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# Financial Week

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## Upstart looks to break Broadridge's hammerlock on proxy services

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For decades, proxy services firm Broadridge Financial Solutions has had a virtual monopoly in the industry. But a relatively new company is trying to take a stab at Broadridge's 97% market share.

Mediant Communications, which was started in 2002, began working earlier this month with Legent Clearing to handle the broker's distribution services. Mediant will also soon offer a new "straight-through" vote confirmation process, a service the company's founder and president hopes will siphon off some of Broadridge's clients.

Broadridge has come under fire in recent years for having too strong a hold over the proxy service industry and failing to adequately monitor votes to ensure they are cast correctly.

Last month a coalition of groups, including the Business Roundtable and National Investor Relations Institute, raised concerns about Broadridge's near-monopoly over proxy distribution services and asked the Securities and Exchange Commission to evaluate the proxy system.

Broadridge has said clients consistently rate the company highly, and has noted an NYSE working group two years ago that lauded Broadridge's previous parent company, ADP, as being "impartial, reliable and efficiently administered."

Mediant founder Arthur Rosenzweig says that the fees charged by Broadridge, as well as the recent allowance of online notice and access proxies, will drive some users away from Broadridge. "We are much more fleet of foot" than Broadridge, he said.

Mr. Rosenzweig told *Financial Week* his company will focus on getting more investors to vote proxies online. Currently, only 8% of account holders vote electronically, according to Mr. Rosenzweig, who hopes to get that number up to around 50%.

He also believes the system of NYSE Euronext setting proxy service firms' fees should end. Instead, he'd like brokers and issuers to be allowed to negotiate prices.

Mr. Rosenzweig also founded Proxy Monitor, which in 2001 merged with Institutional Shareholder Services. The two businesses conducted a reverse merger shortly thereafter, however, and ISS was acquired by RiskMetrics.

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