GLASS LEWIS

October 31, 2016

Mr. Brent J. Fields
Secretary
United States Securities and Exchange Commission
100 F. Street N.E.
Washington, DC 20549-1090

File Number S7-18-16
Via email: rule-comments@sec.gov

RE: Release No. 33-10198; File No. S7-18-16, Request for Comment on Subpart 400 of Regulation S-K Disclosure Requirements Relating to Management, Certain Security Holders and Corporate Governance Matters

Dear Mr. Fields:

Glass Lewis appreciates the opportunity to respond to the Commission's request for comment on Subpart 400 of Regulation S-K.

Founded in 2003, Glass Lewis is the leading independent provider of global governance services, helping institutional investors understand and connect with the companies in which they invest.

Glass Lewis provides proxy research and vote management services to more than 1,200 clients throughout the world covering more than 20,000 meetings across 100 countries each year. While, for the most part, institutional investor clients use Glass Lewis research to help them make proxy voting decisions, they also use Glass Lewis research when engaging with companies before and after shareholder meetings.

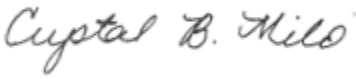
Glass Lewis' web-based vote management system, ViewPoint, also provides investor clients with the means to receive, reconcile and vote ballots according to custom voting guidelines and record-keep, audit, report and disclose their proxy votes. In 2014, Glass Lewis acquired Meetyl, a global, web-based engagement platform that directly connects institutional investors and companies. Based in San Francisco, Meetyl is growing rapidly and already serves over 1,000 investor firms and companies throughout the world.

Thank you in advance for your consideration and please do not hesitate to contact us if you would like to discuss any aspect of our submission in more detail.

Respectfully Submitted,

Robert McCormick
Chief Policy Officer

Julian Hamud
Manager, Executive Compensation Research



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Glass Lewis' Views on Subpart 400

A significant amount of Glass Lewis' U.S. proxy research is derived from the disclosure required under Subpart 400 of Regulation S-K. Accordingly, we are well situated to recognize the benefits to investors produced through the information provided under Subpart 400 and to identify opportunities for improvements. Glass Lewis is generally supportive of the current format of Subpart 400, and believes investors and registrants would be best served through targeted enhancements of the document rather than any substantial reorganization. In our view, the goal of the Commission should be to augment and simplify investor access to material information without placing an undue burden on registrant.

In providing our recommendations, we seek to promote clear and concise disclosure of material information, which we believe will allow investors to make better informed decisions with regard to companies' corporate governance practices. Our recommendations encourage uniformity, clarity, and an increased dialogue between investors and registrants. Finally, as a guiding principle, we believe that disclosures should be readily understandable to investors regardless of their level of sophistication, with an emphasis on plain explanations, visual representations of data and a minimum of overly broad boilerplate language.

Item 401

Items 401(a), 401(b) and 401(c)

The biographical information required under Items 401(a), 401(b) and 401(c) is valuable to investors, as it permits them to evaluate the qualifications and contributions of the directors they rely upon to represent them. Investors have become increasingly interested in a broader range of factors regarding directors and employees, notably including the promotion of diversity. Registrants have responded in varied ways, ranging from indicating that diversity is a consideration to explicitly laying out policies and definitions of diversity considered to be important. At the same time, one Equilar study has highlighted that only 12.8% of S&P 500 companies included information on board diversity in terms of race or ethnicity in their most recent proxy statements. The disclosure by companies outside the S&P 500 is similarly limited.[1]

As a result of this practice and the lack of specific regulatory direction in this regard, investors are often limited in their ability to assess registrants' commitments to this important issue. Researchers who attempt to track this demographic data are left with narrow, limited methodology and often must resort to inconsistent, unscientific evaluations such as reviewing photos and affiliations to determine the background of individuals. Therefore, shareholders and their advisors like Glass Lewis are rarely able to comprehensively and consistently evaluate and compare the diversity of directors at public companies.

Given growing shareholder interest in evaluating the diversity of directors, we believe the Commission should consider establishing a framework for the identification disclosure requirements contained in Items 401(a), 401(b) and 401(c) of Regulation S-K. This would provide a basis for the

[1] http://www.equilar.com/press-releases/56-board-diversity-disclosures.html

inclusion of any voluntary, self-identification-based information regarding the factors considered in a registrant's diversity policy, to the extent one is in place. Glass Lewis does not support mandatory collection and disclosure of factors such as ethnicity or other protected categories. However, it is our view that this section of Item 401 could be used to establish a more standardized means for the consistent disclosure of this information.

Item 401(e)(2)

Companies vary widely in how they disclose the public company directorships of their directors. Many registrants disclose public company board directorships in paragraph format within the biography of a director, where it may be mixed among past positions, private company directorships, and other information. Other companies provide a separate list of other current directorship, a clearer approach less prone to confusion.

Therefore, Glass Lewis we believe investors would be better served by standardized disclosure of public company board directorships. Specifically, we suggest amending Item 401(e)(2) to provide more guidance to registrants regarding the disclosure of the public company directorships of directors. A section in individual director biographies that discloses his or her current outside public company board directorships in list format would make this information more readable, decrease errors among both investors and registrants, and would facilitate the extraction of this data by software.

Item 402

In general, Glass Lewis recognizes the value that Item 402 creates by providing for some standardization among thousands of companies' disclosure of compensation plans and programs. The guidelines in their current form strike a reasonable balance between specific prescriptions and general guidelines. Nonetheless, we believe that additional clarity can be effected by the Commission through minor changes in the disclosure requirements.

Items 402(a) and 402(b)

We believe that the definitions laid out in Item 402(a) and the principles in Item 402(b) are generally reasonable and have, after several years of mandatory say-on-pay voting, become fairly well understood.

However, we believe that additional disclosure regarding financial measure adjustments would be very helpful for shareholders. Currently, point 5 of the instructions contained in Item 402(b)(2)(xv) requires disclosure as to how non-GAAP financial measures are calculated from audited financial statements. Adjustments have been subject to escalating scrutiny in compensation discussions and in financial analysis more broadly. The non-GAAP figures often differ significantly from reported numbers yet the disclosure around this point varies considerably and is often lacking. We believe that requiring a specific reconciliation would be beneficial. Such a reconciliation is frequently included as an appendix to a proxy statement, and a line-by-line presentation of a process already undertaken by the compensation committee would provide a much clearer view of the registrant's process for assessing performance, a key determinant for shareholders for both investment and voting decisions.

Items 402(c) and 402(d)

The Summary Compensation Table and the Grants of Plan-Based Awards Table are among the most useful tools for understanding executive compensation granted in a given year. The regulations on these tables are broadly applicable, although certain separate regulations from FASB lend themselves to disclosure that may include more or less information than is helpful. For instance, awards with multiple one-year performance periods may be displayed as "granted" in portions when the goals are set, rather than on the date the grant was established. This disclosure can underreport pay levels, particularly when these programs are new or compensation levels change year-over-year. Similarly, though equity awards are reflected at the time of grant on a forward-looking basis, long-term cash compensation is reflected when (and only if) it is ultimately paid out on a retrospective basis, potentially distorting the size and timing of total compensation.

Glass Lewis recognizes the challenges for companies in this area, having observed a range of disclosures in these scenarios. Experienced analysts learn to recognize these disparate disclosure methods, but less sophisticated readers are left to disentangle unduly complex data with minimal explanatory help from the relevant documents. As a result, we believe that the regulations on the narrative explanation to these sections could include a broad principle requiring discussion of these circumstances when a registrants' reporting strays from the standard approach.

Specifically, we suggest a principle to the effect that the narrative section to these tables should be written with the assumption that the information provided is a reasonably complete picture of the compensation decisions, and amounts disclosed are relevant for and specific to the fiscal year in review. Conversely, in situations where the required disclosure differs than reasonably conform to that standard, a clear explanation of the difference should be provided. We generally favor the regulation's more prescriptive approach to these sections for comparability among registrants. Here, however, an emphasis on the spirit of the regulation may establish better guidance for disclosure in cases where additional explanation would be helpful.

Returning to the previous examples, this could be as simple as more clearly describing compensation items such as long-term cash awards and the incremental value of option modification rather than including only the required information in a detailed footnote. A number of companies have taken steps in this regard, such as by providing supplemental tables or footnotes with more than just the required information. Such approaches are quite helpful, but a clearer guiding principle and a more formal space for laying out these differences may allow for easier understanding and allow for more of the information to be taken at face value.

Regarding the Summary Compensation Table in particular, one of the largest distortions on year-over-year pay is the table's treatment of deferred compensation. The Change in Pension Value and NQDCE column in its current form relies in large part on actuarial valuations, the volatility of which can cause significant swings in compensation levels which can be wholly unrelated to a registrant's granting decisions. For large registrants with long-tenured executives, these swings can comprise a sizable portion of annual compensation. Furthermore, certain decisions by the registrant, such as freezing benefits, can lead to large one-time charges even without additional contributions. We propose that this column be separated out and listed between a sub-total column for all other columns and the current total column. Several registrants have put forth supplemental Summary

Compensation Table information in this manner and it has been, in our experience, very helpful to understanding the core elements of compensation in years where such swings occur.

Item 402(f)

Given the recent push for more meaningful information about realizable pay, we believe that the Commission could play an instrumental role in making the Outstanding Equity Awards Table a valuable tool for comparing executive equity incentives to performance earnings.

The general utility of this table is undermined by a number of factors. First, Item 402(f)(2) sections (vii) to (x) require only aggregated award numbers for full-value grants in contrast with the requirement that each separate option-like award be delineated, understandable given the unique characteristics of option-like awards (namely, a strike price and an exercisable life); however, in some cases the disparity between the columns is notable. This issue is compounded by the lack of grant date information for itemized option awards or for the aggregated full-value grants.

Given these concerns, we believe that providing disclosure of full-value grants by individual awards would allow shareholders to better understand the present value of full-value awards. Similarly, we believe that the inclusion of grant date closing share price (adjusted for changes in share capital in the same vein as how exercise prices would be adjusted) would provide a clear snapshot of the appreciation in (or loss of) value from a grant without placing a significant disclosure burden on registrants.

With these changes, the Outstanding Equity Awards Table could be more useful as a cross-check on information provided in the Grants of Plan-Based Awards Table. The inclusion of grant dates would enable a deeper understanding of how executive wealth in options and incentive shares has changed over time and allow for more meaningful and simpler comparisons with other required compensation disclosure and company performance

Item 403

Items 403(a) and 403(b)

The current reporting requirements of Items 403(a) and 403(b) does not allow for clear disclosure of the control structure of a registrant with multiple classes of shares.

To understand the control structure of a registrant with multiple voting securities, investors must manually calculate the aggregate voting power of significant beneficial owners, a complicated task in the case of a registrant with multiple voting classes with distinct voting powers.

We believe this may confuse shareholders as to their voting authority and can be ameliorated with little additional effort from the registrant. As such, we suggest amending Items 403(a) and 403(b) to include a new section for registrants with multiple share classes to clearly disclose the percentage of aggregate voting power held by significant beneficial owners when all voting classes of the registrant's voting securities are taken into account.

Item 404

Item 404(a)

We believe there should be a standard of disclosure for related party transactions ("RPTs"). RPTs play a deciding factor for many investors regarding a director's independence, depending on the nature and amount of these transactions. The clearer and more precise these disclosures are, the better investors can determine whether or not the transaction has affected the director's independence. A uniform disclosure across all companies will help investors to better understand such transactions and to apply their independence standards consistently in consideration of any company- and director-specific factors.

Currently, these are requirements regarding RPT disclosure for the Commission, NYSE, and NASDAQ:

- the Commission requires registrants to describe any transaction in the preceding fiscal year, or any proposed transactions, in which the registrant was or is to be a participant and the amount involved is in excess of $120,000 and in which any related person had or will have a material interest. Smaller reporting companies (i.e. registrants with less than a $75 million float) must disclose RPTs that exceed the lesser of $120,000 or 1% of the average of the net assets of the smaller reporting company's total assets at year-end for the last two fiscal years.
- NYSE disqualifies a director from being considered independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the registrant for property or services in an amount which, in any of the previous three fiscal years, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues.
- Nasdaq does not consider directors independent if they are, or if they have a family member who is, a partner in, or a controlling shareholder or executive officer of a company to which the registrant made, or from which the registrant received, payments for property or services in the current or any of the past three fiscal years that exceeds the greater of 5% of the recipient's consolidated gross revenues for that year, or $200,000.

We believe shareholders would benefit from uniform disclosure, in chart form, the a) related party 2) the affiliated entity and 3) total amount transacted if the amount is in excess of $120,000 or 2% of the outside company’s consolidated gross revenues as follows:

Related Party and Affiliation	**Business or Organization**	**Amount transacted or percentage of revenue**

In formulating our recommendation, we considered the current reporting requirements for the Commission as well what is required for each market and the additional burden, if any, to report.

Our recommendation requires that each registrant reporting to the commission follows the same reporting standard, regardless of its current revenue or its average net assets. While cognizant of exchange requirements, we believe this suggested baseline requires registrants to disclose information that, in our view, has potential to be material to a director's independence in both exchanges.

We do not see this as a tool to create a one size fits all approach to determining the material impact of RPTs. On the other hand, uniform disclosure will allow investors to determine for themselves the impact of the transaction in relation to the company's disclosed revenue, net assets, and size as well as allow them to review the nature and extent of the director's affiliation including facts and circumstances unique to the director and the company.

Item 407

Item 407(a)

Currently, Item 407(a) requires the registrant to identify each director that is not independent pursuant to the standards of the Commission. However, there is no current requirement for the registrant to disclose what led to the board's considerations. We have observed numerous instances where the board does not consider a non-employee director to be independent but does not disclose sufficient information in its proxy statement to enable investors to ascertain why.

We believe that shareholders would benefit if Item 407(a) required disclosure of the rationale as to why a non-employee director is not considered independent. This would allow investors to better understand the judgment of the board in conducting its evaluation of such relationships.

Item 407(b)(1)

Attendance at board and committee meetings is a vital element of a director's performance. Investors have become increasingly concerned with the level of commitment a director is able to provide to the boards on which they serve, and many Glass Lewis consider director attendance in their board evaluations. Currently, Item 407(b)(1) requires only that the registrant identify any incumbent director who attended fewer than 75% of the aggregate of the total number of meetings held by the board of directors and the committees on which they serve.

We believe this level of specificity is not sufficient to allow for a reasonable evaluation of director commitment, as directors' attendance may vary widely within the range of 75-100%. Specific attendance disclosure would permit investors to evaluate directors individually both at the subject company and in general by reviewing their attendance at other companies where they serve. Further, some companies disclose no attendance records at all, which makes it difficult for investors to ascertain whether the registrant simply has no director that attended less than 75% of meetings or if the registrant is in violation of Regulation S-K.

Accordingly, we believe the Commission should require registrants to disclose specific attendance records, whether through percentages or fractions, of the aggregate board and committee meetings attended by each director. We believe this information is of material concern to investors, and its disclosure does not unduly burden registrants.

Item 407 (b)(3)

Item 407 (b)(3) requires the registrant to disclose the membership of its standing audit, nominating and compensation committees (or effective equivalents), but does not currently require disclosure of the chair of the committees. While the vast majority of registrants do provide such disclosure, not all companies do so. This information can occasionally be found elsewhere, such as on the registrant's website, but we do encounter registrants where this information is unavailable even when the existence of committee chairpersons is indicated elsewhere (as in the director compensation section required pursuant to Item 402(k).)

In our view, registrants should provide clear disclosure of which director is charged with leading each committee. Glass Lewis believes that a designated committee chairperson maintains primary responsibility for the actions of his or her respective committee. This information is material to investors, and its disclosure represents no burden to registrants. Accordingly, we believe the Commission should amend Item 407 (b)(3) to explicitly require the identification of committee chairpersons or to state that the committee does not have a chairperson.

Additional Disclosure

Discussion of Shareholder Engagement and Vote Results

Given the importance of the matters put to a vote by shareholders, the results of these votes are significant. While the disclosure of vote results is well established, the interpretation of the results by the registrant is not. Under Item 402(b)(vii), registrants are required to disclose if and how the result of the most recent advisory vote on executive compensation was considered and if that consideration affected any relevant decisions and policies. This information is vital for examining how responsive a board is to shareholder concerns, and has contributed to a higher level of engagement between registrants and shareholders that we consider to be beneficial to all parties.

Given the success of this requirement as it relates to one aspect of the shareholder vote, we believe that Subpart 400 should be expanded to require disclosure of how prior vote results were considered and if any changes (e.g., bylaw amendments, enhanced reporting, etc.) were made in response.

Such a requirement need not be particularly specific or extensive, although the extent of discussions with shareholders, a summary of feedback and a discussion of any resultant actions have proven to be helpful in understanding registrants' responses to votes in the context of say-on-pay. We believe that shareholders would welcome information as to how and whether their voice is being heard in other areas as well.