real
impact
tracker

1. To appropriately consider the interests of all shareholders, the SEC must keep the proposal submission threshold low.

Young people are the long-term owners of U.S. companies, and need to have a voice with their companies. A low submission threshold allows retail investors to retain the ability to file resolutions. This ability is important for the interests of young people because they are not fully represented by institutional investors. Millennials, for example, do not own wealth proportional to their population in the U.S. (about 5% of wealth in 2016, vs. 22% of population). [1] [2]

The SEC request for comments asked what "meaningful ownership" looks like. I contend that the owners that have the most interest in a company are not the ones that *have* owned the company for a long time, but the ones that *will* own the company for a long time.

Keeping the submission threshold low allows young people to ensure their interests are represented in the companies they own. As a student, with just over $2,000 dollars invested in Exxon, I filed a shareholder resolution in 2015, asking the company to disclose its lobbying expenditures. It was important for me, as a long-term shareowner, to ensure that Exxon's lobbying activities did not conflict with its public support of climate policy. I was able to bring the perspective of the next generation to the attention of Exxon's management and shareholder base.

2. The SEC should consider amending Rule 13D to allow easier collaboration among investors.

Academic papers argue that collaborative shareholder action is more successful than individual action in spurring corporate change. [3] [4] Other papers have demonstrated that successful action has positive implications for shareholder value. [5] [6] [7] [8]

Yet institutional investors don't often coordinate their efforts. Bernad Black's 1998 paper explains one barrier to coordinated investor action [9]

"When asked why they don't coordinate their efforts, United States institutions often mention a regulatory barrier -- a group of shareholders who act together on a voting issue and together own 5% of a company shares must file a Form 13D with the SEC, and risk a lawsuit by the company or by other shareholders claiming incomplete disclosure of their plans. thus, reducing the scope of the 13D filing requirement could promote greater activism (e.g., Black 1993, Coffee 1994). But the SEC has shown no inclination to amend its 13D rules."

The SEC should consider amending these rules to allow for greater collaboration among investors.

[1]
https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html
[2] http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/
[3] Gifford (2008) https://www.slideshare.net/slideshow/embed_code/key/E28F5ODb5Rk2tu
[4] Gillan and Starks (1996)
http://mx.nthu.edu.tw/~jtyang/Teaching/Corporate_Governance/Papers/Gillan,%20Stark%202000.pdf
[5] Becht, Franks, Mayer, Rossi (2008)
https://academic.oup.com/rfs/article-abstract/22/8/3093/1589687
[6] Strickland, Wiles, and Zenner (1996)
https://www.sciencedirect.com/science/article/pii/0304405X9500849A
[7] Dimson Karakas and Li (2015) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2154724
[8] Karpoff (2001) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=885365
[9] Black (1998) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=45100