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OFFICE OF THE STATE COMPTROLLER

August 15, 2019

Honorable Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Dear Mr. Chairman:

I am writing regarding reports that the Securities and Exchange Commission (SEC) may issue an interpretation and related guidance that may make it unnecessarily difficult for proxy advisory firms to provide timely, independent and cost-effective research to their clients.

Consistent with my fiduciary duty as Trustee of the New York State Common Retirement Fund, we vote the proxies of the companies in our global equity portfolio. Like other sophisticated institutional investors, the Fund contracts with proxy advisory firms, which provide cost-efficient, informed and independent research, analysis and voting recommendations for institutional investors. While our votes are guided by our internal proxy voting guidelines, proxy advisory firms provide information regarding thousands of companies in which we invest that is not otherwise easily accessible, particularly in a constricted time frame such as the annual proxy season.

As I mentioned in my November 13, 2018 [comment](#) on the SEC Staff Roundtable on the Proxy Process (Roundtable), the Fund believes any actions intended to alter the business operations of proxy advisory firms are unnecessary and would weaken corporate accountability to shareholders, undercut the advisors' invaluable independence (the very thing investors pay for), and could drastically increase the cost of research to investors like the Fund.

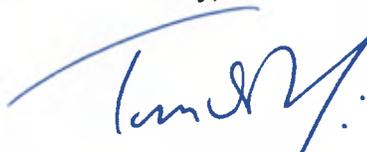
Furthermore, I must highlight that at the end of the Roundtable when the SEC staff asked if proxy advisory firms needed additional regulation, no panelist— including those speaking on behalf of the issuer community— voiced any need for new regulations.

While I commend you, the other SEC Commissioners, and SEC Staff for taking the time to discuss the role of proxy advisors with all market participants, including speaking with members of my staff, I am deeply concerned that the SEC's unilateral action without public comment on potential changes may make it more difficult for the Fund to efficiently vote its proxies in the best interest of the Fund's beneficiaries.

Investors are highly interested in timely, independent and cost-effective proxy research. These key principles of proxy research should not be compromised, and it is imperative that the Commission provide careful economic analysis and opportunity to comment on potential changes, including those done through an interpretation rather than formal rule change.

Thank you for your attention to my concerns and we would be more than happy to further discuss these issues. If you have any questions or need additional information, please contact Kyle Seeley, at [REDACTED] or [REDACTED]

Sincerely,



Thomas P. DiNapoli
State Comptroller

- cc: Hon. Michael D. Crapo, Chair, Committee on Banking, Housing, and Urban Affairs,
United States Senate
- Hon. Sherrod Brown, Ranking Member, Committee on Banking, Housing, and Urban
Affairs, United States Senate
- Hon. Maxine Waters, Chair, Committee on Financial Services, United States House of
Representatives
- Hon. Carolyn B. Maloney, Chair, Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets Committee on Financial Services, United States
House of Representatives
- Hon. Patrick T. McHenry, Ranking Member, Committee on Financial Services, United
States House of Representatives
- Hon. Robert J. Jackson Jr., Commissioner, U.S. Securities and Exchange Commission
- Hon. Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission
- Hon. Elad L. Roisman, Commissioner, U.S. Securities and Exchange Commission
- Hon. Allison Herren Lee, Commissioner, U.S. Securities and Exchange Commission
- Mr. Rick Fleming, Investor Advocate, Office of the Investor Advocate, U.S. Securities
and Exchange Commission