO 00/44]. In other jurisdictions, technological solutions that enable the electronic dissemination of investor communication materials have proven successful in improving the speed, cost efficiency, accuracy and effectiveness of material distribution and access to disclosure information. Electronic communications are becoming market best practice, and ongoing technological evolution affords opportunity for continuous improvements.

Since 2000, the use of electronic delivery in Canada has significantly influenced the way investors request and receive disclosure documents. Electronic delivery doubled in 2012 from the previous year to 10% of all Canadian investors choosing to receive documents electronically. The corollary to the use of electronic document delivery is the direct benefit to public company issuers (offerors) and fund investment companies. In 2012, Canadian publically traded companies saved an estimated CAD \$22.6 million (AUD 24.2M) on postage and material print costs by promoting and utilizing electronic delivery. Accessible by smart phone and tablet, electronic documents are now available to those investors who prefer to access their material by

mobile devices. Since the introduction of mobile optimization in 2011 there has been a four-fold increase in its use by investors.²

Proposal B2

B2Q1 – Do you agree with our proposed good practice guidance in Section D of the draft updated RG 107? If not, which part(s) of the guidance do you disagree with and why?

Generally, we agree with the general principles and desired outcomes of the 16 principles outlined in CP211. However, we suggest that in some instances, the guidance is too prescriptive. We believe the guidance should focus on ways to provide investors with a choice of delivery channels – either paper or electronic based on individual investor preference – in a simple, user-friendly and intuitive fashion.

Furthermore, the guidance must be forward-looking and anticipate the emergence of new technologies in the future. By focusing on the desired outcome of the principles and not the “how-to”, ASIC will avoid the inadvertent application of technology restrictions on potential solutions.

For example, Broadridge’s e-delivery solutions are now enhanced with technologies like integrated multimedia content, mobile platform compatibility and Quick Response (QR) codes which all became available after the launch of the original solution. In this regard policies that are unnecessarily prescriptive could unintentionally reduce innovation.

Proposal B3

B3Q1 – Do you agree with our proposed guidance in Principles 1–8? If not, which part(s) of the guidance do you disagree with and why?

In some instances, we suggest that the guidance proposed in Principles 1 – 8 may be too prescriptive and may ultimately prohibit the evolution of, or make obsolete any electronic solution developed in response to amendments to RG 107.

For example, the guidance currently refers specifically to items like file format, password protection, or other specific protocols. This level of specificity can create encumbrances to the successful implementation of any innovative solution. It would be more practical that the guidance describe only the need and desired outcome, but not the specific technology to support the solution.

B3Q2 – In Principle 1, we have listed the most likely means by which electronic documents are currently made available to investors. Are there any other means

² Broadridge 2012 Proxy Season Statistics, http://media.broadridge.com/documents/Broadridge_2012_Proxy_Season_Stats_Presentation.pdf

of electronic distribution that are not listed and that are currently being used in the market?

In June 2012, Broadridge conducted research to understand better Canadian investors' preferences regarding delivery of materials. What we learned is this: investors want choices. They want to receive information from the companies they invest in by mail, online or both. They are interested in new options for receiving information and, among certain demographic groups, there is an appetite to leverage mobile platforms for even more dynamic communication.

The Principle as written does not anticipate the development of solutions for mobile platforms, or indeed other emerging technology platforms.

B3Q4 – In relation to Principle 5, do you agree that offerors and distributors should continue to make paper copies of disclosure documents and application forms available free of charge to investors? If not, why not?

We agree that fundamental to improved communications is affording the investor choice in the way he receives materials. New technologies have enabled an array of flexible solutions for issuer communications and investors have more choices than ever before, including material selection, delivery method, and method of access to information. This includes the option to elect to receive paper documents. Electronic delivery systems let investors self-select their preferences, improving their level of engagement while helping to reduce print and postage costs for issuers.

B3Q5 - In your experience, is paper still the primary means of distributing disclosure documents in the market? If so, what are the reasons for not using the internet or other electronic distribution channels?

Our data indicates that investors primarily prefer paper copies of communication materials. Broadridge's investor communication solutions support the distribution of materials in both paper and electronic form. Currently, approximately 10% of investors elect to receive communications via electronic distribution channels.

We see significantly larger uptake where offerors actively promote e-delivery among their investors. In 2011, Broadridge worked with 14 energy sector public companies in Canada to raise awareness of electronic delivery channel with their investors. The campaign produced an 8.72% increase in enrollment response for the electronic delivery of documents. In comparison, the average passive (no solicitation by the public company) annual enrollment rate is 2.61%. This one targeted campaign more than tripled the average passive rate for choosing electronic delivery.

Adoption of electronic delivery also depends on the type of document being distributed. Broadridge sponsored a U.S. e-Focus group research in 2011 where investment industry participants responded with the results collected by document type. The average responses for electronic delivery preference were as follows:

Statements	Trade Confirmations	Tax Documents	Regulatory (Proxy, Interim, Capital Event)	Post Sale Prospectus
9%	10%	1%	13%	14%

B3Q7 - In relation to Principle 7, what do you think is a reasonable period of time for offerors, distributors and publishers to ensure that disclosure documents remain accessible from a link, website or electronic facility?

There are no technological restrictions that would affect the length of time documents can be accessible. Timeframes may be determined in order to comply with various requirements, as long as an investor's account is open, Broadridge generally retains documents for our clients for a period of seven years, and can accommodate clients' specific requirements. Technological capabilities exist today to track the most recent document that was sent to an investor to assist with supporting compliance requirements.

Proposal B4

B4Q1 – Do you agree with our proposed guidance in Principle 9? If not, why not?

While we agree with the Principle's desired outcome, we suggest that as written the Principle is too prescriptive. Rather, the guidance should encourage additional functionality that electronic communications provides. Examples of such functionality include the addition of multimedia (i.e., video) components, accessibility features (i.e., text readers and resizers) and enhanced disclosure or commentary.

This added functionality would ultimately make electronic versions of materials more accessible, more navigable, and robust and enhance the investor experience.

With regard to Principle 10, we suggest that part 107.99 may contradict 107.73. – 107.100 b. Usually, hyperlinks outside of a document are limited only to the areas under direct control of the publisher.

Proposal B5

B5Q1 – Are there any practical difficulties with our recommended reasonable measures in Principle 11 for ensuring that the electronic application form is distributed to investors with the electronic disclosure document? If yes, please provide details.

With specific reference to sections, 107.107 and 107.108, we suggest the guidance could create complicated and cumbersome processes for the distribution of electronic application forms.

New technologies and regulatory change go hand-in-hand. In fact, technological evolution relies on - and at the same time allows - regulatory evolution. Together, new regulations and

innovative, technology-based solutions that permit the practical implementation of new rules are defining best practices.

Adoption of electronic communications is dependent on the ease of accessibility and use of the channel and the robustness of the communication it delivers. For example, in Canada, the application of QR codes to Voting Instruction Forms has reduced the number of “clicks” to zero. This is yet another example of how technology can enable better communication. The application of new technology would not be possible if the regulation preempted its use.

We appreciate the opportunity to comment on the ASIC Consultation Paper. We would be pleased to discuss opportunities in electronic communications further if it would be of assistance and look forward to working with ASIC and other market participants to support best practice standards in investor communications in Australia.

Sincerely,

“Patricia Rosch”

Patricia Rosch
President
Broadridge
Investor Communication Solutions, International

cc: John Ryan, Head of Business Development Australasia, Broadridge Investor Communication Solutions, Ltd.