

Broadridge faces rival on 'street name' side

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Mediant signs first broker as a proxy services client

Until now, almost every broker and bank has contracted with Broadridge Financial Solutions to distribute proxy materials to and count votes of listed companies' street name shareholders. That has changed as the result of a deal between Mediant Communications and clearing broker Legent Clearing, announced today.

The service, which went live this month, delivers ballots and meeting materials by mail and internet to investors who have accounts with Legent's correspondent broker clients. 'This represents a change in the industry that is significant,' says Mediant president Arthur Rosenzweig. 'We aim to prove there can be competitors to Broadridge.'

Mediant has spent several years building its operational capacity in order to open the lock on brokers. The company conducted a pilot program with some brokers for three years under which brokers tried out Mediant's proxy service by receiving and voting test ballots for actual meetings of about 12,000 issuers per year. 'These were live and active situations that helped us gain credibility with brokers,' he says.

The firm also provides proxy services directly to over 250 issuers, servicing registered shareholders by mailing electronic and print ballots, and acting as an inspector of elections, and increasingly as tabulator, for many annual meetings. 'We expect to service over 1,000 issuers in 2009,' Rosenzweig says.

Though it has taken longer to get access to beneficial shareholders, it has always been a goal. 'On the broker side, everyone knew we were going after that business,' Rosenzweig says. 'We wanted to get our first client before going public.'

NIRI, the Society of Corporate Secretaries and Governance Professionals, the Business Roundtable and two other professional associations banded together last month as the Shareholder Communications Coalition to draw attention to the flaws in the proxy process, including the lack of competition in proxy services. They seek regulatory and congressional changes allowing companies to communicate directly with street name shareholders. The group would also like to see issuers have a choice of service providers and more ability to negotiate fees.

Rosenzweig, who helped found Mediant after running Proxy Monitor, an institutional proxy voting services firm and several research firms, says he applauds the effort, but says that with Mediant's entry on the beneficial side, companies will see better service and lower cost. 'Our point of view is that it can be done through competition,' he says. 'We may look like the little guys, but we are the ones changing the industry structure without having to ask the SEC to do it. Our business strategy is to do it ourselves.'

Ray Maratea, co-president of Legent, says, in his opinion, every facet of the Mediant offering meets or exceeds the Broadridge platform. He notes the possibilities for his clients, the introducing brokers, to shape and brand communications. 'We've shared this change with everyone of them... and they thought it was extremely powerful,' Maratea says.

The broker says he also likes Mediant's wizard functions that can be tapped by voters who want resolutions and ballot language explained. 'It's an educational piece which I think is very important,' he says.

The final selling point is cost, which Maratea says is 'more than favorable to where we are in the current market place.' That should please issuers, since in another quirk of the proxy process, companies pay for proxy services even though it is the banks and brokers that choose the provider.

By [Anna Snider](#)

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