International Institute of Law and Finance

December 7, 2025

Investor Advisory Committee
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Petition Related to IILF White Paper on "Mirror Voting"

Dear Investor Advisory Committee:

We write to inform you of a petition we filed today to ask simply that the Securities and Exchange Commission consider the empirical results in the attached *International Institution of Law and Finance White Paper: Empirical Study of "Mirror Voting"* in its deliberations related to proxy voting.

The main result of our study is straightforward: if all passive and indexed funds had switched to "mirror voting" during the previous two decades, **there would not have been a meaningful impact on voting outcomes in the vast majority of cases**. Our new evidence also supports a conclusion that "mirror voting" by such funds would help align financial incentives of managers and shareholders without unduly encouraging social and political activism.

Respectfully,

Frank Partnoy, CEO, International Institute of Law and Finance, fpartnoy@iilawfin.org
Adrian A. Kragen Professor of Law, Berkeley Law, Berkeley Haas (Affiliated Faculty)

Robert E. Bishop, CFO, International Institute of Law and Finance, rbishop@iilawfin.org
Associate Professor, Duke Law School

International Institute of Law and Finance

IILF White Paper: Empirical Study of "Mirror Voting"

December 7, 2025

As officers of the International Institute of Law and Finance ("IILF"),[1] a non-profit, non-partisan institution, we have promoted independent research, academic papers, teaching, discussion, and public policy initiatives in law and finance. We have drafted and submitted comment letters and petitions on various regulatory proposals, with the objective of putting academic views and research in front of policy makers and commentators.[2] Our positions and documents have been widely cited by regulators.[3]

We write now to summarize what we believe is the first comprehensive empirical study of "mirror voting," meaning proxy voting policies that commit to vote shares in a way that "mirrors" other voted shares. We believe this study has significant implications for a range of proposals that regulators and commentators currently are considering. "Mirror voting" is increasingly discussed as an alternative approach to shareholder voting, particularly by indexed investors, and has been used in some voting policies, as described below.

Although "mirror voting" has numerous potential benefits and efficiencies, particularly for indexed investors, one reason regulators and market participants have not broadly implemented "mirror voting" is that the likely impact on voting outcomes is unknown. As many institutions implement new approaches to proxy voting, we have heard some concerns about whether widespread "mirror voting" might skew voting results, particularly with respect to political-issue shareholder proposals or shareholder activism, a topic we and other academics have covered extensively elsewhere.[4] These concerns are speculative given the gap in empirical analysis. We fill that gap.

The bottom-line result of our study is straightforward: if all passive and indexed funds had switched to "mirror voting" during the previous two decades, **there would not have been a meaningful impact on voting outcomes in the vast majority of cases**. Our new evidence also supports a conclusion that "mirror voting" by such funds would help align financial incentives of managers and shareholders without unduly encouraging social and political activism.

---

[1] See https://iillawfin.org for a description of our mission and our role.
[2] As described more fully on the IILF website, we receive compensation for our IILF activities, including drafting this white paper, as well as the comment letters described herein.
[3] See, e.g., Modernization of Beneficial Ownership Reporting, Securities and Exchange Commission Release Nos. 33-11253; 34-98705; File No. S7-06-22, Feb. 5, 2025, https://www.sec.gov/files/rules/final/2023/33-11253.pdf (repeatedly citing IILF comment letters).
[4] See, e.g., Comment Letter from 85 Law and Finance Professors, Mar. 21, 2022, https://www.sec.gov/comments/s7-32-10/s73210-20120780-272960.pdf (describing the shareholder activism literature, and the extensive documented benefits associated with shareholder activism).

Contribution

Our study contributes to the literature documenting the consequences to market efficiency, transparency, and accountability as a result of the growth of passive index funds.[5] As index funds continue to grow, the unintended costs to the market are likely to increase in parallel. Against this backdrop, we believe there are significant potential benefits to implementing "mirror voting." These benefits include, among other things, an improved market structure in terms of aligning incentives, increasing shareholder engagement, and aligning voting with the views of active shareholders who are focused on underlying business considerations.

Widespread "mirror voting" also would be consistent with the original passive rationale of indexing as a way for funds to satisfy their responsibilities and obligations to investors and optimally exercise their rights as shareholders of public companies. In broad terms, shareholders have rights to vote, sue, and sell. Passive and indexed funds that engage in "mirror voting" would follow the same path for voting that they already follow for suing and selling.

The selling rationale for passive and indexed funds is straightforward. Such funds already have decided not to exercise broadly the right to sell that is widely used by active shareholders. As a result, they can reduce their management and investment expenses and offer a low-cost diversified product to a large group of investors. Likewise, passive and indexed funds are rarely active in shareholder litigation and typically do not exercise their litigation rights as lead plaintiffs, in contrast to many other active shareholders. As a result, such funds passively benefit from favorable litigation outcomes without extensive costs and involvement.

These passive decisions with respect to selling and suing benefit not only the passive and indexed funds and their investors, but other shareholders as well. As indexing has increased, the benefits and importance of active investing have increased, and it has become more important to empower active investors to help overcome the collective action problem that arises from active investors not being able to internalize the full gains of their efforts.

Thus, analytically, "mirror voting" achieves the same advantages with respect to the shareholder right of voting that index funds already achieve with respect to the shareholder rights of selling and suing. That is not to say that passive and indexed funds would never make active determinations that differ from the market with respect to the major shareholder rights of "vote, sue, and sell." Instead, the notion is that passive and indexed funds optimally should seek to "mirror" the market with respect to all of their shareholder rights, including voting.

---

[5] See Dorothy S. Lund, The Case Against Passive Shareholder Voting, 43 J. Corp. L. 493 (2018); Lucian Bebchuk & Scott Hirst, Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy, 119 Colum. L. Rev. 2029 (2019); Jill E. Fisch, et al., The New Titans of Wall Street: A Theoretical Framework for Passive Investors, 168 U. Pa. L. Rev. 17 (2019); Marcel Kahan & Edward B. Rock, Index Funds and Corporate Governance: Let Shareholders Be Shareholders, 100 B.U. L. Rev. 1771 (2020); Sean J. Griffith, Opt-In Stewardship: Toward an Optimal Delegation of Mutual Fund Voting Authority, 98 Tex. L. Rev. 983 (2020), Caleb N. Griffin, We Three Kings: Disintermediating Voting at the Index Fund Giants, 79 Md. L. Rev. 954 (2020); John Coates, The Problem of 12: When a Few Financial Institutions Control Everything (2023).

Simply put, if "mirror voting" were more broadly adopted by passive investors, passive investors would vote in a manner consistent with the way they invest on behalf of shareholders, by tracking the broader market. In short, we believe it is likely to result in stronger accountability for public company boards and a better alignment of incentives than exists today.

Our study suggests that regulators and/or institutions could implement "mirror voting," either as a default or as an alternative to other approaches to voting, and accrue the important benefits to the market associated with that regime without any significant impact on voting overall that would skew outcomes and, in addition, would not materially alter support for political or social-issue proposals. As a structural matter, active investors are in our view likely to be a strong counterweight against these types of shareholder proposals because they will vote according to their economic interests. Our study includes hundreds of thousands of votes and follows well-established procedures in the peer-reviewed academic literature. It is robust to numerous specifications.

Our evidence directly responds to the assertion that if index funds lose power over shareholder votes, then companies will be at risk of being controlled by social and political activists, financial activists, and foreign influences. These assertions are unfounded in the data. Simply put, most people agree on most votes.

In other words, **a switch to "mirror voting" would have potentially significant benefits for corporate governance by increasing accountability at public companies, at virtually no cost**. "Mirror voting" could be an additional attractive feature that would complement, but not necessarily substitute for, other approaches to shareholder voting.

Background

Although voting has long been regarded as a fundamental shareholder right, voting policies have become much more important and controversial recently. We regularly teach classes that cover shareholder voting, and the central questions about shareholder voting have existed for decades. However, the recent legal, market, and regulatory interventions and innovations pose novel challenges, and both technological advances and political pressure have led to an increasingly polarized debate about shareholder voting.

The notion of "rational apathy" has been part of the debate about shareholder voting for decades, and many scholars have addressed the agency and transactions costs associated with shareholder voting, particularly as control and ownership increasingly separate at public corporations. Conceptually, the academic literature raised questions that are conceptually relevant to the debate about "mirror voting," including arguments about the extent to which passive and indexed funds lack adequate incentives to engage in informed stewardship.[6] For example, one prominent and controversial critique of shareholder voting by passive and indexed

[6] See, e.g., Dorothy S. Lund, The Case Against Passive Shareholder Voting, 43 J. Corp. L. 493 (2018).

funds included an exception in its policy proposals for limiting voting rights to the extent such funds committed to "mirror voting" under all circumstances.[7]

Many scholars have recognized both the agency and collective action problems associated with passive and index fund voting and have studied various aspects of these challenges.[8] Some scholars have proposed "pass through" voting as a responsive policy,[9] and many such proposals have received significant attention from policy makers in recent years. More recently, some advocates have proposed requiring passive and index funds to abstain,[10] and the debate about shareholder voting has become progressively more polarized and intense.[11]

Some empirical studies have addressed certain aspects of shareholder voting.[12] However, to our knowledge, no study has addressed the extent to which shareholder votes would have changed if different categories of voters had followed "mirror voting" policies. This question is particularly important given recent policy proposals: the appeal and efficacy of various proposals depends on the extent to which changes in voting policies actually would change outcomes.

We note with respect to the above literature that, although the evidence we present here is relevant and important to the ongoing debate about shareholder voting, it does not necessarily support a conclusion that "mirror voting" should substitute for other approaches to voting, or that "mirror voting" should be made mandatory by rule. For example, various market participants are engaged in efforts to capture the preferences of individual shareholders more accurately and

[7] See id. at 530-31 (describing circumstances under which funds would be deemed passive or entitled to vote, and listing "mirror voting" as an exception); see also Dorothy S. Lund, The Past, Present, and Future of Proxy Voting Choice (2025), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5089987.
[8] See Lucian Bebchuk & Scott Hirst, Index Funds and the Future of Corporate Governance: Theory, Evidence, and Policy, 119 Colum. L. Rev. 2029 (2019); Jill E. Fisch, et al., The New Titans of Wall Street: A Theoretical Framework for Passive Investors, 168 U. Pa. L. Rev. 17 (2019); Marcel Kahan & Edward B. Rock, Index Funds and Corporate Governance: Let Shareholders Be Shareholders, 100 B.U. L. Rev. 1771 (2020); John Coates, The Problem of 12: When a Few Financial Institutions Control Everything (2023).
[9] See Sean J. Griffith, Opt-In Stewardship: Toward an Optimal Delegation of Mutual Fund Voting Authority, 98 Tex. L. Rev. 983 (2020), Caleb N. Griffin, We Three Kings: Disintermediating Voting at the Index Fund Giants, 79 Md. L. Rev. 954 (2020).
[10] See, e.g., James R. Copeland, Index Funds Have Too Much Voting Power: A Proposal for Reform, Manhattan Institute Issue Brief, Jan. 2024 (discussing "mirror voting" proposals and advocating that passive index funds be required to abstain from all shareholder votes).
[11] On September 15, 2025, Exxon sought, and the SEC's Division of Corporation Finance responded that day with, a no-action letter regarding a new pro-management default voting policy for retail investors. See https://www.sec.gov/rules-regulations/no-action-interpretive-exemptive-letters/division-corporation-finance-no-action/exxon-mobile-091525.
[12] See Alon Brav, et al., Retail Shareholder Participation in the Proxy Process: Monitoring, Engagement, and Voting, 144 J. Fin. Econ. 492 (2022); Edwin Hu, et al., Custom Proxy Voting Advice, European Corporate Governance Institute Working Paper No. 975/2024 (2024), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4770971 (studying custom proxy voting policies).

completely, and to reflect those preferences in corporate votes, and we actively support many of those efforts.[13]

We also note the perhaps obvious point that both individuals and institutions who are not indexed, as well many retail and institutional holders of passive and index funds who have preferences that do not proportionately mirror the market, and nothing we say here should be taken to suggest that such investors should be forced into a "mirror voting" regime. To the contrary, we offer this empirical evidence as a hopefully helpful contribution to the debate about voting innovations that could both reduce the costs of voting and more accurately reflect shareholder preferences in votes.

Data and Methodology

Our analysis combines four primary data sources. The SharkRepellent database provides detailed information on activist campaigns and proxy fights.[14] ISS Voting Analytics supplies actual vote outcomes from shareholder meetings.[15] Thomson Reuters 13F filings track quarterly institutional holdings.[16] Thomson Reuters S12 data identifies mutual fund positions, allowing us to distinguish between passive and active investment strategies. Our analysis of these databases covers the period 2003-2024.

Our analysis focuses on counterfactual voting scenarios for different investor types. We simulate how voting outcomes would change if institutional investors, passive funds, or index funds adopted alternative voting strategies. We analyze several scenarios, including "mirror voting," where investors follow the majority decision; alignment with management recommendations; adherence to proxy advisor recommendations from ISS and Glass Lewis; and complete abstention from voting. By comparing these hypothetical outcomes to actual results, we can quantify the potential impact of changes in institutional voting on ballot outcomes.

We distinguish between director elections and other shareholder proposals using ISS agenda codes. We also calculate the relevant numerators and denominators from ISS voting data to accurately calculate quorum requirements and pass/fail thresholds for each proposal. We adjust all share counts for stock splits using CRSP factors and implement data quality filters to exclude observations with extreme institutional ownership percentages or insufficient institutional participation.

We follow the academic literature in categorizing investors as institutional, passive, index, or none of those categories (e.g., retail). The "institutional" category represents the broadest category of professional investors and is defined to include all investors filing Form

[13] For example, one of us (Frank) is a senior advisor to, and an investor in, iconik, a company that has developed VoteForge, which, among other products, allows clients to indicate their preferences on issues that are important to them and then vote accordingly. We view such approaches to personalized voting as an important, modern way of using technology to reflect investor preferences in voting, and an optimal approach could include some combination of approaches, including such preference-based voting and "mirror voting."

[14] See https://www.factset.com/marketplace/catalog/product/factset-corporate-governance.

[15] See https://www.issgovernance.com/sustainability/raw-data/voting-analytics/.

[16] See https://wrds-www.wharton.upenn.edu/pages/grid-items/thomson-reuters-stock-ownership/.

13F's with the SEC, namely asset managers with over $100 million in assets under management. We use Thomson Reuters Form 13F data to define this category, and it includes asset managers, pension funds, hedge funds, and mutual funds, among others. The "passive" category is a subset of institutional investors. We follow Appel et al (2019) in identifying passive funds based on fund name.[17] The "index" category is defined to include an investor where the Center for Research in Security Prices (CRSP) flags an investors as an Index Fund.

We test several different voting approaches for each of these three categories of investor: (1) mirroring all other votes outside of the investor group (pro-rata "mirror voting"); (2) mirroring the majority result of a vote (majority "mirror voting); and (3) voting in favor of proxy advisor recommendations (ISS or Glass-Lewis, as opposed to management recommendations). Finally, we test the impact of voting policy changes on the presence of a quorum. We report the results of switches to each voting approach by each category of investor, with separate reporting for director elections and shareholder proposals.

Pro-Rata "Mirror Voting" Analysis

For a pro-rata "mirror voting" policy, we assume counterfactually that each of three groups (institutional, passive, and index investors) switched their votes from their actual votes to instead vote their shares proportionately with all of the other ballots for each vote included in our full sample of meetings. We find that pro-rata "mirror voting" **would not significantly alter voting patterns**.

Note in the table below that for all meetings, the number of outcome changes is very small: a fraction of a percent for many of the categories. For proxy contests, the outcome changes, particularly pro-management changes, are vanishingly small.

[17] See Ian R. Appel, Todd A. Gormley, and Donald B. Keim. Standing on the Shoulders of Giants: The Effects of Passive Investors on Activism. 32 Rev. Fin. Stud. 2720 (2019). Passive fund identification uses regular expressions on fund names. Keyword patterns include: "Index", "Idx", "Indx", "Ind" (with space), "Russell", "S & P", "S and P", "S&P", "SandP", "SP", "DOW", "Dow", "DJ", "MSCI", "Bloomberg", "KBW", "NASDAQ", "NYSE", "STOXX", "FTSE", "Wilshire", "Morningstar". Numeric patterns capture benchmark-following funds: 100, 400, 500, 600, 900, 1000, 1500, 2000, 5000.

Table 4: Pro-Rata Mirrored Voting
What if institutional, passive, and index investors voted proportionally to other shareholders?
Panel A: Director Elections

Fight / Investor		*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
No Contest	*Institutional*	196,929	91.20	6,658	4
	Passive	305,988	94.42	1,027	0
	Index	321,765	94.72	192	0
Proxy Contest	*Institutional*	9,058	89.51	324	3
	Passive	14,851	93.32	64	1
	Index	16,042	93.78	6	1
All Meetings	*Institutional*	205,987	91.12	6,982	7
	Passive	320,839	94.37	1,091	1
	Index	337,807	94.67	198	1

Starting with index investors, pro-rata "mirror voting" would have resulted in changed outcomes in only 0.06% of votes, just 198 out of 337,807. The percentage of changed outcomes would have been higher for institutional and passive funds, but still just 3.4% and 0.3% of outcomes, respectively. Simply put, few outcomes would have changed if these institutions had simply mirrored the market pro-rata.

The results are similar for specific categories of votes, including proxy contests. For example, the percentage of outcomes that would have changed if index investors had voted following a pro-rata "mirror voting" policy would have been just 0.04%.

The same result holds for voting on shareholder proposals. For example, if index investors had engaged in pro-rata voting with respect to shareholder proposals, there would have been just 25 changes since 2003, out of more than 10,000 proposals, as set forth below.

Table 4: Pro-Rata Mirrored Voting
What if institutional, passive, and index investors voted proportionally to other shareholders?
Panel B: Shareholder Proposals

Investor	*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
Institutional	6,007	31.37	230	37
Passive	10,186	32.85	52	8
Index	10,612	33.20	25	3

Majority "Mirror Voting" Analysis

In contrast, under majority "mirror voting," where institutional investors follow the majority decision in each ballot across our full sample of all meetings, we find that institutional majority "mirror voting" would have altered voting patterns and outcomes. Among the 342,537 director election ballots, we find that if all institutional investors adopted majority "mirror voting," 142,982 ballots would have turned out differently.

Interestingly, of these outcome changes, just 55 total for institutional voters would have been pro-management changes. These numbers are even lower for the passive and index categories. In other words, even under majority "mirror voting," where outcome changes are more significant, the percentage of pro-management changes would have been very small.

However, with respect to proxy contests of the 16,235 ballots in our data, institutional majority "mirror voting" would have changed 7,428 outcomes. Notably, 51 of these outcome changes would be pro-management—representing nearly all pro-management ballot changes in our sample. As a percentage of ballot changes, 0.7% of proxy contests turn pro-management, which is 17.5 times higher than for uncontested elections (0.04%), indicating that majority "mirror voting" would have resulted in significantly more pro-management outcomes in contested elections. By comparison, if all institutional investors always voted in favor of management recommendations, there would have been 233 pro-management outcome changes in proxy contests.

Table 5: Majority Mirrored Voting
What if institutional, passive, and index investors followed the majority?
Panel A: Director Elections

Fight / Investor		*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
No Contest	*Institutional*	326,302	57.00	135,554	4
	Passive	325,229	90.48	20,160	1
	Index	325,229	95.08	3,591	1
Proxy Contest	*Institutional*	16,235	52.30	7,428	51
	Passive	16,207	87.82	1,380	8
	Index	16,207	94.83	141	1
All Meetings	*Institutional*	342,537	56.78	142,982	55
	Passive	341,436	90.35	21,540	9
	Index	341,436	95.07	3,732	2

For shareholder proposals, majority "mirror voting" is more pro-management: among 10,911 ballots, institutional majority "mirror voting" would have changed 1,486 outcomes, with 904 of these changes (60.9%) resulting in pro-management outcomes. These results are similar

to what would have happened if institutional investors had always voted in favor of management recommendations (1,732 outcome changes).

Table 5: Majority Mirrored Voting
What if institutional, passive, and index investors followed the majority?
Panel B: Shareholder Proposals

Investor	*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
Institutional	10,911	10.92	1,486	904
Passive	10,879	24.86	361	86
Index	10,879	27.63	203	14

Restricting our analysis to only passive and index funds yields similar patterns. For proxy contests, passive fund majority "mirror voting" would have resulted in 1,380 outcome changes, with only 8 of these being pro-management changes; index fund majority "mirror voting" would have resulted in 141 outcome changes, with just 1 pro-management change. For shareholder proposals, passive fund majority "mirror voting" would have resulted in 361 outcome changes, with 86 pro-management changes; index fund majority "mirror voting" would have resulted in 203 outcome changes, with 14 pro-management changes.

In other words, unlike pro-rata "mirror voting," which would have had a very limited impact on voting outcomes, majority "mirror voting" would have impacted outcomes more significantly. Accordingly, policy makers considering "mirror voting" proposals should address the specific features of proposals, and recognize that **if the goal is to have a limited impact, the empirical evidence favors pro-rata "mirror voting" over majority "mirror voting."**

Following Proxy Advisors

We also examine how outcomes would have changed if each category of investor had voted in ways that followed one of the two main proxy advisors. Given the controversy surrounding proxy advisors, one might hypothesize that voting policies that followed proxy advisor recommendations during the period we examine would have significantly changed outcomes. The evidence supports this hypothesis.

When institutional investors follow proxy advisor recommendations, voting patterns differ between proxy contests, uncontested director elections, and shareholder proposals. For proxy contests, following ISS yields 1,481 outcome changes and an average support rate of 89.97%, while following Glass Lewis produces 1,254 outcome changes with 91.35% average support for candidates. In uncontested director elections, ISS alignment results in 29,013 outcome changes and 90.33% average support, while Glass Lewis has slightly more outcome changes and higher support for candidates. For shareholder proposals overall, ISS following produces 5,303 outcome changes and 61.49% average support, while Glass Lewis results in 3,680 outcome changes and 49.25% support rates.

Table 6: Following Proxy Advisors
What if institutional, passive, and index investors followed ISS or Glass Lewis recommendations?
Panel A: Director Elections

Fight / Scenario / Investor			*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
No Contest	*ISS*	*Institutional*	322,041	90.33	29,013	110
		Passive	321,066	92.75	14,107	97
		Index	321,066	93.13	10,238	93
	Glass Lewis	*Institutional*	296,066	91.56	23,896	181
		Passive	295,305	93.67	10,439	166
		Index	295,305	94.01	6,885	154
Proxy Contest	*ISS*	*Institutional*	16,160	89.97	1,481	54
		Passive	16,132	91.44	1,000	55
		Index	16,132	91.97	743	55
	Glass Lewis	*Institutional*	15,416	91.35	1,254	56
		Passive	15,388	92.91	752	63
		Index	15,388	93.24	546	62
All Meetings	*ISS*	*Institutional*	338,201	90.31	30,494	164
		Passive	337,198	92.69	15,107	152
		Index	337,198	93.07	10,981	148
	Glass Lewis	*Institutional*	311,482	91.55	25,150	237
		Passive	310,693	93.63	11,191	229
		Index	310,693	93.97	7,431	216

Table 6: Following Proxy Advisors
What if institutional, passive, and index investors followed ISS or Glass Lewis recommendations?
Panel B: Shareholder Proposals

Scenario / Investor		*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*
ISS	*Institutional*	10,853	61.49	5,303	112
	Passive	10,821	45.73	3,701	95
	Index	10,821	42.06	3,078	89
Glass Lewis	*Institutional*	10,408	49.25	3,680	144
	Passive	10,377	40.27	2,696	129
	Index	10,377	37.99	2,323	121

Quorum Effects

Finally, we examine the relationship between changes in voting practices and the ability to obtain a quorum. Quorum failures are relatively rare in our sample (1.5% for regular meetings and 1.9% for proxy contests), and none of the above counterfactual scenarios significantly increased these rates.

For example, institutional abstention produces quorum failure rates of 1.38% for director elections (2,898 failures out of 210,517 ballots) and 1.68% for shareholder proposals (143 failures out of 8,508 ballots). Simply put, based on this evidence, there does not appear to be a serious concern that implementing "mirror voting" policies would negatively impact the ability to obtain a quorum.

Table 7: Quorum Failures from Abstention
What if institutional, passive, and index investors abstained?
Panel A: Director Elections

Fight / Investor		*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*	*Quorum Failures*
No Contest	*Institutional*	201,248	87.58	14,993	3	2,781
	Passive	306,651	92.92	6,023	0	2,926
	Index	321,797	93.75	3,449	0	3,085
Proxy Contest	*Institutional*	9,269	84.58	855	3	117
	Passive	14,878	91.07	470	1	155
	Index	16,046	92.28	336	1	184
All Meetings	*Institutional*	210,517	87.44	15,848	6	2,898
	Passive	321,529	92.84	6,493	1	3,081
	Index	337,843	93.68	3,785	1	3,269

Table 7: Quorum Failures from Abstention
What if institutional, passive, and index investors abstained?
Panel B: Shareholder Proposals

Investor	*N*	*Avg For %*	*Outcome Changes*	*Pro-Mgmt Outcome Changes*	*Quorum Failures*
		Mean			
Institutional	8,508	13.28	1,004	832	143
Passive	10,407	25.66	578	498	186
Index	10,650	28.13	450	388	203

Conclusion

As the above analysis demonstrates, **shifting to pro-rata "mirror voting" would have had no meaningful impact on voting outcomes during 2003-2024**. In contrast, other

approaches, including following a majority "mirror voting" policy or following proxy advisors, would have had significant impacts.

The message from the above empirical analysis is clear. To the extent regulators or institutions believe there are benefits from switching to pro-rata "mirror voting," including for indexed funds, the evidence supports a conclusion that **such a switch could be implemented with little impact on voting results**.

This conclusion makes intuitive sense: just as indexed funds can mirror the market with respect to their investment decisions and hold a broad diversified portfolio that reflects the market overall, they can implement precisely the same practice with respect to voting. Mirroring the market in both ways – by holding the market portfolio and voting along with the market – appears to be a rational low-cost strategy that is consistent with the objectives of index funds.