THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

November 20, 2019

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-22-19

Dear Ms. Countryman:

I am writing to provide preliminary comments in strong opposition to the proposal entitled "Amendments to Exemptions from the Proxy Voting Rules for Proxy Voting Advice," (the "Proposal") and to respectfully request that the SEC extend the comment period from 60 to 120 days to allow investors and other interested parties the time necessary to review the Proposal and to prepare thoughtful and detailed comments that are responsive to its questions. I intend also to provide preliminary comments in opposition to the concurrently issued proposal entitled "Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8" the ("Shareholder Proposal Rule"), and to request a similar extension of its comment period. Taken together, these two proposals, which have concurrent 60-day comment periods, are a total of 320 pages and each include well over 100 individual questions.

To state the obvious, it is not the institutional investors who pay for and rely upon proxy advisor research who are calling for onerous regulation of proxy advisory firms. Instead, the impetus is coming from those who are the subject of their analysis, namely board members, corporate executives (and their lobbying organizations), who don't like their performance or pay criticized.

As Comptroller of the City of New York, I am the investment advisor to, and custodian and a trustee of, the five New York City Retirement Systems (the "NYCRS" or "the "Systems"). The NYCRS have $207 billion in assets under management as of July 31, 2019. The NYCRS are invested to provide retirement security on behalf of more than 700,000 of the City's active and retired teachers, police, firefighters, school employees, and general employees. Each of these constituencies have member representatives on the respective board of trustees overseeing their System's investment policies, practices and procedures. Our members are true Main Street

investors, as opposed to (a) the Main Street Investors Coalition, a group supported by the National Association of Manufacturers to represent the interests of company managers under the guise of a retail investor membership organization and (b) the retired teacher and the public servant whose comment letters are cited in the Proposal and which Chairman Clayton characterized in his remarks as "Some of the letters that struck me the most," and who have denied ever writing those letters when contacted by a Bloomberg reporter.[1]

The Proposal, individually and in combination with the proposed Shareholder Proposal Rule, seek to remedy problems that do not exist and will radically tilt an already uneven playing field further in favor of corporate management and away from investors, such as the NYCRS, who actively and responsibly exercise our longstanding rights to cast informed proxy votes and to submit shareowner proposals to hold companies accountable for runaway CEO pay, excessive risk taking and irresponsible and harmful business practices.

The two proposals are, in effect, a two-pronged attack on rights – proxy voting and shareowner proposals – that form the heart of the NYCRS Corporate Governance Program and that the NYCRS have long relied upon to advocate for sound corporate governance and responsible and accountable business practices at our portfolio companies. We believe the NYCRS Corporate Governance Program creates and protects long-term shareholder value on behalf of our participants and beneficiaries, and to the benefit of all investors.

In my role as investment advisor, I am also the proxy voting fiduciary for the NYCRS. For the year ending June 30, 2019, my office voted on 126,775 individual ballot items at 13,122 shareowner meetings in 86 markets around the world, including 26,177 individual ballot items at 3,121 annual and special meetings for U.S. portfolio companies, each of which was individually reviewed and voted by our experienced voting staff. All votes are cast according to the NYCRS' proxy voting guidelines irrespective of the proxy advisors' voting recommendations. Consistent with our commitment to transparency, all of our proxy voting decisions are available on our website in advance of the annual meeting at which they are formally cast, for our participants and beneficiaries, and our portfolio companies, to review.[2]

Our capacity to fulfill our proxy voting responsibilities, particularly during the peak of U.S. proxy season in the spring, requires a high-quality, efficient process which rests in large part on the timely receipt of the independent, expert research we receive from our two proxy advisors (presently ISS and Glass Lewis).

In response to the steady drumbeat from corporate management and their lobbyists for the regulation of proxy advisory firms in recent years, our evaluation criteria with respect to any potential regulation have been clear and consistent: we oppose any SEC or other regulatory actions that would compromise the independence of research, reduce the amount of time we have to review research in advance of our portfolio companies' annual meetings, or that would

otherwise impose additional costs on our participants and beneficiaries in terms of either added burdens on our staff resources or additional compliance costs imposed on our advisors, which we, as paying clients, would ultimately bear.

In light of the harm and costs that the Proposal is likely to impose on investors, and the benefits it will bestow upon the corporate management who have aggressively lobbied for it, investors are left to wonder as to the problems that the SEC is seeking to remedy with its Proposal. The Proposal highlights concerns with "the accuracy and soundness of the information and methodologies used to formulate proxy voting advice businesses' recommendations as well as potential conflicts of interest that may affect those recommendations." Rather than improve the quality of the proxy advisors' research, the Proposal is likely to have the opposite effect. By giving companies (at least those that file their proxy statement at least 25 days before the annual meeting) at least three business days to review the proxy research report and two business days of notice before the report is issued, the advisers will have less time to collect, verify, analyze and present data and provide their research reports to clients well in advance of the annual meeting. To the extent that there are concerns on the quality and accuracy of proxy advisory firm research or analytical methodologies, that is our problem as investor clients.

While proxy advisory firms should, and do, have procedures in place to mitigate any potential conflicts of interest, I can conceive of no conflict of interest more insidious than the one created by a Proposal that would grant a company that is the subject of proxy voting advice the right to review and provide feedback on that advice. Significantly, FINRA Rule 2241, which the SEC approved, explicitly prohibits stock analysts from sharing draft research reports with target companies (other than to check facts after approval from the firm's legal or compliance department) in order to "help protect research analysts from influences that could impair their objectivity and independence." To the extent that stock analysts are permitted by FINRA regulation to share their research reports with target companies, the shared reports may not contain the research summary and research rating which are the stock analyst's analogue to the proxy advisor's research report and voting recommendation that the Proposal requires proxy advisory firms to share with target companies before providing them to their investor clients

We recognize our responsibility to vote proxies with diligence and integrity, and in the best long-term interests of our participants and beneficiaries. We do not want company management interposed between us and our research service providers, and this is even more problematic if it involves additional cost and delay, giving us less time for our due diligence on each proxy vote.

Accordingly, we strongly oppose the proposed rule as unnecessary, costly and harmful not only to investors, but also to the promotion of fair and efficient markets. As noted above, we also request that the SEC extend the comment period from 60 to 120 days to allow us the time necessary to review the Proposal and to prepare additional comments that are responsive to specific questions in the Proposal. If you would like any additional information, please contact

Michael Garland, Assistant Comptroller for Corporate Governance and Responsible Investment ([redacted]; [redacted]).

Thank you for your consideration.

Sincerely,

Scott M. Stringer

CC: 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
The Honorable Jay Clayton, Commissioner
William H. Hinman, Director, Division of Corporation Finance
Rick Fleming, Investor Advocate

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[1]Mider, Z and Elgin, B (2019, November 19). SEC Chairman Cites Fishy Letters in Support of Policy Change. Retrieved from bloomberg.com: https://www.bloomberg.com/news/articles/2019-11-19/sec-chairman-cites-fishy-letters-in-support-of-policy-change?cmpid=BBD111919_MKT&utm_medium=email&utm_source=newsletter&utm_term=191119&utm_campaign=markets

[2] See https://comptroller.nyc.gov/services/financial-matters/pension/corporate-governance/proxy-voting-dashboard/