



**STATE OF WASHINGTON
STATE INVESTMENT BOARD**

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- FAX

December 23, 2021

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090
Submitted via rule-comments@sec.gov

Re: **S7-17-21** Proposed Rule Related to Proxy Voting Advice

Dear Ms. Countryman:

The Washington State Investment Board (WSIB), representing \$186 billion in invested assets on behalf of more than 852,000 retirement plan beneficiaries and other public trust fund stakeholders, is submitting this letter in support of the above-referenced proposed rule related to the oversight of proxy advisory firms.

By way of background, the WSIB also submitted a comment letter in January 2020 during the open comment period for a prior rule change related to the treatment of proxy advisory firms. At that time, we strongly opposed most of the aspects of that rule change, especially those provisions that added extra burden to proxy advisory firms during an already time-sparse annual proxy season. In addition, we did not find compelling that rule's purported allegations that proxy advisory research was prone to errors. As Commissioner Allison Herren Lee notes in her related opinion to the proposed 2021 rule change¹, there has been no evidence of a material "error rate" in the research released by proxy advisory firms. However, it's worth restating that we did support – and continue to support – the aspects of the rule seeking enhanced reporting of potential conflicts of interest on behalf of the proxy advisory firms.

In response to the more recent rule change proposal (**S7-17-21**), our stance on these issues remains consistent and unchanged. We support the proposed rule changes (**S7-17-21**) that would eliminate the requirement for proxy advisory firms to issue their research in advance to the subject companies, and proactively provide any feedback from those companies to investors. Earlier addition of these amendments imposed practical constraints on proxy advisors during a crunch period for investor decision-making and vote execution. These earlier amendments also threatened the integrity of advisory research by potentially allowing undue influence on behalf of the subject companies.

¹ [Statement on Proposed Amendments Related to Proxy Voting Advice](#), Commission Allison Herren Lee, November 17, 2021

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The WSIB voted on 3,089 publicly listed companies in 2020, with more than three-fourths of those meetings falling during the busy second quarter peak proxy season. We rely on proxy advisory firms to help us assess information and implement data-driven rules in a consistent and independent manner during each annual voting season. We believe the most recent proposed rule changes will continue to allow us to vote in an independent, consistent, and responsible manner.

In conclusion, we appreciate and support the SEC's willingness to dutifully review certain components of a rule that was put into place just last year. As noted in our letter in early 2020 on this topic, we (and other investors) saw little evidence that the existing system was broken or in need of those proposed changes. We were supportive of enhanced requirements related to potential conflicts of interests within the proxy advisory firms, and are pleased to see that that rule remains in place. As such, we support the rule changes that are now being proposed, and are comfortable with the components that will remain in place from the prior rule.

Thank you for this opportunity to provide our perspective and views on this proposal.

Sincerely,



Theresa Whitmarsh
Chief Executive Officer

cc: WSIB Board