

Modernizing Shareholder Communication

A POLICY REVIEW OF THE OBO/NOBO
FRAMEWORK IN U.S. PUBLIC MARKETS
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I: Introduction

Transparency is a foundational value of the United States that is embedded in our democratic institutions, our legal system, our economic freedoms, and our financial markets. It is a principle that has long guided markets regulation and is central to the mission of the U.S. Securities and Exchange Commission (“SEC”). Closely intertwined with transparency is an equally fundamental premise of U.S. capital markets—that owners maintain their property better than anyone else. Markets function best when ownership is visible and when investors are able to act as engaged, informed, and accountable owners.

For decades, the SEC rules governing investor ownership disclosure have reflected these two core priorities. The registration and reporting framework ensures that large mutual fund investors are disclosed, supporting market integrity and informed decision-making. Supplemental rules governing proxy voting, shareholder communications, and the exercise of ownership rights are likewise grounded in the same principles of facilitating transparency while enabling investors to participate meaningfully in corporate governance.

These rules have also extended to retail investors. Most retail shareholders are given the option to allow companies to communicate with them directly, a status known as Non-Objecting Beneficial Owner (“NOBO”). The majority of retail investors choose this option, reinforcing the norm that transparency and direct issuer-owner communication is beneficial to both companies and shareholders. When these rules were first adopted decades ago, however, a narrow exception was created. A small number of investors holding a very limited number of shares were permitted to remain invisible to their portfolio companies by electing Objecting Beneficial Owner (“OBO”) status, even though this opacity runs counter to the twin market values of transparency and active ownership. At the time, this exception was viewed as tolerable for several reasons.

First, OBO holders were considered *de minimis* in both number and economic significance, such that their invisibility was not thought to meaningfully affect issuers or the broader market. Second, the rules were adopted in a paper-based era, when administrative burdens and privacy concerns for brokers were materially greater, and some accommodation was viewed as appropriate. Third, issuer communication with retail shareholders was itself impractical and costly, meaning that the loss of contact with a small subset of investors was not seen as consequential. Fourth, proxy voting by retail investors was relatively rare and generally passive, making the inability to communicate with some shareholders less significant. Finally, at the time the current framework was adopted in 1986, there was limited understanding of how opaque ownership and communication systems could enable errors in proxy vote tabulation to go undetected.

In the decades since, experience has demonstrated that opacity in the proxy plumbing system can, and has, contributed to inaccurate outcomes, including under and overvoting, reconciliation failures, and other distortions that are difficult to identify or correct without transparency. These issues were not well understood when the OBO exception was created, but they have since become increasingly evident. Thus, even though permitting OBO status was inconsistent with the SEC's core commitment to transparency and with the capital markets' foundational assumption that owners should be able to fully exercise their ownership, its limited scope in a paper-based, low-engagement, "Wall Street Walk" era allowed it to persist. The rationale for that tolerance, however, rested entirely on conditions that no longer exist.

II: Background on the OBO Classification

As noted, the conditions that once allowed the OBO exception to persist have changed rapidly and fundamentally. What was once a narrow, largely inconsequential departure from the norm of transparency has become a material and growing threat to effective ownership, and market integrity. As a result, there is now a clear urgency to revisit and modernize rules that no longer reflect how today's markets function. Most notably, retail holdings subject to OBO and NOBO classifications have expanded dramatically in both number and economic significance. The growth in retail participation means that opaque ownership is no longer a marginal feature of the system, but a meaningful impediment to transparency and to the ability of owners to act like owners. What was once a *de minimis* exception has evolved into a structural issue with real consequences for issuers, investors, and the proxy process.

At the same time, the technological and operational constraints that once supported limited issuer–retail shareholder communication have largely disappeared. The market has migrated decisively from paper-based systems to digital, platform-based communications. Today, it is practical for issuers to identify, learn from, and communicate directly with shareholders of all sizes. This shift is evidenced by the rapid growth of commission-free trading platforms, the adoption of digital shareholder-engagement tools such as Robinhood's Say Technologies, and the replication by other issuers of models pioneered by companies like ExxonMobil that allow retail investors to make informed, affirmative communication choices.

There has also been a broader recognition that all investors, not only large institutional holders, deserve a meaningful voice in corporate governance. This recognition strengthens the case for enabling direct issuer-owner communication, particularly at a time when foreign ownership of U.S. companies continues to rise and raises national security, economic resilience, and governance considerations. Ensuring that all shareholders are visible, reachable, and engaged has taken on increased importance in this context. Just as brokers and banks are required to know their customers, publicly traded companies should have the right to know who owns their company.

In parallel, proxy voting itself has become far more consequential than when the current rules were adopted. Votes on director elections, executive compensation, and major transactions now routinely hinge on relatively narrow margins, making issuers' ability to reach and inform their shareholders materially more important than in earlier eras. Opaque ownership and indirect communication structures undermine that ability at precisely the moment when it matters most. Compounding these challenges is the growth of other sources of opacity within the proxy system, including pass-through voting mechanisms and the decline of benchmark reconciliation reports. Together, these developments further limit visibility into who is voting, how votes are cast, and whether outcomes accurately reflect investor intent. In this environment, transparency should be strengthened wherever possible, not treated as optional. Finally, investors who place a premium on privacy now have alternative means to preserve anonymity without imposing system-wide costs. The widespread availability of holding companies and similar structures allows investors to shield their identities where appropriate, without requiring the regulatory framework itself to create opacity that affects all market participants. As a result, modernizing OBO rules would not disadvantage privacy-seeking investors, but would instead reduce the broad-based harm that the current regime imposes on issuers and other shareholders.

Taken together, these developments make clear that the historical rationale for the OBO exception no longer applies. What once may have been a tolerable accommodation in a paper-based, low-engagement era has become increasingly misaligned with modern market realities—and with the SEC's longstanding commitment to transparency and effective ownership.

III. The Market's Development since the 1980s

The shareholder landscape in 2026 is unrecognizable from the one that existed when the OBO/NOBO rules were written. The proliferation of low-cost brokerage platforms, the democratization of retail investing, and the explosive growth of exchange-traded funds have produced a seismic shift in the number of shareholder accounts in the U.S.

Exhibit 1: Estimated Brokerage Accounts by Decade (Top 10 Largest Brokers):

Year	Total Client Accounts
1985	11,500,000
1995	27,200,000
2005	72,500,000
2015	82,600,000
2025	160,000,000

Just looking at Robinhood data alone, in 2016, the firm had an estimated one million funded accounts and in the latest quarter they reported 27.4 million, a twenty-seven-fold increase.¹ Estimating the average number of holdings per brokerage account across the industry is difficult, but according to Charles Schwab, the average number of positions in self-directed accounts within the Schwab system is twelve across six categories of investment. Using only equities, the number is six which means that the number of holdings in brokerage accounts has grown from an estimated 69 million in 1985 to approximately 960 million in 2025, without counting mutual funds or ETF's.² This represents a fourteen-fold increase in the number of discrete shareholder-to-company relationships that the proxy communication system must serve. The cost and complexity implications are staggering, and they are borne overwhelmingly by issuers and, ultimately, their shareholders.

The explosion in share ownership is precisely the kind of structural change that demands a reassessment of the regulatory framework. The economic analysis that supported the OBO/NOBO classification in the 1980s simply did not and could not have contemplated a market with over 160 million brokerage accounts and nearly a billion shareholder positions. The costs that the framework imposes, which are driven by the number of shareholder accounts, not the number of shares, have scaled in ways that render the original cost-benefit analysis conducted at the time obsolete.

¹ Robinhood, Robinhood Markets, Inc. Reports February 2026 Operating Data, <https://investors.robinhood.com/static-files/79cafd75-c807-4044-a305-8f99a5b295dd>.

² Charles Schwab, Self-Directed Brokerage Account Indicators, <https://corporate.services.schwab.acsitefactory.com/resource/sdba-indicators-q4-2025-report>.

IV. Costs & Inefficiencies Associated with Current OBO/NOBO Framework

A. Governance Costs & Inefficiencies

The financial burden of operating within the OBO/NOBO framework is significant, and it falls most heavily on the companies that can least afford it. Proxy solicitation and shareholder outreach are materially more costly when a substantial portion of the shareholder base is hidden behind the OBO classification. Because issuers cannot identify or contact OBO shareholders directly, they must rely on indirect, intermediary-driven channels of communication. This process is costly, time-consuming, fragmented, and structurally biased toward the interests of intermediaries rather than issuers and their shareholders.

These costs are fixed and do not scale with market capitalization, which means they disproportionately impact small and mid-sized companies. For a large-cap company, proxy solicitation may be significant but are manageable relative to its overall operating budget. For a small-cap or micro-cap company, however, these same costs can represent a meaningful percentage of operating expenses and can be the decisive factor in whether the company pursues a particular shareholder vote or forgoes it entirely.

Appendix A illustrates the scale of the problem. In a random sample of 70 publicly traded companies across multiple market capitalization and industry sectors, 56% of all shareholder accounts were classified as NOBO, yet these accounts held only 31% of the outstanding shares, meaning the remaining 44% of accounts (the OBOs) control a disproportionate 68% of the shares, yet are entirely invisible to company management.³ Solicitation costs are driven by accounts, not shares. This asymmetry was not a factor in the economic analysis underlying the original rule because, when the rules were promulgated in the 1980s, the shareholder base was a fraction of what it is today.⁴

A recent proxy solicitation example illustrates the scale of the problem in stark terms. About a year after going public, a technology infrastructure company sought to reach shareholders to approve an increase in authorized shares. The company employed Alliance Advisors to assist in soliciting a shareholder vote. In just eight months as a publicly traded company, the company had already accumulated over 422,000 shareholder accounts. While 85% of those shareholder accounts were classified as NOBO, those accounts only represented 55% of the outstanding shares. To have a realistic chance at delivering a majority vote on a critical proposal, an aggressive solicitation campaign targeting every reachable NOBO account was necessary. While ultimately successful in securing sufficient shareholder votes, the total costs for the company exceeded \$20 million. Notably, this is not an outlier anecdote. Cases like this are occurring with increasing frequency as retail share ownership continues to expand across low-cost brokerage platforms.

³ Alliance Advisors, Random Publicly Traded Company Sample.

⁴ See Facilitating Shareholder Communications, SEC Release No. 34-22533, [1985-1986 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 83,930 (Oct. 15, 1985).

The mutual fund and exchange-traded fund (“ETF”) industry faces an analogous challenge. In a thirty-five-fund sample of open-ended funds, while 58% of accounts were classified as NOBO, those accounts only held 53% of the outstanding shares.⁵ Moreover, in a fifteen-fund sample of ETFs and money market funds, 59% of accounts were NOBO, holding 54% of shares. Because mutual funds and ETF shareholders are overwhelmingly retail investors, the costs of soliciting proxies from the hidden OBO segment are particularly acute, and those costs are ultimately passed on to the very retail investors who the regulatory system is ostensibly designed to protect.⁶

Because companies do not have access to the OBOs, which account for 68% of outstanding shares, on average, solicitation is focused on NOBOs or small accounts that would otherwise not be actively solicited. This “over solicitation” means that the proxy solicitor must contact six accounts to achieve the same result that contacting one OBO account would produce. This results in unavoidable and outsized solicitation costs. As an example, a mutual fund family with three million shareholders would have to budget between \$10 to \$20 million for an across-the-board solicitation. Eliminating the OBO classification would make proxy solicitation more efficient and would, in turn, substantially reduce the costs of holding important shareholder meetings.

B. Governance Fragmentation & Uncertainty

Beyond the direct cost burden, the OBO classification introduces a pervasive element of uncertainty into the corporate governance process. When a company cannot identify a meaningful segment of its shareholder base, strategic decision-making becomes an exercise in incomplete information. Management teams and boards are forced to design engagement strategies, evaluate vote projections, and make consequential business decisions without knowing who owns a significant portion of their company. This information asymmetry creates several downstream problems:

1. Companies may avoid pursuing strategic votes, such as approvals for financing transactions, by-law amendments, or significant corporate actions, because they cannot reliably predict voting outcomes when a substantial share position is held by anonymous accounts. Small issuers often cannot absorb the costs associated with an aggressive proxy solicitation campaign, meaning that corporate actions that would benefit all shareholders may simply never go to a vote.
2. OBOs also hinder direct engagement, increase intermediary influence, and fragment governance by shielding large shareholders from the kind of constructive dialogue that is essential to sound corporate stewardship. This disproportionately impacts small to mid-sized issuers, who generally have more dispersed and retail-heavy shareholder bases, amplifying the inefficiencies because retail holders vote at lower rates generally.

⁵ Alliance Advisors, Mutual Funds Sample.

⁶ In 2024, retail investors accounted for 88% of the \$28.5 trillion mutual fund market. Investment Company Institute, 2025 Investment Company Fact Book, available at <https://icifactbook.org/pdf/2025-factbook.pdf>.

3. The operational and strategic risk management implications are equally troubling. Companies may avoid strategic votes entirely because they cannot access all meaningful owners. Small issuers often cannot absorb the costs of proxy contests or even routine contested proposals that their large-cap peers take in stride. There are numerous instances of public companies that declined to pursue critical business decisions, including financing proposals and governance reforms, specifically because the OBO population made the outcome too uncertain and the cost of solicitation was too high relative to the companies resources (particularly because success is not guaranteed even if the company bears the solicitation costs).

V. Chilling Effect on IPOs & Public Market Participation

The SEC's data tells a stark story about the declining appeal of U.S. public markets. The number of exchange-listed companies has fallen by roughly 40% since the mid-1990s. While the causes of this decline are multifaceted and include the rising compliance costs, litigation exposure, and expanding disclosure requirements, the OBO/NOBO framework is a contributing factor that has not received as much attention.

The connection between the OBO classification and the decision to go or remain public is both direct and indirect. Directly, the framework increased the cost of maintaining a public company by making proxy solicitation more expensive and less efficient than it needs to be. For small and emerging-growth companies, these costs represent a larger share of operating expenses than they do for large-cap peers. A company contemplating an IPO must factor in the ongoing cost of a shareholder communication system that was designed for a market with 11.5 million brokerage accounts, not 160 million. Indirectly, the OBO classification contributes to the perception that being public subjects a company to a governance framework that is cumbersome, opaque, and structurally tilted against management's ability to communicate effectively with its own investors. This perception is particularly damaging for emerging and mid-sized companies that might otherwise consider the public markets as a source of growth capital. When the cost and complexity of engaging shareholders exceed the perceived benefits of a public listing, companies will rationally choose to remain private, depriving retail investors of investment opportunities and reducing the diversity, vibrancy and competitiveness of U.S. capital markets.

The lack of direct engagement mechanisms also runs counter to ongoing efforts to enhance U.S. public markets competitiveness. For example, corporate issuers in Asia and Europe are able to operate with significantly more transparency about who owns companies, giving them a distinct financial and strategic advantage over American counterparts.⁷ Updating the OBO rule is not merely a matter of domestic regulatory housekeeping. Rather, it has implications for the global competitiveness of the U.S. capital markets.

⁷ See generally Joseph Caruso, Leveling the Playing Field of Corporate and Shareholder Transparency – Interview with Optimizer Magazine, available at <https://allianceadvisors.com/leveling-the-playing-field-of-corporate-and-shareholder-transparency/>.

VI. The SEC's Priorities

The current SEC leadership has articulated a reform agenda that is directly relevant to the OBO/NOBO question. In his February 2026 testimony before the U.S. House of Representatives Committee on Financial Services, Chairman Paul S. Atkins observed that the number of exchange-listed companies has fallen by roughly 40% since the mid-1990s, from more than 7,800 to approximately 4,761 as of September 2025. Chairman Atkins characterized this decline as a “cautionary tale of regulatory creep” and outlined his three-pillar plan to reverse it: (1) re-anchoring disclosures in materiality; (2) de-politicizing shareholder meetings; and (3) providing litigation alternatives for public companies. In his December 2025 keynote address at the New York Stock Exchange, Chairman Atkins argued that decades of incremental rulemaking had “produced reams of paperwork that can do more to obscure than illuminate,” and stressed the importance of making regulatory obligations proportional to a firm’s size and maturity.⁸ Further, the Division of Corporation Finance, under Director James Moloney, has confirmed that the SEC is advancing rulemaking to eliminate requirements that burden public companies without providing meaningful benefits to investors.

The OBO/NOBO framework is precisely the type of regulation that the Chairman’s agenda is designed to address. It was adopted over four decades ago under assumptions about market structure that no longer hold. It imposes costs that do not scale with market capitalization, meaning small and mid-sized issuers bear a disproportionate burden. It creates an uneven playing field by allowing certain shareholders to demand full transparency from companies while remaining completely opaque themselves. And it introduces friction into the shareholder meeting process that the SEC’s second pillar aims to streamline and de-politicize. Critically, the SEC’s current Regulation S-K review and broader disclosure reform initiative demonstrate a willingness to reexamine long-standing rules that have outlived their utility. The OBO/NOBO framework, which has not been substantively updated since its adoption in 1986, is a natural candidate for inclusion in this reform effort. Eliminating the OBO classification would remove a structural impediment that disproportionately affects the exact category of companies that the Chairman’s reform agenda is designed to support.

⁸ Paul S. Atkins, Revitalizing America’s Markets at 250 (Dec. 2, 2025), available at <https://www.sec.gov/newsroom/speeches-statements/atkins-120225-revitalizing-americas-markets-250>.

VII. Policy Considerations

A. Eliminate OBO Classification

The most straightforward and effective reform is the elimination of the OBO classification entirely, so that issuers may communicate with all their beneficial owners directly. This would not require novel regulatory architecture or a massive overhaul of the voting mechanisms already in place. It would simply extend to all beneficial owners the same level of transparency that already applies to registered shareholders and NOBO holders. Elimination of the OBO classification is positioned as a common-sense solution to an outdated regulation that no longer serves its original purpose. The privacy interest that the OBO option was designed to protect was, according to the SEC's historical analysis, a concern for a relatively small fraction of investors. The Commission's original studies found that only 8-12% of street-name holders raised an objection to disclosure, yet OBOs now represent a far larger share of shareholder bases—a development that is likely due to confusing election procedures and default settings applied by intermediaries rather than genuine investor preference for anonymity.⁹

This reform can be accomplished through SEC rulemaking. The Commission has the authority to amend Rules 14a-13, 14b-1, and 14c-7 to eliminate the OBO election and require that all beneficial owner information be made available to issuers on the same terms currently governing NOBO lists. The Commission is actively soliciting public comments on the reform of Regulation S-K and other disclosure requirements and has demonstrated a willingness to revisit long-standing rules that impose costs disproportionate to their benefits. The OBO/NOBO framework, which has not been substantively updated in decades, is precisely the kind of regulation that the Chairman's reform agenda is designed to address.

Eliminating the OBO classification would do more than reduce costs. It would meaningfully strengthen shareholder democracy. Requiring all shareholders to be transparent to issuers levels the playing field and enhances the quality of corporate governance by ensuring that companies can engage directly with their investors and investors can trust that the companies they are invested in will be able to reach them to discuss matters of significant importance to the business. When companies can communicate with all shareholders, the quality and efficiency of corporate elections improve. Retail investors, who currently vote at far lower rates than institutional investors, are more likely to participate when they receive direct, timely communication from the companies they own. Higher participation rates produce more representative voting outcomes and reduce the risk that corporate actions are decided by a non-representative subset of the shareholder base.

⁹ See Division of Corporate Finance, Securities and Exchange Commission, Report to Senate Comm. on Banking, Housing and Urban Affairs, 96th Cong., Staff Report on Corporate Accountability 328 (Comm. Print 1980).

VIII. Conclusion

The OBO/NOBO shareholder communication framework is a forty-year-old regulatory artifact that was designed for a fundamentally different market. When these rules took effect in 1986, the top ten brokerage firms had 11.5 million accounts. Today, that number is 160 million. The number of individual shareholder-to-company positions has grown from an estimated 69 million to approximately 960 million. The economic assumptions that supported the original framework have been overtaken by the extraordinary expansion of share ownership in the United States.

The costs and inefficiencies imposed by the OBO classification are real, measurable, and disproportionately borne by the small and mid-sized companies that have more retail-heavy shareholder bases that are dispersed and difficult to engage in the current landscape. The framework that fragments corporate governance, distorts voting outcomes, impairs management's ability to engage with its own investors, and contributes to the perception that being a public company in the U.S. is more burdensome than it needs to be and perhaps not worth it, depending on size and revenue.

Eliminating the OBO classification is a common-sense reform that would level the playing field between companies and their shareholders, reduce the cost of maintaining a public listing, improve the quality and efficiency of shareholder democracy, and align the U.S.'s rules with the broader trend toward ownership transparency. It would directly advance Chairman Atkins' stated goal of reducing the cost of public listings and the fixed costs associated with maintaining a public company—particularly, those costs associated with outdated rules and regulations that ought to be revisited.

Alliance Advisors manages over 900 shareholder meetings for corporations and mutual funds annually and sees firsthand the costs and disruptions that the OBO classification imposes on issuers of all sizes. We believe that reform is long overdue and that the current regulatory environment presents a historic opportunity to modernize the shareholder communication framework for the benefit of companies, investors, and U.S. capital markets as a whole.

Appendix A:

OBO vs NOBO Distribution – Random Publicly Traded Company Sample

Company Type	NOBO accounts	% of accounts	NOBO Shares	% of OS	OBO accounts	% of accounts	OBO Shares	% of Street Name
Technology Infrastructure NASDAQ Mid Cap	17,756	72%	22,071,218	30%	6,778	28%	51,359,000	70%
Medical Equipment NASDAQ Small Cap	105,558	98%	536,708,459	66%	2,271	2%	277,972,000	34%
Technology Networks NASDAQ Small Cap	84,533	82%	174,817,000	39%	18,219	18%	268,799,000	61%
Technology Storage NASDAQ Small Cap	27,949	82%	7,493,647	55%	5,931	18%	6,227,000	45%
Biotechnology NASDAQ Micro Cap	22,169	90%	6,406,579	63%	2,387	10%	2,105,659	21%
Biopharmaceutical NASDAQ Small Cap	7,643	76%	30,155,825	45%	1,175	12%	2,105,659	3%
Crypto NASDAQ Small Cap	358,903	85%	251,953,188	55%	63,199	15%	153,221,803	34%
Regional Bank NASDAQ Small Cap	5,659	61%	12,053,486	32%	3,636	39%	15,253,017	40%
Regional Bank NASDAQ Small Cap	5,919	53%	4,737,630	31%	5,225	47%	9,664,488	62%
Regional Bank NASDAQ Small Cap	2,271	74%	1,929,393	24%	781	26%	3,106,908	39%
Farm/Heavy Machinery NYSE Mid Cap	9,541	44%	5,960,555	24%	12,236	56%	18,835,938	76%
Education Training NASDAQ Mid Cap	23,719	52%	5,586,670	23%	22,282	48%	18,664,367	77%
Medical Equipment NASDAQ Micro Cap	7,929	85%	26,098,390	50%	1,394	15%	25,725,670	50%
Regional Bank NYSE Small Cap	5,919	53%	4,739,630	33%	5,355	47%	9,649,882	67%
Specialty Chemicals NYSE Large Cap	97,060	88%	47,993,469	34%	12,738	12%	94,607,915	66%
Consumer Services NYSE Large Cap	338,961	61%	79,863,272	16%	213,317	39%	430,582,664	84%
Oil & Gas Equipment NASDAQ Small Cap	480	5%	158,974,872	46%	10,165	95%	185,502,819	54%
Pharmaceutical NYSE Large Cap	2,802,327	54%	595,909,111	31%	2,405,035	46%	1,314,597,128	69%
Financial Services NYSE Mid Cap	4,341	46%	59,874,718	52%	5,140	54%	55,707,791	48%
Business Equipment NYSE Small Cap	21,938	76%	34,882,806	36%	6,868	24%	60,960,663	64%
Software NASDAQ Mid Cap	30,563	58%	28,253,913	24%	22,011	42%	91,047,332	76%
Software NASDAQ Micro Cap	22,827	85%	26,193,958	63%	3,894	15%	15,186,081	37%
Software NASDAQ Mid Cap	149,367	53%	56,773,418	35%	133,600	47%	106,816,019	65%
REIT NYSE Small Cap	151,498	59%	36,659,675	21%	103,131	41%	140,902,758	79%
Medical Instruments NASDAQ Mid Cap	159,916	53%	20,274,251	25%	144,113	47%	60,199,011	75%
Insurance NYSE Large Cap	513,282	50%	69,742,105	26%	522,387	50%	200,945,538	74%
Utility NYSE Large Cap	249,470	48%	79,094,426	27%	268,482	52%	214,061,724	73%
Generic Drugs NASDAQ Small Cap	17,777	84%	3,373,193	56%	3,489	16%	2,612,269	44%

Biotech NASDAQ Micro Cap	25,876	87%	47,465,471	48%	3,902	13%	51,103,793	52%
Regional Bank NASDAQ Micro Cap	7,219	64%	5,156,663	33%	3,993	36%	10,624,632	67%
Auto Parts Mfg. NYSE Large Cap	130,749	61%	58,409,885	26%	84,682	39%	166,233,603	74%
Medical Device NYSE Large Cap	1,076,536	52%	327,955,360	20%	985,371	48%	1,274,508,034	80%
Consumer Electronic NASDAQ Micro Cap	8,547	88%	1,598,869	64%	1,154	12%	918,176	36%
Gaming NASDAQ Micro Cap	1,674	85%	8,316,005	61%	300	15%	5,339,391	39%
Building Products NYSE Mid Cap	127,668	53%	26,381,986	22%	114,783	47%	96,145,191	78%
Medical Devices NASDAQ Micro Cap	2,508	87%	1,126,615	70%	387	13%	475,100	30%
Real Estate NASDAQ Small Cap	21,899	52%	8,644,533	27%	20,088	48%	23,026,382	73%
Oil & Gas NASDAQ Mid Cap	79,144	65%	14,980,066	25%	42,768	35%	45,677,973	75%
Communications Technology NASDAQ Large Cap	223,509	53%	30,613,259	21%	195,116	47%	117,062,698	79%
Insurance NASDAQ Large Cap	162,264	43%	42,210,247	30%	213,841	57%	100,284,353	70%
Biotech NASDAQ Micro Cap	5,553	86%	5,540,062	76%	938	14%	1,779,845	24%
Regional Bank NASDAQ Micro Cap	6,759	64%	8,156,496	30%	3,858	36%	18,993,822	70%
Oil & Gas NYSE Large Cap	1,590,121	60%	327,210,795	25%	1,040,968	40%	963,867,391	75%
Biotech NASDAQ Micro Cap	7,008	85%	49,576,535	69%	1,222	15%	22,499,800	31%
Medical Devices NASDAQ Micro Cap	14,623	81%	17,030,354	55%	3,514	19%	14,126,213	45%
Regional Bank NASDAQ Micro Cap	7,918	42%	8,700,628	29%	11,086	58%	20,995,076	71%
Regional Bank NASDAQ Micro Cap	1,357,309	48%	110,401,720	26%	1,488,693	52%	312,541,621	74%
Health Care NYSE Large Cap	494,300	55%	54,084,368	23%	404,263	45%	177,666,372	77%
Asset Mgt NASDAQ Small Cap	24,329	74%	23,172,173	62%	8,434	26%	14,449,431	38%
Industrial NYSE Large Cap	72,556	50%	32,730,675	24%	71,837	50%	104,240,110	76%
Regional Bank NASDAQ Mid Cap	20,932	53%	62,155,364	34%	18,922	47%	118,858,716	66%
Auto Dealerships NYSE Mid Cap	35,334	50%	4,235,163	34%	35,187	50%	8,323,914	66%
Manufacturing NYSE Mid Cap	34,084	46%	14,285,548	24%	40,012	54%	44,564,689	76%
Computer Hardware NYSE Large Cap	404,479	67%	297,546,664	30%	199,108	33%	678,168,081	70%
Medical Instruments NASDAQ Mid Cap	6,710	53%	9,720,906	34%	6,002	47%	18,988,565	66%
Paper NYSE Large Cap	269,320	57%	99,352,853	18%	204,399	43%	441,675,252	82%
Medical Device NYSE Large Cap	1,189,274	52%	102,125,100	26%	1,111,171	48%	283,308,784	74%
Asset Manager NYSE Large Cap	129,435	58%	112,161,046	29%	93,412	42%	271,116,193	71%
REIT NYSE Small Cap	78,100	85%	55,461,660	65%	14,266	15%	30,460,017	35%

REIT NYSE Large Cap	142,622	50%	139,242,330	19%	143,589	50%	604,164,901	81%
Semiconductor NASDAQ Large Cap	49,439	53%	25,940,358	18%	43,970	47%	120,614,657	82%
Consumer Fixtures NYSE Small Cap	48,672	66%	46,695,171	33%	25,490	34%	95,006,998	67%
Telecom NASDAQ Large Cap	304,738	77%	418,761,322	40%	90,537	23%	635,390,782	60%
Biotech NASDAQ Micro Cap	8,403	87%	10,905,182	81%	1,256	13%	2,505,024	19%
Marine NASDAQ Large Cap	32,129	52%	8,666,120	27%	29,908	48%	23,231,640	73%
Health Care NYSE Large Cap	117,299	62%	11,724,558	22%	72,535	38%	42,797,582	78%
Telcom Equip NYSE Large Cap	763,179	55%	43,009,054	24%	632,334	45%	138,540,447	76%
Biotech Nasdaq Small Cap	6,201	62%	25,384,021	38%	1,050	12%	22,702,458	34%
Totals	14,333,694	56%	5,085,410,042	31%	11,469,585	44%	10,959,397,810	68%

Appendix B:

OBO vs NOBO Distribution – Mutual Funds Sample

Open End Funds – 35 Fund Sampling							
Total Accounts	NOBO Accounts	% of Accounts	OBO Accounts	% of Accounts	OBO Shares	% of Total Shares	Outstanding Shares
2,817,549	1,627,256	58%	1,175,407	42%	1,785,800,511	47%	3,807,972,707
ETFs and Money Markets – 15 Fund Sampling							
1,346,826	795,038	59%	551,788	41%	408,848,265	46%	886,082,212