

**MEMO# 8333**

October 17, 1996

## **DRAFT INSTITUTE LETTER TO NYSE REGARDING ECHO VOTING**

October 17, 1996 TO: CLOSED-END FUND COMMITTEE No. 35-96 SEC RULES COMMITTEE  
No. 109-96 RE: DRAFT INSTITUTE LETTER TO NYSE REGARDING ECHO VOTING

At the last SEC Rules Committee meeting, several members expressed concern with the effect of a New York Stock Exchange rule on the ability of investment companies to obtain sufficient votes on non-routine matters. Attached is a draft letter to the NYSE requesting that it permit member organizations to "echo vote" investment company shares held in nominee name on non-routine matters. While we have already included in the draft letter some specific information about fund shareholders not exercising their voting rights, we believe that the letter would be more effective if it included additional specific information about low shareholder response to proxies on non-routine matters and the resulting costs experienced by funds. Therefore, we would particularly appreciate receiving any specific information you have regarding: (i) the extent to which fund shares are held in nominee name by NYSE members; (ii) the frequency of beneficial owners not providing voting instructions regarding non-routine matters; (iii) the frequency of resolicitations being required and/or quorums not ultimately being obtained; (iv) the cost to funds associated with obtaining beneficial owner votes on non-routine matters (including the cost of resolicitations); (v) the total number of beneficial owner votes cast; and (vi) the percentage of voting shareholders that ultimately vote in favor of the non-routine matter. Please provide me with the above information (to the extent available) and any comments on the letter by November 6, 1996. You can contact me by phone at 202/326-5821 or by fax at 202/326-5827. We also plan on discussing this matter at the upcoming committee meetings. Dorothy M. Donohue Assistant Counsel Attachment