

October 31, 2019

Via Email

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: File No. 4-725 Proxy Advisor Regulation

Dear Chairman Clayton:

I am writing on behalf of Wespath Benefits and Investments (Wespath) to express our concerns regarding potential actions by the Securities and Exchange Commission (Commission or SEC) to proposed rule amendments addressing proxy advisors' reliance on the proxy solicitation exemptions in Rule 14a-2(b), which is listed in the current Commission Regulatory Flex Agenda ("Proxy Advisor Rulemaking").

Wespath manages over \$23 billion in assets¹ on behalf of 100,000 active and retired clergy and lay participants of The United Methodist Church and more than 130 United Methodist-affiliated institutional clients. We are the largest denominational investor in the United States and among the largest U.S. pension funds.

Wespath actively integrates the consideration of environmental, social and governance (ESG) factors into all of our investment decisions, as we believe doing so is a fundamental requirement for long-term value creation. Active ownership, including proxy voting, is an integral element of our investment strategy and aligns with our fiduciary responsibility for stewardship of the assets entrusted to us. Proxy advisory firms fulfill a vital role in supporting this work.

Specifically, we are concerned about the unintended consequences resulting from a potential Proxy Advisor Rulemaking requirement that proxy advisors submit advance copies of their recommendations to issuers. Such a requirement would increase staffing and compliance costs, which would detract from the retirement readiness of Wespath's pension participants and the mission support we provide to our church investors. Presently, proxy advisors maintain an open-door policy inviting companies to respond to any published research containing factual errors. We believe that the increased costs associated with preparing proxy related research would be anti-competitive and discourage entry for new proxy advisory firms.

Our concerns with potential rule amendments addressing proxy advisors' reliance on the proxy solicitation exemptions align with concerns raised by the Council of Institutional Investors' letter.

Thank you for consideration of Wespath's perspective on this important issue. If you have any further questions, please direct them to my colleague Nick Abel, [REDACTED], who oversees our corporate governance and proxy voting activities.

¹ As of September 2019

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Zellner", with a long horizontal flourish extending to the right.

David H. Zellner
Chief Investment Officer

Copies to:

The Honorable Robert J. Jackson, Jr., Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
Dalia Osman Blass, Director, Division of Investment Management
William H. Hinman, Director, Division of Corporation Finance
Rick Fleming, Investor Advocate