



November 29, 2019

Hon. Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street, NW
Washington, DC 20549

Ref: File No. S7-22-19, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Chairman Clayton,

The purpose of this letter is to offer comments on behalf of the National Association of State Treasurers (NAST) in response to the SEC's proposed rule (referenced above) related to proxy advisor firms. As you may know, legislation was introduced in the 115th Congress to change the relationship between institutional investors and proxy advisor firms. The Corporate Governance Reform and Transparency Act of 2017 would have accomplished what is essentially proposed in the SEC's proposed rule.

NAST opposed that legislation through a policy resolution that stated:

Whereas State Treasurers are tasked with the responsible stewardship of public funds, as well as investing those funds on behalf of taxpayers; and

Whereas proxy advisory firms primarily serve institutional investors such as state retirement plans that rely on the research, analysis and recommendations from proxy advisory firms when making investment decisions; and

Whereas H.R.4015 aims to tighten regulation on proxy advisor firms to the detriment of investors, lessen the fiduciary obligation of proxy advisors to investor clients, and weaken public company corporate governance; and

Whereas H.R.4015 would give companies the right to preview proxy advisory firm reports and lobby the report writers to change their recommendations, giving company managements substantial editorial influence on reports of their companies which inform institutional investor decisions; and

Whereas accountability of boards to shareholders clearly would be undermined if company management is permitted to interfere with the creation of proxy voting recommendations.

Now, therefore be it resolved, The National Association of State Treasurers does not support the “Corporate Governance Reform and Transparency Act of 2017” (H.R.4015) in its current form (or substantially similar bills in subsequent Congresses) and recommends that public retirement funds oppose passage of H.R.4015, so as to maintain the integrity and efficacy of the relationship between institutional investors and proxy advisory firms.

Ultimately, Congress chose not to pass the legislation.

The resolution referenced above is still NAST policy. Consequently, we encourage you and your fellow Commissioners to work together to ensure that the integrity and efficacy of the relationship between institutional investors and proxy advisor firms is maintained.

Thank you for the opportunity to comment and we are available to answer any questions you may have.

Sincerely,



Shaun Snyder
Executive Director